



CAISSE DE REFINANCEMENT DE L'HABITAT

The English language version of this 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.

2012 ANNUAL REPORT

- REGISTRATION DOCUMENT -

Incorporating by reference the 2011 and 2010 financial statements and the reports of the independent auditors relative to those accounts as presented in the registration documents filed on February 3, 2012 and February 7, 2011, respectively, with the French securities regulator (Autorité des Marchés Financiers or AMF). All information included in those two registration documents, other than that mentioned above, has been, as necessary, replaced and/or updated by information included in this document.

Credit institution licensed as a French “société financière”

A French corporation (société anonyme) with capital stock of EUR 299,702,043.25

Registered office: 35 rue La Boétie, 75008 Paris

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

Paris Trade and Companies Register no. 333 614 980 – APE code 6492Z

Telephone: + 33 (0)1 42 89 49 10 – Fax: + 33 (0)1 42 89 29 67



This registration document was filed with the French securities regulator (*Autorité des Marchés Financiers* – AMF) on February 7, 2013, in accordance with Article 212-13 of its general regulations. It may be used in support of a financial transaction if supplemented by an information notice authorized by the AMF. This document was prepared by the Issuer and is binding on its signatories.

CONTENTS

Registration document in compliance with Appendix XI
to Regulation no. 809/2004/EC of the European Parliament

Reports	Page
Report of the Board of Directors to the Stockholders' Regular Meeting, including the recommendations by the Board of Directors to the Stockholders' Regular Meeting, the text of the resolutions and the five-year financial summary.	7
Report of the Chairman of the Board of Directors on internal control and corporate governance.	17
Report on labor, social and environmental transparency.	23
Report of the independent auditors on the financial statements.	29
Special report of the independent auditors on the regulated agreements and commitments.	31
Report of the independent auditors on the report of the Chairman of the Board of Directors of Caisse de Refinancement de l'Habitat.	33

Chapters	
1 Responsibilities.	35
1.1. Person responsible for the registration document.	35
1.2. Statement of the person responsible.	35
2 Independent auditors.	37
2.1. Independent auditors.	37
2.2. Independent auditors resigning or removed.	38
3 Risk factors.	39
3.1. Issuer risk factors.	39
3.2. Internal control.	47
4 Information about the issuer.	49
4.1. Historical information, recent developments, applicable law.	49
4.2. Bonds.	54
5 Business overview.	61
5.1. Core business.	61
5.2. Refinancing.	63
5.3. Trend in housing loans in France.	65

6	Organization chart.	67
	6.1. Organization of the Company.	67
	6.2. (Not applicable).	67
7	Trend information.	69
	7.1. Principal trends affecting the Company's business in 2012.	69
	7.2. Trends and events likely to affect the Company's business in 2013.	69
8	Profit forecasts or estimates.	71
	8.1. (Not applicable).	71
	8.2. (Not applicable).	71
	8.3. (Not applicable).	71
9	Corporate governance	73
	9.1. Information concerning the members of the administrative, management and supervisory bodies.	73
	9.2. Conflicts of interest in the administrative, management and supervisory bodies.	76
10	Major stockholders	77
	10.1. Identification of stockholders or groups of stockholders holding more than 3% of the voting rights.	77
	10.2. Stockholder agreements.	77
11	Financial information on the issuer's assets, liabilities, financial position and earnings.	79
	11.1. Historical financial information.	79
	- Balance sheet and off-balance sheet commitments;	80
	- Income statement;	84
	- Net cash flow statement;	85
	- Notes to the financial statements;	86
	- Additional information.	101
	11.2. Consolidated financial statements.	101
	11.3. Audit of historical annual financial information.	101
	11.4. Date of the latest financial information.	102
	11.5. Interim and other financial information.	102
	11.6. Legal and arbitration proceedings.	102
	11.7. Significant changes in the issuer's position.	102
12	Major contracts.	103
13	Third party information, statements by experts and declarations of interest.	105
	13.1. (Not applicable).	105
	13.2. (Not applicable).	105
14	Documents on display.	107

Appendices

Appendix 1	Article 13 of Law no. 85-695 as complemented by Article 36 of Law no. 2006-872 of July 13, 2006.	109
	Amendment no. 275 presented by the government on January 13, 2006.	111
Appendix 2	French Monetary and Financial Code Articles L. 313-42 to L. 313-49.	113
	French Monetary and Financial Code Article L. 515-14 (excerpt).	117
Appendix 3	French Monetary and Financial Code Article R. 214-21 (excerpt).	119
	French Monetary and Financial Code Articles R. 313-20 to R. 313-25.	121
Appendix 4	French Banking and Financial Regulatory Committee Regulation no. 99-10 relative to French <i>Sociétés de Crédit Foncier</i> (excerpt).	123
Appendix 5	Articles of incorporation and By-laws.	125
Appendix 6	Internal rules and regulations.	135
Appendix 7	Conditions of eligibility.	147
Appendix 8	Glossary.	153
Appendix 9	Summary presentation of CRH.	155
Appendix 10	CRH's mechanism.	163

Cross-reference table: annual financial report

In accordance with Article 212-13 of the AMF's general regulations, this document comprises the annual financial report information referred to in Article L. 451-1-2 of the French Monetary and Financial Code (*Code monétaire et financier*) and in Article 222-4 of the AMF's general regulations:

	Page
Annual financial report	
Statement of the person responsible for the registration document	35
Management report	7
Analysis of the results, financial position and risks of the parent company and of the consolidated group and list of powers delegated for the purposes of capital increases (Articles L. 225-100 and L. 225-100-2 of the French Commercial Code (<i>Code de commerce</i>)).	8
Information required by Article L. 225-100-3 of the French Commercial Code relating to items liable to have an impact on a public offer.	/
Information relating to buybacks of stock units (Article L. 225-211, paragraph 2 of the French Commercial Code)	/
Financial statements	
Company financial statements.	80
Report of the independent auditors on the financial statements.	29

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

REPORT OF THE BOARD OF DIRECTORS TO THE STOCKHOLDERS' REGULAR MEETING HELD ON FEBRUARY 28, 2013

To the Stockholders,

As required by law, we have called this stockholders' meeting to approve the financial statements for fiscal year 2012.

OPERATIONS

This fiscal year was characterized by a diminution in the volumes issued by CRH due to the significant decline in refinancing applications from banks.

Nevertheless, the specific laws and regulations governing CRH and the strict internal rules that you approved enabled CRH, mainly during the first half of the year, to make several long-term loan issues on satisfactory terms in order to service the refinancing applications submitted and accepted.

The total amount of loans granted during the course of the year, which, in accordance with CRH's corporate purpose, equals the total amount of bonds, totaled EUR 5.5 billion (including the euro equivalent of two Swiss franc issues totaling CHF 1 billion). Loans granted totaled EUR 12.1 billion in 2011 and EUR 9.2 billion in 2010.

No contractual repayments were made during the fiscal year.

In addition, no contractual early repayments were made.

It is important to note that, under the terms of the Swiss franc operations it carries out, CRH makes issues in Swiss francs, grants loans in Swiss francs and receives, in the cover pool loans it grants, loans in Swiss francs, and that these loans comply with the regulations and finance housing in France.

These transactions do not therefore expose CRH to a foreign exchange risk and are not very different from its normal transactions.

Loans granted to banks by CRH since its establishment totaled EUR 88 billion at December 31, 2012, compared with EUR 82.4 billion at December 31, 2011.

Total outstanding loans at December 31, 2012 reached a new all-time high of EUR 53.9 billion (compared with EUR 48.3 billion at December 31, 2011 and EUR 41.3 billion at December 31, 2010).

Total assets amounted to EUR 55.3 billion at December 31, 2012, compared with EUR 49.6 billion at December 31, 2011.

RESULTS, FINANCIAL POSITION, AND DEBT

In accordance with the provisions of Article L. 225-100 of the French Commercial Code (*Code de Commerce*), an analysis of the Company's results, financial position, and debt must be prepared.

Since January 1, 2007, in accordance with the provisions of Regulation no. 2005-01 of the French Accounting Regulations Committee (*Comité de la Réglementation Comptable*), mortgage notes have been recognized as assets at their acquisition price and the difference between the acquisition price and the face value of the mortgage notes is now spread over time using an actuarial method. Bonds are recognized as liabilities using the same rule.

a) Results:

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

As a result, CRH's earnings represent the income from stockholders' equity invested on the money market, net of general and administrative expenses and interest paid to stockholders on subordinated loans.

Financial income increased compared with the previous year due to placements being made for longer periods, a limited decrease in the average yield and a rise in the principal amounts placed.

Interest on subordinated loans totaled EUR 2.6 million, compared with EUR 3.1 million in 2011.

General and administrative expenses were 8% higher than in 2011 at EUR 2.6 million.

Provisions for risk associated with medium- and long-term credit operations (the Fund for General Banking Risks: FGBR) were at the regulatory ceiling and totaled EUR 150,000 (compared with EUR 86,000 in 2011).

Net income after taxes came to EUR 1.8 million, compared with EUR 1 million in 2011.

Payment of a dividend of EUR 1,768,733.37, i.e. EUR 0.09 per stock unit, is recommended to the Stockholders' Meeting.

b) Financial position:

CRH's stockholders' equity (excluding subordinated loans and the FGBR) at December 31, 2012 was unchanged compared with December 31, 2011, i.e. EUR 311.1 million.

CRH's capital adequacy ratio, under both the Basel I and Basel II standards, was 8.57% at December 31, 2012, compared with 8.62% at December 31, 2011 and 8.67% at December 31, 2010. The Basel II ratio is computed using the standardized method for credit risk and the basic indicator approach for operational risk.

Table summarizing those delegations of power, granted by the Stockholders' Regular Meeting to the Board of Directors for the purposes of capital increases, that remain valid and the utilization made of said delegations during the fiscal year:

Stockholders' Meeting Resolution	Purpose of the delegation of power given to the Board of Directors	Amount	Term	Utilization made during prior fiscal years	Utilization made during the fiscal year 2012	Unutilized amount
Stockholders' Meeting of October 18, 2011 1 st resolution	To increase the capital stock by the issue of ordinary stock units	Maximum nominal amount of capital increase authorized: €199,927,500	5 years	2011: €99,774,543.25	None	€100,152,956.75

c) Debt

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

OUTLOOK

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

Clearly, volumes vary largely as a function of the economic and financial position but also as a function of changes in the regulations. In this respect, it would no doubt be useful for the authorities to ensure that the provisions to be put in place shortly take into account the specific nature of CRH, especially regarding future liquidity ratios.

The financial crisis having confirmed that it is essential for banks to have several sources of financing, these banks are continuing to borrow from CRH, although refinancing applications are now for lower amounts.

As for investors, due to the financial crisis, they are now more discriminating when it comes to issuers' ratings, which is beneficial to CRH.

Finally, CRH has applied to the European Covered Bond Council (ECBC) to be granted the European covered bond issuer label. However, it will not be possible for the statistics concerning loans pledged in its favor by banks to be published until CRH has aggregated and transmitted the data, i.e. probably in the first half of 2013.

CRH pursued its communication policy throughout the year, staging many investor roadshows in European Union countries, particularly in Germany, but also in the Middle East, Asia and America.

COMPENSATION OF CORPORATE OFFICERS AND DIRECTORS AND INDEPENDENT AUDITORS

As required by law, compensation paid to corporate officers and directors is presented in Note 15 to the financial statements, on page 100.

The fees paid to the independent auditors are presented on page 38 and in Note 13 to the financial statements, on page 98.

TERMS OF OFFICE

The terms of office and functions exercised by corporate officers and directors during the year are presented in Chapter 9, on pages 73 to 76.

SUPPLIER PAYMENT TERMS

CRH complies with the prevailing rules on this subject. As of December 31, 2012, trade creditors totaled EUR 26,942. The creditors' payment period is less than one month.

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

To the Stockholders:

- We recommend that you approve the financial statements for 2012 as presented to you.
- We recommend that you approve the agreements covered by the special report of the independent auditors.
- We recommend that the distributable income be allocated as indicated below:

	(in EUR)
. Net income for the year	1,764,149.31
. Plus retained earnings – opening balance	99,122.71
Equals total distributable income of	1,863,272.02

To be allocated as follows:

. Legal reserve	- 90,000.00
The total amount of which is thereby increased to EUR 3,176,000	
. Distribution of a net dividend of EUR 0.09 per stock unit for the 19,652,593 stock units comprising the capital stock at December 31, 2012 and entitled to dividends at January 1, 2012, representing income eligible for the 40% allowance for stockholders who are natural persons	- 1,768,733.37
. Retained earnings – closing balance	4,538.65

In addition, in accordance with Article 24 of the By-laws (see Appendix 5 to this document), we recommend that you offer stockholders the option to choose whether to receive their dividend in cash or in stock.

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

In EUR per stock unit:

Year	Net dividend
2011	0.05
2010	0.00
2009	0.04

We recommend that you renew the terms of office as directors of Henry RAYMOND, Banque Fédérative du Crédit Mutuel and GE Money Bank, which have expired.

RESOLUTIONS

FIRST RESOLUTION

(Approval of the Company financial statements for the year ended December 31, 2012)

The Stockholders' Meeting, following the presentation of the Board of Directors' management report on the management of the Company during the year ended December 31, 2012, and having heard the independent auditors' report on the annual financial statements, approves the Company financial statements as presented for said financial year comprising the income statement, balance sheet and notes to the financial statements, as well as the transactions recorded in these financial statements and summarized in these reports.

The Stockholders' Meeting also notes the terms of the report of the Chairman of the Board of Directors on internal control and corporate governance which was presented to it, as well as the terms of the independent auditors' report, which sets out their observations on said Chairman's report.

The Stockholders' Meeting notes that the Company did not during the period under review incur any expenses or charges that are not deductible for tax purposes, in accordance with paragraph 4 of Article 39 of the French General Tax Code (*Code Général des Impôts*).

SECOND RESOLUTION

(Review and approval of agreements governed by Article L. 225-38 of the French Commercial Code)

The Stockholders' Meeting, having heard the special report of the independent auditors on the agreements governed by Articles L. 225-38 *et seq.* of the French Commercial Code, notes the findings of said report and resolves to approve the agreements described therein.

THIRD RESOLUTION

(Board of Directors' proposed allocation of the net income for the year ended December 31, 2012)

The Stockholders' Meeting approves the allocation of the net income for the year ended December 31, 2012, as shown in the following table:

	(in EUR)
. Net income for the year	1,764,149.31
. Plus retained earnings – opening balance	99,122.71
Equals total distributable income of	1,863,272.02
To be allocated as follows:	
. Legal reserve	- 90,000.00
The total amount of which is thereby increased to EUR 3,176,000	

. Distribution of a net dividend of EUR 0.09 per stock unit for the 19,652,593 stock units comprising the capital stock at December 31, 2012 and entitled to dividends at January 1, 2012, representing income eligible for the 40% allowance for stockholders who are natural persons

- 1,768,733.37

. Retained earnings – closing balance 4,538.65

The Stockholders' Meeting decides, pursuant to Articles L. 232-18 to L. 232-20 of the French Commercial Code and Article 24 of the By-laws, to give each stockholder the option to receive payment of the entire dividend in stock.

In accordance with Article L. 232-19 of the French Commercial Code, the Stockholders' Meeting, having considered the independent auditors' special report referred to in this article, sets the issue price of the new stock units, which have a par value of EUR 15.25 each, at EUR 15.83, corresponding to the amount of stockholders' equity after allocation of the net income for the fiscal year 2012 divided by the number of stock units making up the Company's capital stock.

Each stockholder may opt for either dividend payment method, but said option will apply to the total amount of the dividend due to him in respect of the stock units he owns.

Stockholders wishing to opt for payment in stock have until March 14, 2013 inclusive to inform the Company accordingly. After that date, dividends may be paid only in cash.

If the amount of the dividend, in respect of which the option is exercised, does not correspond to a whole number of stock units, the number of stock units the stockholder will receive will be rounded down to the nearest whole number, the balance being paid in cash.

The new stock units will be entitled to dividends with effect from January 1, 2013.

In the case of stock holders who opt for payment of the dividend in cash, said dividend will be paid on March 15, 2013; in the case of those who opt for payment in stock units, delivery of said stock units and payment of any balance in cash will take place on that same date.

In accordance with Article L. 232-20 of the French Commercial Code, the Stockholders' Meeting will grant the Board of Directors full powers to implement this decision, for the purpose, in particular, of taking all measures and engaging in all operations relating to or resulting from the exercise of the option, to carry out all formalities necessary for the issue of the stock units issued under the term of this decision, offset the costs of said capital increase against the amount of the issue premium, record the number of new stock units issued and the carrying out of the capital increase, amend the By-laws accordingly and carry out the legal formalities concerning publication.

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

In EUR per stock unit:

Year	Net dividend
2011	0.05
2010	0.00
2009	0.04

FOURTH RESOLUTION

(Renewal of the term of office as a director of Henry RAYMOND)

The Stockholders' Meeting notes that Henry RAYMOND's term of office as a director will expire at the close of this Meeting. It resolves to renew said term of office for a further period of six years, i.e. until the close of the Stockholders' Meeting held to approve the financial statements for the year ending December 31, 2018.

FIFTH RESOLUTION

(Renewal of the term of office as a director of GE Money Bank)

The Stockholders' Meeting notes that GE Money Bank's term of office as a director will expire at the close of this Meeting. It resolves to renew said term of office for a further period of six years, i.e. until the close of the Stockholders' Meeting held to approve the financial statements for the year ending December 31, 2018.

SIXTH RESOLUTION

(Renewal of the term of office as a director of Banque Fédérative Crédit Mutuel)

The Stockholders' Meeting notes that Banque Fédérative du Crédit Mutuel's term of office as a director will expire at the close of this Meeting. It resolves to renew said term of office for a further period of six years, i.e. until the close of the Stockholders' Meeting held to approve the financial statements for the year ending December 31, 2018.

SEVENTH RESOLUTION

(Formalities and powers)

The Stockholders' Meeting confers on the bearer of an original, copy or excerpt of these minutes full powers to carry out all formalities required by law.

CAISSE DE REFINANCEMENT DE L'HABITAT

Five-year financial summary

	2008	2009	2010	2011	2012
Capital stock at year end:					
. Capital stock (in EUR)	169,641,000	199,927,500	199,927,500	299,702,043.25	299,702,043.25
. Number of common stock units in issue	11,124,000	13,110,000	13,110,000	19,652,593	19,652,593
. Number of non-voting preferred stock units in issue	0	0	0	0	0
. Maximum number of stock units to be created through conversion of bonds or exercise of subscription rights	0	0	0	0	0
Business and earnings (EUR thousands):					
. Total revenues (excluding taxes)	1,572,479	1,745,734	1,738,837	1,785,817	2,085,466
. Income before tax, employee profit-sharing, depreciation, amortization and provisions	6,132	936	229	1,672	2,931
. Corporate income tax	1,978	287	66	570	981
. Employee profit-sharing	0	0	0	0	0
. Income after tax, employee profit-sharing, depreciation, amortization and provisions	3,781	589	114	979	1,764
. Dividend distributed	3,671	524	0	983	1,769
Earnings per stock unit (in EUR):					
. Income after tax and employee profit-sharing but before depreciation, amortization and provisions	0.37	0.05	0.01	0.06	0.10
. Income after tax, employee profit-sharing, depreciation, amortization and provisions	0.34	0.04	0.01	0.05	0.09
. Net dividend per stock unit	0.33	0.04	0.00	0.05	0.09
Staff:					
. Average number of employees during year (1)	9	9	9	10	10
. Payroll expense (EUR thousands)	647	653	693	768	798
. Social security and other benefits (EUR thousands)	309	361	335	361	376

(1) Including paid corporate officers.

REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS ON INTERNAL CONTROL AND CORPORATE GOVERNANCE

To the Stockholders:

In accordance with legal requirements and in my capacity as Chairman of the Board of Directors of CRH – Caisse de Refinancement de l’Habitat, I am pleased to present to you this report as approved by the Board of Directors at its January 29, 2013 meeting.

This report concerns information related to Board membership, conditions for preparing and organizing the work of the Board of Directors, internal control procedures and risk management within the Company, corporate governance, and the terms of stockholder participation at Company Stockholders’ Meetings in 2012.

1. INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES

The aim of the internal controls implemented by the Company is to meet the internal control and compliance obligations for credit institutions contained in Regulation no. 97-02 of the CRBF (French Banking and Financial Regulatory Committee: *Comité de la Réglementation Bancaire et Financière*).

Pursuant to the provisions of this regulation, companies must submit a report on internal control, compliance, and the measurement and monitoring of risks at least once a year to the Board of Directors.

1.1. INTERNAL CONTROL PARTICIPANTS

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

In addition, in October 2009 the Board of Directors decided to create an audit committee.

The Chairman and Chief Executive Officer reports regularly to the Board of Directors on internal control and risk monitoring activities and results.

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

In order to comply with these provisions, in 2009 I asked Crédit Agricole’s General Inspection department to audit CRH. The findings of this audit were submitted in January 2010.

In order to accelerate the implementation of improved formalization of the controls plan and the permanent control plan, CRH appointed Mazars to act for it in this matter. Mazars reported its findings at the end of 2010, enabling said improved formalization to be implemented.

In early 2011 Mazars also carried out an audit of CRH on behalf of the French Financing Agency (*Société de Financement de l'Economie Française* - SFEF), notably to ensure the continuity of CRH's services to SFEF.

Other than the need for greater formalization of the controls actually performed, Mazars made no specific observations on this matter.

1.2. ORGANIZATION OF INTERNAL CONTROL WITH REGARD TO THE PREPARATION OF FINANCIAL AND ACCOUNTING INFORMATION

The Company's General Management is responsible for the preparation and integrity of the financial statements presented to you. 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 accordance with the financial statements.

The Company maintains a system of internal control providing it with reasonable assurance as to the reliability of its financial information, the protection of its assets and the compliance of its operations, commitments and internal procedures with all prevailing regulations, within the framework of the obligations set out in Regulation no. 97-02 of the CRBF (French Banking and Financial Regulatory Committee).

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

The Company's General Management considers that these financial statements present accurately the financial position of the Company, the results of its operations and its cash flows.

1.3. RISK MANAGEMENT PROCEDURES

By way of background, note that beyond General Management's control functions, Article L. 313-49 of the French Monetary and Financial Code (*Code Monétaire et Financier*) provides for a specific legal control of CRH's operations by the banking authority.

In accordance with the regulations, a risk mapping has been established and is periodically reviewed. The main risks are described in Chapter 3 of this registration document, to which it is useful to refer. It should be noted that CRH does not claim that the description is exhaustive.

Identification of operational risks is regularly sought by General Management, and the business continuity plan must, in principle, ensure the durability of operational procedures during and after any interruption of activities. This risk was substantially reduced in 2009 by the implementation of the Euroclear direct payment procedure via the Banque de France in respect of the amounts required to service the debt.

As CRH's only objective is to lend all the proceeds of its borrowings, credit risk is the most important risk. This risk concerns only credit institutions. It is covered by a specific pledge of refinanced loans in accordance with the requirements of Articles L. 313-42 through L. 313-49 of the French Monetary and Financial Code. This pledge in particular is the subject of the aforementioned specific legal review.

CRH also regularly audits borrowing banks using a team of auditors dedicated to this task.

The procedures in place within this team have as principal objectives the monitoring of the condition of CRH's receivables and an evaluation of the level to which they are covered, using controls conducted on a sample basis and the examination of monthly electronic statements of duplicate lists of pledged receivables.

A comprehensive report on CRH's loans is regularly provided to the Board of Directors.

Limits on loans granted by CRH are set by General Management in accordance with the credit policy and rules established by the Board.

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

The general economics of the CRH mechanism are such that the profitability of credit transactions is, by its nature, always zero because CRH borrows for the account of French credit institutions and provides them with the resources raised without charging a margin.

CRH is normally well insulated from market risks. This subject is discussed in sections 3.1.2 through 3.1.5 of this document.

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

Finally, the Board of Directors has set at EUR 10,000 the materiality threshold for the purposes of fraud alert defined in Article 17 *ter* of Regulation no. 97-02 of the CRBF (French Banking and Financial Regulatory Committee).

2. MEMBERSHIP AND CONDITIONS FOR PREPARING AND ORGANIZING THE WORK OF THE BOARD OF DIRECTORS (see provisions of Title II of the Company By-laws)

CRH stock is not publicly traded and in accordance with the By-laws is allocated annually between borrowers pro rata to the loans outstanding.

The Board represents the stockholders, and its membership therefore comprises most of the main players in the French residential mortgage market.

2.1. BOARD OF DIRECTORS MEMBERSHIP (see Chapter 9 of this document).

- | | |
|---|--------------------------------------|
| - Henry RAYMOND | Chairman and Chief Executive Officer |
| - Banque Fédérative du Crédit Mutuel
represented by Jean-François TAURAND | Director |

- BNP Paribas represented by Valérie BRUNERIE	Director
- BPCE represented by Roland CHARBONNEL	Director
- Caisse Centrale du Crédit Mutuel represented by Sophie OLIVIER	Director
- Crédit Agricole SA represented by Nadine FEDON	Director
- Crédit Lyonnais represented by Christian LARRICQ-FOURCADE	Director
- GE Money Bank represented by François KLIBER	Director
- Société Générale represented by Vincent ROBILLARD	Director

These directors are appointed for a six-year period (see pages 73 and 74).

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

The Board is a collegial body that deliberates on all matters concerning the life of the Company and, in particular, on matters of strategy.

Internal rules covering the Board's operations have not been established.

2.3. WORK OF THE BOARD OF DIRECTORS

The Board of Directors met six times in 2012. More than half of the directors usually attended or were represented.

The main business of the Board during the year included:

- discussing and approving the results and the Company financial statements for fiscal year 2011, examining quarterly financial statements and discussing and approving the semi-annual financial statements;
- reviewing the annual report on the conditions of exercise of internal controls and of various discussions related to internal controls;
- the periodic examination of internal control and compliance activities and results;
- examining the findings of the audit committee;
- setting the Chairman and Chief Executive Officer's compensation;
- setting the maximum level of bonds to be issued, the Board having granted me full authority to implement and set the terms of these issues in accordance with the provisions of Article L. 228-40 of the French Commercial Code;
- reviewing the terms and conditions of bond issuance;

- monitoring the activities of CRH, the level to which they are covered and compliance with applicable regulations;

- examining the outcome of audits by the audit and inspection department of portfolios of receivables pledged to CRH at December 31, 2012.

2.4. COMPENSATION COMMITTEE (see Section 9.1.3. on page 74 of this document)

The Board has set up a compensation committee. It is composed of three directors who are senior executives but not corporate officers of companies holding stock in CRH. Its role is to make recommendations to the Board concerning the compensation of the Chairman of the Board of Directors and of the Chief Executive Officer, appointments that are currently fulfilled by the same individual. This committee meets once a year.

2.5. RISK COMMITTEE

In accordance with the provisions of Paragraph 3 of the internal rules and regulations (see Appendix 6 of this document), the Board of Directors or General Management can convene a risk committee, which has an advisory role. The Board of Directors designates its members from among stockholders or their representatives and establishes the rules governing its operations.

2.6 AUDIT COMMITTEE (see Section 9.1.4. on page 75 of this document)

The audit committee, which consists of three members selected from the Company's directors, met on January 24, 2012 and July 11, 2012.

The main business of the audit committee at these meetings included:

- reviewing CRH's operations, results and financial position at December 31, 2011 and the financial statements for the half year ended June 30, 2012;

- listening to CRH's management and statutory auditors;

- reviewing the results of the audit of the portfolios of receivables pledged in favor of CRH;

- reviewing the annual report on the terms and conditions governing the performance of internal controls;

- reviewing the financial information.

3. CORPORATE GOVERNANCE

Most principles of corporate governance are now enshrined in the French Commercial Code or in the General Regulations of the French securities regulator (*Autorité des Marchés Financiers* or AMF), to which the Company is subject.

In practice, the Company takes into account the recommendations of the AFEP/MEDEF (the French Association of Private Businesses/French Business Confederation) Code of October 2008 related to corporate governance, which is available on MEDEF's website (www.medef.com).

However, it is specified that these principles and recommendations are applicable only to the extent that they can be implemented in a relevant manner.

1. CRH is a market institution whose capital stock belongs to French banks.
2. The stock units comprising CRH's capital stock are not quoted on any stock exchange.
3. The associated voting rights are diluted in order to maintain CRH's independence.
4. CRH does not charge an interest margin on transactions.
5. The Chairman's compensation cannot be contingent on CRH's results due to the special characteristics of CRH's structure. His compensation comprises only salary and is established by the Board of Directors on the recommendation of the compensation committee. The amount is clearly indicated in this document. The Chairman is not eligible for either a "golden parachute," or an additional complementary retirement plan, or stock options. On December 18, 2009, the Chairman was appointed Chief Executive Officer of the French Financing Agency (SFEF) as of January 1, 2010. His appointment was renewed by a decision of SFEF's Board of Directors on December 11, 2012 and by the decree of the Minister for the Economy and Finance dated December 18, 2012.
6. Other directors receive no compensation of any kind from CRH and are executive officers of stockholder companies. Valérie BRUNERIE, Roland CHARBONNEL, Nadine FEDON and Vincent ROBILLARD, who represent BNP Paribas, BPCE, Crédit Agricole SA and Société Générale respectively on the Board of CRH, are directors of SFEF in their personal capacities.

4. TERMS FOR STOCKHOLDER PARTICIPATION AT STOCKHOLDERS' REGULAR MEETINGS (Article 21 of the By-laws)

These are summarized in Article 21 of the By-laws (see Appendix 5 of this document).

Henry RAYMOND
Chairman of the Board of Directors

REPORT ON LABOR, SOCIAL AND ENVIRONMENTAL TRANSPARENCY

Article 225 of Law no. 2010-788 of July 12, 2010 concerning the national commitment to the environment enhanced the content of the information to be included in the management report by promulgating obligations of transparency on labor, social and environmental matters.

Despite the modest means at its disposal and the specific nature of its business, in an effort to meet the demands of certain investors, in the fiscal year 2011, CRH had already compiled its first report on Social and Environmental Transparency.

First, we reiterate certain key principles:

As a responsible employer, CRH adheres to the following principles:

- respect for human rights,
- freedom of association and the right to collective bargaining,
- support for employees over the long term,
- promotion of equal opportunities.

Being solely financial, CRH’s business has a limited direct impact on the environment. In order to ensure respect for the environment, CRH seeks to limit as far as possible:

- use of paper,
- polluting forms of transport,
- consumption of heat and electricity.

Endeavoring to comply with the rules, CRH has never been fined or found guilty in respect of either social or environmental matters.

Labor, social and environmental indicators

The social and environmental indicators shown below relate solely to CRH, the Company having no subsidiaries.

The principles and criteria used are those appearing in decree no. 2012-557 dated April 24, 2012.

Indicators for Law no. 2010-788 on the national commitment to the environment **2012 data**

1. Labor information:	
a) Employment:	
Total headcount and breakdown of employees by gender and region.	In 2012, total headcount was unchanged. There were nine employees, all being executives on permanent contracts. There were four female employees. All jobs are located at the head office in Paris (France).
New recruits and redundancies.	During the year, no new staff were hired under either temporary or permanent contracts, nor were there any redundancies, voluntary departures or retirements.

Indicators for Law no. 2010-788 on the national commitment to the environment

2012 data

Compensation.	The goal of CRH's compensation policy is to ensure a fair balance between the various individual pay packages according to merit and responsibilities. The Company does not pay any variable compensation.
Organization of working time.	The number of hours worked per annum by a full-time employee was 1,603.60 hours, unchanged compared with 2011. All employees work full time with personalized working hours.
Absenteeism.	In 2012, the absenteeism rate came to 3.45%, all of which was due to illness.
c) Staff relations: Organization of staff dialogue.	Given the number of staff, there is no organized staff dialogue within the Company.
Review of collective agreements.	The agreement on arrangements for the reduction in working hours signed on February 7, 2002 is still in force. Employees are covered by the collective agreement for financial companies.
Staff welfare.	Given the number of staff, there is no works council. The Company pays in full all contributions for additional health coverage as well as collective coverage for death and dependency. The Company uses a staff canteen for which it pays EUR 5.91 per meal taken by each of its employees. For employees seeking a long-service award and having completed 20 years of service in the Company, the Company pays a bonus of one month's basic salary (excluding long-service award and thirteenth month) for the month of promotion (January or July).
d) Health and safety: Health and safety conditions.	Anxious to ensure the social welfare of its employees, as mentioned above, the Company has taken out additional health coverage as well as collective coverage for death and dependency. The Company uses a multi-employer occupational health service.
Agreements signed with trade unions and staff representative bodies on workplace health and safety.	Given the number of staff, there is no collective bargaining on workplace health and safety.
Frequency and seriousness of occupational accidents and recognition of occupational illnesses.	There were no occupational accidents in the Company in 2012. Similarly, no employees suffered any occupational illnesses.
Compliance with the provisions of the ILO's fundamental conventions.	The Company complies with the laws and regulations applicable to France as a signatory to the ILO's eight key conventions.
e) Training: Total number of training hours.	As a Company with less than ten employees, CRH

Indicators for Law no. 2010-788 on the national commitment to the environment

2012 data

	participates in the financing of employees' professional training by paying Agefos PME a contribution of 0.55% of its total payroll.
Specific professional training programs for employees.	The Company has not implemented any specific professional training programs for employees.
f) Diversity and equal opportunities: Policy implemented and measures taken to:	For positions of the same level of responsibility, there is very little difference between the average compensation of men and women. The Company reiterates its keenness to comply with the legal and regulatory provisions encouraging professional and pay equality between men and women for similar jobs in terms of hiring as well as career development. The Company guarantees equal treatment for individuals with similar qualifications and length of service with regard to promotion opportunities, career progression and access to professional training. On request, any member of staff can meet with the Company's management in order to review any problems that could arise in assessing this equality of treatment. A reasoned response is provided within one month. Having less than 20 employees, CRH is not subject to the requirement to employ and integrate disabled people. The Company refrains from all forms of discrimination and promotes diversity whenever it can.
2. Environmental information:	
a) General policy on environmental matters: The Company's policy for taking into account environmental issues and, where applicable, assessment and certification approaches on environmental matters.	Given the nature of its business and the limited number of employees, the Company has not developed any approaches for seeking certification on environmental matters. Nevertheless, Management encourages its employees to adopt environmentally-aware behavior within the Company.
Training and informing employees on matters concerning environmental protection.	No doubt due to the limited number of employees, employees have readily complied with environmental issues without the Company having to implement initiatives to heighten awareness of such matters.
Means devoted to preventing environmental risks and pollution.	Irrelevant due to the nature of the Company's business.
Amount of provisions and guarantees for risks on environmental matters.	Not relevant in terms of direct impacts given the nature of the Company's business.
b) Pollution and waste management:	

Indicators for Law no. 2010-788 on the national commitment to the environment

2012 data

Prevention of production, recycling and elimination of waste.	As a financial sector company, the main raw material consumed is paper. Two initiatives have been implemented to limit the volume used: <ul style="list-style-type: none"> - widespread use of both sides of the paper, - production of major publications in paperless form. Employees have implemented an ongoing initiative for selective sorting to facilitate the recycling of water bottles, magazines, newspapers and small boxes. Toner cartridges are returned to the supplier. Obsolete office equipment is taken to the waste disposal site.
Preventing, reducing and redressing emissions into the air, water and soil seriously affecting the environment.	Given the nature of its business, the Company does not emit any greenhouse gases other than CO ₂ and creates no polluting impact in the water or soil. Its premises are not air-conditioned. The Company has not carried out a carbon assessment. The Company promotes the use of public transport both for home/work travel and business trips for its employees.
Taking into account noise pollution and, where applicable, any other form of pollution specific to an activity.	Not relevant in terms of direct impacts given the nature of the Company's business.
c) Sustainable use of resources:	
Consumption of raw materials.	Paper, the main raw material used, has been awarded the European Union's Ecolabel. Approximately 110,000 sheets were used in 2012.
Use of soils.	Not relevant in terms of direct impacts given the nature of the Company's business.
d) Contribution to changes in behavior and the fight against global warming:	
Greenhouse gas emissions.	Not relevant in terms of direct impacts given the nature of the Company's business.
Taking into account the impacts of climate change.	Not relevant in terms of direct impacts given the nature of the Company's business.
e) Protection of biodiversity	
	The Company does not own, rent or manage any sites in or near any protected areas or zones rich in biodiversity outside these protected areas.
3. Social information:	
a) Territorial, economic and social impact of the business.	Not relevant in terms of direct impacts given the nature of the Company's business.
b) Relations with stakeholders.	The Company's By-laws provide for dilution of the voting rights attached to the stock units in order to preserve its independence in relation to the stockholders. Furthermore, there are no conflicts of interest with other stakeholders.

Indicators for Law no. 2010-788 on the national commitment to the environment

2012 data

c) Sub-contracting and suppliers and social and environmental responsibility in relations with such parties.

Recourse to sub-contracting is restricted to a few printing, envelope stuffing, archiving, cleaning and maintenance tasks entrusted to companies exercising their business in France. Non-compliance with social regulations is covered by a breach of contract clause.

d) Fair practices:

- prevention of corruption;
- measures promoting the health and safety of consumers;
- actions promoting human rights.

No incidents of corruption have ever been identified within the Company.

Keen to protect its reputation from any trading of favors by its employees when controlling its guarantees at borrowing establishments, the Company has adopted good practice principles for on-site controls.

More generally, as a credit institution, the Company has implemented all legislative and regulatory provisions concerning the fight against money laundering and the financing of terrorism, notably concerning staff training.

The Company has appointed two TRACFIN correspondents.

On the other two points:

- the Company's business has no direct impact on the health and safety of consumers,
 - the Company advocates respect for human rights.
-

REPORT OF THE INDEPENDENT AUDITORS ON THE FINANCIAL STATEMENTS

For the fiscal year ended December 31, 2012

To the Stockholders:

In accordance with the terms of our appointment by your Stockholders' Meeting, we hereby report to you, for the year ended December 31, 2012 on:

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

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

1. OPINION ON THE FINANCIAL STATEMENTS

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

In our opinion, the financial statements present a true and fair view of the Company's financial position and its assets and liabilities at December 31, 2012 and of the results of its operations for the year then ended in accordance with accounting principles generally accepted in France.

2. THE BASIS FOR OUR OPINION

In compliance with the provisions of Article L. 823-9 of the French Commercial Code regarding the basis of our opinion, we hereby inform you that our assessments focused on the appropriateness of the accounting principles applied and on the reasonableness of significant estimates used for the preparation of the financial statements, in particular as regards securities transactions (see Note 2-C of the notes to the financial statements).

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

3. SPECIFIC VERIFICATIONS AND INFORMATION

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

We have no comments to make regarding the accuracy and consistency with the financial statements of the information provided in the management report of the Board of Directors and in the documents issued to the stockholders with respect to the Company's financial position and financial statements.

As regards the information provided in accordance with the provisions of Article L. 225-102-1 of the French Commercial Code on the compensation paid and benefits awarded to the corporate officers as well as commitments given in their favor, we have verified that it is consistent with the financial statements or the data used to prepare said financial statements and, where relevant, with the information acquired by your Company from the companies controlling your Company or controlled by it. On the basis of this work we are able to affirm the accuracy and reliability of such information.

Paris La Défense and Paris, February 4, 2013

The Independent Auditors

KPMG Audit
A division of KPMG SA
Represented by
Marie-Christine JOLYS
Partner

AUDITEURS & CONSEILS ASSOCIÉS SA
Member of Nexia International
Represented by
Olivier LELONG
Partner

SPECIAL REPORT OF THE INDEPENDENT AUDITORS ON THE REGULATED AGREEMENTS AND COMMITMENTS

Stockholders' Meeting called to approve the financial statements for the fiscal year ended December 31, 2012

To the Stockholders:

In our capacity as independent auditors of your company, we present to your our report on the regulated agreements and commitments.

Our role is to inform you, on the basis of the information provided to us, of the key features, terms and conditions of the agreements and commitments of which we have been informed or of which we have become aware during the performance of our work. It is not our responsibility to express an opinion on the usefulness and advisability of such agreements and commitments or to ascertain whether any other agreements or commitments exist. It is your duty, pursuant to the provisions of Article R. 225-31 of the French Commercial Code, to assess the interest of such agreements and commitments with a view to their approval.

In addition, it is our responsibility, where relevant, to provide you with the information prescribed by Article R. 225-31 of the French Commercial Code relating to the execution, during the year under review, of the agreements and commitments already approved by the Stockholders' Meeting.

We performed the due diligence procedures that we deemed necessary to comply with the professional standards of the French national institute of independent auditors (*Compagnie Nationale des Commissaires aux Comptes*) in relation to this assignment. Those procedures involved verifying the consistency of information provided to us with source documentation.

1. Agreements and commitments submitted for approval by the Stockholders' Meeting

- **Agreements and commitments authorized during the year under review**

We inform you that we have not been advised of any agreements or commitments authorized during the year under review to be submitted to the Stockholders' Meeting for approval under the provisions of Article L. 225-38 of the French Commercial Code.

2. Agreements and commitments already approved by the Stockholders' Meeting

- **Agreements and commitments approved during earlier fiscal years and which remained in force during the year under review**

In accordance with Article R. 225-30 of the French Commercial Code, we have been informed of the following agreements and commitments which have already been approved by Stockholders' Meetings in previous fiscal years and which remained in force during the year under review.

- **Agreement with the French Financing Agency (SFEF)**

Under the terms of this agreement, your Company agrees to make available to the French Financing Agency (SFEF) the technical and human resources needed to monitor and control its activities.

Your Company recognized income totaling EUR 160,000 excluding taxes in respect of this agreement.

- **Corporate officer liability insurance contract taken out with Chubb Insurance Company of Europe S.A.**

This contract covers liability for damages that a corporate officer of your Company would be required to pay as a result of a claim against him for misconduct or negligence. The maximum cover under this contract is EUR 3,000,000.

Your Company recognized as an expense the net annual premium in respect of this contract of EUR 4,948.60.

Paris La Défense and Paris, February 4, 2013

The Independent Auditors

KPMG Audit
A division of KPMG SA
Represented by
Marie-Christine JOLYS
Partner

AUDITEURS & CONSEILS ASSOCIÉS SA
Member of Nexia International
Represented by
Olivier LELONG
Partner

**REPORT OF THE INDEPENDENT AUDITORS
(PREPARED IN APPLICATION OF ARTICLE L. 225-235 OF THE FRENCH
COMMERCIAL CODE) ON THE REPORT OF THE CHAIRMAN OF THE BOARD
OF DIRECTORS OF CAISSE DE REFINANCEMENT DE L'HABITAT**

For the fiscal year ended December 31, 2012

To the Stockholders:

In our capacity as independent auditors of Caisse de Refinancement de l'Habitat and in application of the provisions of Article L. 225-235 of the French Commercial Code, we present our report on the report prepared by the Chairman of your Company for the year ended December 31, 2012 in accordance with the requirements of Article L. 225-37 of the French Commercial Code.

It is the Chairman's responsibility to prepare and submit a report for the Board of Directors' approval on the internal control and risk management procedures in place at the Company and which provides the other information required by Article L. 225-37 of the French Commercial Code on, in particular, its corporate governance procedures.

Our responsibility is:

- to provide you with comments on the information contained in the Chairman's report on internal control and risk management procedures relating to the preparation and processing of accounting and financial information, and
- to attest that the report includes all other information required under Article L. 225-37 of the French Commercial Code, although it is not our responsibility to verify the accuracy of this other information.
- We conducted our work in accordance with professional standards generally accepted in France.

1. Information about the internal control and risk management procedures relating to the preparation and processing of accounting and financial information

The relevant professional standards require that we plan and perform our work so as to be able to assess whether the information concerning the internal control and risk management procedures relating to the preparation and processing of accounting and financial information contained in the Chairman's report is presented fairly. Such work consists in particular of:

- familiarizing ourselves with the internal control and risk management procedures relating to the preparation and processing of accounting and financial information supporting the information presented in the Chairman's report as well as the existing documentation;
- familiarizing ourselves with the work supporting the preparation of this information and the existing documentation;
- determining whether any major deficiencies in the internal control procedures relating to the preparation and processing of accounting and financial information

that we discovered when carrying out our audit work have been appropriately disclosed in the Chairman's report.

Based on our work, we have no comments to make on the information concerning the Company's internal control and risk management procedures relating to the preparation and processing of accounting and financial information, as contained in the report of the Chairman of the Board of Directors, prepared in accordance with the provisions of Article L. 225-37 of the French Commercial Code.

2. Other information

We attest that the report of the Chairman of the Board of Directors includes the other information required under Article L. 225-37 of the French Commercial Code.

Paris La Défense and Paris, February 4, 2013

The Independent Auditors

KPMG Audit
A division of KPMG SA
Represented by
Marie-Christine JOLYS
Partner

AUDITEURS & CONSEILS ASSOCIÉS SA
Member of Nexia International
Represented by
Olivier LELONG
Partner

CHAPTER 1

RESPONSIBILITIES

1.1. PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

Henry RAYMOND, Chairman and Chief Executive Officer of CRH.

1.2. STATEMENT OF THE PERSON RESPONSIBLE

I certify, after having taken all reasonable steps to ensure that this is the case, that the information contained in this registration document is, to the best of my knowledge, accurate and that there have been no omissions which would affect its import.

I certify that, to the best of my knowledge, the financial statements have been prepared in accordance with applicable accounting standards and give a true and fair view of the financial position, assets and liabilities and net income of the Company and that the management report included on page 7 gives an accurate overview of the business, results and financial position of the Company as well as a description of the main risks and uncertainties it faces.

I have obtained a post-audit report from the independent auditors in which they indicate that they have examined the information on the financial position and the financial statements as presented in this document and that they have read the entire registration document.

Paris, February 7, 2013

Chairman and Chief Executive Officer
Henry RAYMOND

CHAPTER 2

INDEPENDENT AUDITORS

2.1. INDEPENDENT AUDITORS

2.1.1. Independent auditors

1) AUDITEURS & CONSEILS ASSOCIÉS SA

NEXIA International

Member of the Paris regional institute of independent auditors

Address: 31 rue Henri Rochefort, 75017 Paris

Represented by: Olivier LELONG

Dates of appointment: Initially appointed on April 16, 1991, renewed on March 4, 1997, March 4, 2003, and March 3, 2009.

Term of office: The present six-year term expires at the end of the Stockholders' Regular Meeting called to approve the financial statements for the year ending December 31, 2014.

2) KPMG Audit

A division of KPMG SA

Member of the Versailles regional institute of independent auditors

Address: Immeuble le Palatin, 3 cours du Triangle
92939 Paris La Défense Cedex

Represented by: Marie-Christine JOLYS

Dates of appointment: Initially appointed on April 16, 1991, renewed on March 4, 1997, March 4, 2003, and March 3, 2009.

Term of office: The present six-year term expires at the end of the Stockholders' Regular Meeting called to approve the financial statements for the year ending December 31, 2014.

2.1.2. Alternate independent auditors

1) Alternate independent auditor for AUDITEURS & CONSEILS ASSOCIÉS SA **Olivier JURAMIE**

Member of the Paris regional institute of independent auditors

Address: 31 rue Henri Rochefort, 75017 Paris

Date of appointment: Appointed on March 3, 2009.

Term of office: The present six-year term expires at the end of the Stockholders' Regular Meeting called to approve the financial statements for the year ending December 31, 2014.

2) Alternate independent auditor for KPMG Audit

Isabelle GOALEC

Member of the Versailles regional institute of independent auditors

Address: Immeuble le Palatin, 3 cours du Triangle
92939 Paris La Défense Cedex

Date of appointment: Appointed on March 3, 2009.

Term of office: The present six-year term expires on closure of the Stockholders' Regular Meeting called to approve the financial statements for the year ending December 31, 2014.

2.1.3. Fees paid to the independent auditors and members of their organizations in respect of the fiscal years ended December 31, 2012 and 2011

(EUR thousands)

	Auditeurs & Conseils Associés				KPMG Audit – a division of KPMG SA			
	Amount *		%		Amount *		%	
	2012	2011	2012	2011	2012	2011	2012	2011
Audit								
- Statutory audit, certification, review of individual and consolidated financial statements	29	26	100	100	29	26	96	100
- Audit-related services	0	0	0	0	1	0	4	0
Other services	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

* Amounts include all taxes, charges and outlays

2.2. INDEPENDENT AUDITORS RESIGNING OR REMOVED

Not applicable.

CHAPTER 3

RISK FACTORS

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

CRH believes that the risk factors discussed below could potentially affect its ability to meet its obligations on issued bonds. Most of these factors are linked to events that may or may not occur. CRH makes no claim that the risk factors listed below are exhaustive. CRH is not in a position to express an opinion as to the probability of occurrence of these events. Potential investors should also read the other detailed information in the related prospectus and reach their own conclusions prior to making an investment decision.

3.1. ISSUER RISK FACTORS:

Since CRH's sole purpose is to refinance home-purchase loans granted by credit institutions, to the issuer's knowledge, credit risk is the most significant risk.

CREDIT RISK

3.1.1. Credit risk

An institution's credit risk results from the uncertainty as to the ability or intention of its counterparties to fulfill their obligations towards it.

In this regard, CRH's particularly low-risk profile relates to only a limited number of credit institutions.

Moreover, with the exception of its stockholders' equity investment operations, CRH's significant exposures consist solely of loans to these institutions.

These loans, represented by mortgage notes, are guaranteed for at least 125% of their nominal amount by a specific pledge of receivables governed by the provisions of Articles L. 313-42 to L. 313-49 of the French Monetary and Financial Code and relating solely to home-purchase loans in France.

In the event of an institution defaulting, these statutory provisions enable CRH to automatically become the owner of the loan portfolio pledged by that institution, notwithstanding any provisions to the contrary.

a) Breakdown of commitments

The following table provides a breakdown of CRH's commitments:

(EUR thousands)

Exposures to credit risk	Dec. 31, 2011		Dec. 31, 2012	
	Balance sheet	Doubtful rate	Balance sheet	Doubtful rate
Mortgage notes	49,137,085	0%	54,852,537	0%
Negotiable debt instruments	141,131	0%	182,237	0%
Demand deposits, term deposits	296,243	0%	303,017	0%
Other receivables (recharges, etc.)	111	0%	4	0%
Total exposures to credit institutions	49,574,570	0%	55,337,795	0%
Exposures to the central bank	2	0%	2	0%
Exposures to the public sector	33	0%	0	0%
Other exposures	56	0%	98	0%
Total exposures to credit risk	49,574,661	0%	55,337,895	0%
Equity holdings, other long-term securities, fixed assets and prepayments and accrued income	155		163	
Total assets	49,574 816		55,338,058	

As regards off-balance sheet commitments, there were no commitments given at the year end.

(EUR thousands)

Geographic breakdown of exposures	Dec. 31, 2011		Dec. 31, 2012	
	Balance sheet	%	Balance sheet	%
France	49,574,661	100	55,337,895	100

A breakdown of outstanding loans between the main borrowing institutions is provided in Section 5.2.2 of Chapter 5, on page 63.

A breakdown of mortgage notes, negotiable debt instruments and term deposits by residual maturity is provided in Chapter 11, Note 4 to the financial statements, on page 91.

b) Transaction selection process

Each borrower must be subject to prior approval by the Board of Directors. Such authorization may 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, its profitability, stockholder structure and credit rating) and the characteristics of the loan portfolio due 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 early repayment rate.

- To avoid an excessive concentration of CRH's commitments with a single institution, even one that is very highly-rated, and despite the effective pledging of a cover pool, a cap is set on the proportion of CRH's total lending that may be made to any one institution.

- 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 stockholders' equity,

- CRH's loans to the borrowing institution as a percentage of the amounts reported by the latter to the French Banking Authority (*Autorité de contrôle prudentiel – ACP*),

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

- The actual decision as to whether or not to lend to an institution is taken by CRH's General Management.

c) Credit risk mitigation mechanism

The aim of pledging home-purchase loans in France, 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 variable-rate loans, is to enable CRH to fully protect itself against credit risk.

These loans must themselves be secured by a first residential mortgage or charge over real estate offering an equivalent guarantee, or a guarantee given by a credit institution or insurance company with capital stock in excess of EUR 12 million which is not included in the consolidation scope of the institution to which the CRH loan is granted.

The criteria for selecting loans provided as collateral are governed by the provisions applicable to SCF (*Sociétés de Crédit Foncier*: French mortgage loan companies compliant with specific regulations), unless more stringent provisions have been defined by CRH. Thus, for each loan, restrictions have been introduced concerning residual maturity, which must be less than 25 years, and amount, which must not exceed EUR 1 million.

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

(EUR billions)

Year	Mortgage notes (balance sheet value)	Amount of cover pool		Overcollateralization rate	
		Gross	Net *	Gross	Net *
2011	48.2	68.7	63.2	43%	31%
2012	53.8	77.2	71.7	43%	33%

* Estimated amount of cover pool excluding ineligible loans

d) Use of credit derivatives

CRH does not use credit derivatives.

e) Investment of stockholders' equity

CRH's stockholders' equity was 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):

(EUR thousands)

Breakdown by type of investment	Dec. 31, 2011		Dec. 31, 2012	
	Balance sheet	%	Balance sheet	%
Demand deposits	74,205	17.04	65,658	13.62
Term deposits	221,045	50.79	236,391	49.04
Negotiable debt instruments	140,000	32.17	180,000	37.34
Total	435,250	100.00	482,049	100.00

Breakdown by counterparty	Dec. 31, 2011				Dec. 31, 2012			
	Number	Highest	Lowest	Average	Number	Highest	Lowest	Average
Credit institutions	5	25.06%	2.63%	23.78%	5	26.20%	2.39%	24.01%

Breakdown by external rating at December 31, 2012

Standard & Poor's							Moody's					Fitch Ratings		
ST	LT	ST	LT	ST	LT	N/A	ST	LT	ST	LT	N/A	ST	LT	N/A
A-I+	AA-	A-I	A+	A-I	A		P-1	Aa3	P-1	A2		F1+	A+	
0		46.23%		51.38%		2.39%	21.41%		76.20%		2.39%	97.61%		2.39%

(EUR thousands)

Initial term of investments excluding demand deposits and accrued interest	Dec. 31, 2011	Dec. 31, 2012
Three months or less	8,423	7,580
Three to six months	3,811	3,811
Six months to one year	3,811	20,000
One to two years	145,000	175,000
Two to three years	190,000	200,000
Over three years	10,000	10,000
Total	361,045	416,391

Fixed rate/variable rate breakdown	Dec. 31, 2011	Dec. 31, 2012
Fixed rate	36%	43%
Variable rate*	64%	57%
Total	100%	100%

* EONIA or 3-month Euribor only

Average annual yield	2011: 1.74%	2012: 1.68%

MARKET RISK

3.1.2. Interest rate risk

CRH's income corresponds to a balance between proceeds from the investment of stockholders' equity on the money market on one side and general and administrative expenses and interest on subordinated loans extended by stockholders on the other. A decrease in money market rates leads directly to a decrease in income and vice versa. However, the current conditions under which CRH operates do not expose it to interest rate risk on its refinancing activities.

(EUR thousands)

Residual maturity at Dec. 31, 2012	Included in assets: mortgage notes (a)		Included in liabilities: bonds (b)		Net exposure before coverage (c) = (a) – (b)	
	Fixed rate	Variable rate	Fixed rate	Variable rate	Fixed rate	Variable rate
One year or less	4,744,413	0	4,744,413	0	0	0
One to two years	4,118,735	0	4,118,735	0	0	0
Two to five years	16,405,066	0	16,405,066	0	0	0
Over five years	28,524,961	0	28,524,961	0	0	0
Total	53,793,175	0	53,793,175	0	0	0

Fiscal year 2012	Impact on pre-tax income
Impact of a 1% increase in interest rates	0
Impact of a 1% decrease in interest rates	0

Indeed, in accordance with its By-laws and internal rules and regulations, CRH borrowings 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 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 the Company to a large extent from any residual interest rate risk.

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

3.1.3. Foreign exchange risk

CRH generally has no activity in foreign currencies. However, since 2010, it has issued borrowings in Swiss francs (CHF) as well as in euros. This type of transaction does not expose CRH to any foreign exchange risk since it borrows in CHF, lends in CHF and receives, in the cover pool of loans it grants, loans in CHF.

(EUR thousands)

At Dec. 31, 2012	Included in assets: mortgage notes (a)	Included in liabilities: bonds (b)	Foreign currency commitments (c)	Net position before coverage (d) = (a) – (b) +/- (c)
EUR	52,134,167	52,134,167	0	0
CHF	1,659,008	1,659,008	0	0
Total	53,793,175	53,793,175	0	0

Fiscal year 2012	Impact on pre-tax income	
	10% increase	10% decrease
CHF	0	0

3.1.4. Equity risk

CRH's By-laws prohibit it from buying equities. Similarly, CRH does not buy or sell on the credit derivatives market.

3.1.5. Liquidity risk

Under normal circumstances, due to its sole activity and the perfect matching in terms of maturity, interest rate and currency of the mortgage notes on the assets side of its balance sheet and the bonds on the liabilities side, CRH is not exposed to liquidity risk.

In the event of borrower default on maturity of a loan, the provisions of the Company's internal rules and regulations and its By-laws, which were amended to this effect in 1995 and 1999, enable CRH to call on its stockholders for cash advances equivalent to the amounts required for its operations. Such cash advances may not exceed 5% of the total loans outstanding.

If the amounts necessary for its operations exceed this limit, which would only happen if, in the medium term, one or two of the major French borrowing banks defaulted, the Governor of the Banque de France, who is also the Chairman of the French Banking Authority, could, pursuant to Article L. 511-42 of the French Monetary and Financial Code, call on the other stockholder banks to pay the shortfall. The stockholders are, in any event, required to contribute to CRH the equity required under the banking regulations.

The table providing a breakdown of mortgage notes and bonds by residual maturity, included in Chapter 11, Note 4 to the financial statements on page 91, illustrates this perfect matching.

CRH, in its capacity as a credit institution, is subject to the French Banking Authority's reporting requirements. Since it has a structural surplus, CRH applies the standard liquidity risk approach, i.e.:

- the drawing up, on a weekly basis, of a table monitoring projected liquidity one week out,
- the submission, on a monthly basis, of the liquidity ratio,
- the submission, on a quarterly basis, of information on loans eligible for refinancing via Eurosystem and other liquid assets as well as information on the cost of liquidity during the previous quarter,

Normally:

- funds corresponding to interest payments on euro mortgage notes are received on the interest due date of the euro 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 euro and Swiss franc mortgage notes (principal and interest) are received five business days before the due date for repayment 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 used in collateralized resale agreements of French government securities pending maturity,
- in addition, CRH usually maintains at least EUR 60 million of readily available liquidity to enable it to meet ad-hoc liquidity requirements, notably intra-day requirements.

It is specified that CRH's bond issue agreements do not contain any default provisions, early repayment provisions, covenants or triggers.

INDUSTRIAL AND ENVIRONMENTAL RISKS

3.1.6. Industrial and environmental risks

Not applicable.

LEGAL RISKS

3.1.7. Overall legal risks

CRH operates in such a manner that it is not exposed to intellectual property 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 (*la loi Épargne et Sécurité Financière*) of June 25, 1999 to eliminate any uncertainty as to CRH's ownership rights over receivables pledged in the event a borrower files for protection from creditors.

Furthermore, the validity of the surety 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.

3.1.8. Current litigation

On the filing date for this document, there are no exceptional events or litigation that have had in the recent past, or are likely to have, a material impact on CRH's financial position or profitability.

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

OPERATING RISKS

3.1.9. Operating Risks

Since its formation in 1985, CRH has never suffered any events giving rise to operating risks and has never therefore recognized any operating losses. Its highly-specialized 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 in place by its counterparties, being mostly major French credit institutions.

In 2009, CRH introduced a new procedure for servicing its debt, using the services of Banque de France and Euroclear. This procedure greatly reduced operating risks by automating the settlement of amounts due to bondholders, thereby enabling CRH to focus fully on monitoring the timely receipt of amounts due from borrowers.

INTERNAL CONTROL

3.2. INTERNAL CONTROL: (see page 17 for the report of the Chairman of the Board of Directors on internal control and corporate governance)

In accordance with Regulation no. 97-02 of the CRBF (French Banking and Financial Regulatory Committee) a report on CRH's internal control system is regularly submitted to the Board of Directors.

Internal control is also the responsibility of the audit committee. The audit committee's terms of reference are to assist the Board of Directors in ensuring the quality of CRH's internal control system and the accuracy of the financial information provided to stockholders.

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

- above all else, it is important to highlight the transparency of CRH's transactions giving rise to the preparation of a prospectus and which are summarized in this document;
- its transactions are limited strictly to its corporate purpose;
- its transactions are codified by its internal rules and regulations, which are approved by stockholders and published in this document;
- it has neither foreign activities nor any subsidiaries;
- because it has a small number of employees, responsibility for monitoring the consistency and effectiveness of the internal control system lies with General Management.

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

CHAPTER 4

INFORMATION ABOUT THE ISSUER

4.1. HISTORICAL INFORMATION, RECENT DEVELOPMENTS, APPLICABLE LAW

4.1.1. Corporate name

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

The Company is usually referred to as "CRH," a trademark registered with INPI, the French trademarks and patents office, on February 23, 1999 under no. 99777102, renewed on September 29, 2008.

4.1.2. Corporate registration

In Paris, under number: 333 614 980 – A.P.E.: 6492Z.

4.1.3. Date of formation and duration

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

4.1.4. Registered office – Legal form – Applicable law – Other provisions of the By-laws – General information concerning the Company's capital stock

4.1.4.1. Registered office

CRH's registered office is located at 35 rue La Boétie, 75008 Paris, France.
Telephone: + 33 (0)1 42 89 49 10 – Fax: + 33 (0)1 42 89 29 67
Website: <http://www.crh-bonds.com> – e-mail address: crh@crh-bonds.com.

4.1.4.2. Legal form

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

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

Under the government-led mortgage market reforms, CRH received authorization under Article 13 of Law no. 85-695 of July 11, 1985 in a letter dated September 17, 1985 from the French Minister for the Economy, Finance and the Budget.

The Company brought its By-laws into compliance with the provisions of the New Economic Regulations Law (*loi NRE*) on the separation of the offices of the Chairman and

Chief Executive Officer (see Articles 15, 16 and 17 of the appended By-laws). The March 4, 2003 Board of Directors' meeting decided to separate such offices.

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

4.1.4.3. Legislation and regulations

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

- Article 13 of Law no. 85-695 of July 11, 1985, as supplemented by Article 36 of Law no. 2006-872 of July 13, 2006 (see Appendix 1);

- Articles L. 313-42 to L. 313-49 of the French Monetary and Financial Code codifying the provisions of Article 16 of Law no. 69-1263 of December 31, 1969, as amended by Articles 12 and 13 of Law no. 85-695 of July 11, 1985, by Article 113 of Law no. 99-532 of June 25, 1999 and by Article 16 of Decree no. 2008-556 of June 13, 2008 (see Appendix 2);

- Article L. 515-14 paragraph I concerning SCF (*Sociétés de Crédit Foncier*: French mortgage loan companies compliant with specific regulations) (see Appendix 2);

- Article R. 214-21 of the French Monetary and Financial Code (see Appendix 3);

- Articles R. 313-20 to R. 313-25 of the French Monetary and Financial Code (see Appendix 3);

- Regulation no. 99-10 of the French Banking and Financial Regulatory Committee on the valuation of the financed assets to be taken into account in determining the portion of a loan that may be collateralized (see Appendix 4).

B) Provisions of the European Union Capital Requirements Directive (CRD) governing CRH's transactions

On transposition of the provisions of the European Union Capital Requirements Directive (CRD) and following the changes made by the Decree of February 23, 2011 on implementation of the provisions relating to home bonds, the provisions governing CRH's transactions were amended as follows (see current eligibility criteria in Appendix 7):

- the cut-off financing portion criterion is currently the maximum collateralizable portion of an eligible loan;

- the definition of the independent expert valuing the financed asset is specified;

- the valuation can be based on the total cost of the initial transaction when this cost is less than EUR 600,000 or when the remaining principal due on all pledged loans that are guaranteed by the assessed building is less than EUR 480,000;

- a minimum personal down payment for secured loans is not required;

- the limit for the overall amount of secured loans that may be pledged is 35% of the total amount pledged by a borrower institution.

C) CRH's position with regard to banking regulations

In December 2000, the French Banking Authority (*Commission Bancaire*) audited CRH's regulatory compliance with capital adequacy ratios (CRBF Regulation no. 91-05) and control of major risks (CRBF Regulation no. 93-05). The results of the audit were notified to the Company by the Chairman of the French Banking Authority in a certified letter with return receipt requested dated January 5, 2001.

The French Banking Authority confirmed that CRH's preexisting asset ratios complied with these regulations:

- for the purposes of Regulation no. 91-05, it determined that promissory notes included in CRH's assets that comply with Article 16 of the Law of December 31, 1969 (Articles L. 313-42 to L. 313-49 of the French Monetary and Financial Code) should be subject to the same legal requirements as preferred securities issued by an SCF (French mortgage loan company compliant with specific regulations). In calculating CRH's capital adequacy ratio, they should be weighted at 10%.

- for the purposes of Regulation no. 93-05, it recommended that, pending adoption of regulatory amendments implementing the Directive of December 21, 1992, which fully exempts covered bonds and equivalent securities from the limitations applicable to major risks, CRH's regulatory compliance should be assessed with regard to the beneficiaries of the loans it refinances, as opposed to the issuers of the promissory notes it holds. The Decree of June 12, 2009 stipulates that covered bonds and equivalent securities are to be taken into account when calculating major risks at the rate of 10%. Even so, the method of assessing CRH's position with regard to the regulations on major risks is not in question. Accordingly, CRH complies with these regulations.

D) Prudential recognition waiver for CRH bonds held by European credit institutions

With respect to CRH's liabilities, the French Banking Authority also determined at the same December 2000 meeting that, inasmuch as holders of CRH bonds enjoy no preference over CRH's unsecured creditors, these bonds should continue to be weighted at 20% by the credit institutions which hold them and not at 10% like the preferred securities issued by an SCF (French mortgage loan company compliant with specific regulations).

Subsequently, Article 36 of Law no. 2006-872 of July 13, 2006 awarded preferential status to the bearers of CRH bonds. In accordance with the provisions of Article 13 of Law no. 85-695 of July 11, 1985, as amended by said Article 36, the amounts or values received in return for promissory notes held by CRH are now allocated, with preference and under all circumstances, to servicing the debt, i.e. the payment of the interest and principal on its bonds. This legislation also specifies that the provisions of Book VI of the French Commercial Code on distressed companies, as well as those concerning all legal or amicable proceedings filed on the basis of foreign laws, do not constitute an obstacle to the exercise of this preferential claim. This legislation took immediate effect and applies to all bonds issued previous and subsequent to the Law of July 13, 2006, with the preferential status legally established as a right in the absence of the attribution of a State guarantee.

Under these conditions, as indicated in the French Banking Authority's October 31, 2006 letter to the General Delegate of the ASF, CRH's bonds are subject to a risk-adjusted weighting of 10%, as for covered bonds, and indeed appear comparable to legal covered

bonds within the meaning of Directive 2006/48/EC (Text of the directive, Appendix 6, Part 1, Section 68).

E) Prudential recognition waiver for CRH bonds held by European mutual funds

Decree no. 2000-664 granted a waiver to CRH's bonds as provided under Article 4 of Decree no. 89-623 of September 6, 1989, corresponding to the provisions of Article 52.4 of the 1985 European UCITS directive. This waiver allows a collective investment undertaking to invest up to 25% of its assets in CRH securities (if the value of securities benefiting from this waiver does not exceed 80% of its total assets). These provisions are codified in Article R. 214-21 of the French Monetary and Financial Code (see Appendix 3).

4.1.4.4. Other provisions of the By-laws

A) Corporate purpose

CRH's corporate purpose is to:

- refinance promissory notes signed or endorsed by the stockholders or establishments committed to becoming stockholders according to the procedures set forth in Articles 6 and 8 below in order to collateralize the receivables described in Article L. 313-42 of the French Monetary and Financial Code and representing **home-purchase loans**;
- issue bonds and other securities with characteristics comparable to the collateralized notes in consideration for the mortgage notes acquired;
- in general, to enter into real estate and other transactions relating to the purpose described above or any similar or related purpose, or such as is likely to advance such purpose.

The Company may not hold an interest in or operate a business unrelated to its corporate purpose. In particular, it may not incur debt not related to this purpose except for subordinated debt to strengthen its stockholders' equity or in the event of the default of the issuer of a promissory note.

B) Fiscal year

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

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

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

D) Convening of Stockholders' Meetings

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

E) Attendance and representation at Stockholders' Meetings

See Article 21 of the By-laws in Appendix 5.

4.1.4.5. General information concerning the Company's capital stock

A) Subscribed capital stock

The October 18, 2011 Stockholders' Special Meeting delegated to the Board of Directors the necessary powers to increase the capital stock from EUR 199,927,500 to a maximum amount of EUR 399,855,000 during the next five years in one or more transactions.

On the same day, the Board of Directors decided to increase the capital stock from EUR 199,927,500 to EUR 299,891,250 by creating 6,555,000 stock units with a nominal value of EUR 15.25 each, plus an issue premium of EUR 0.58, paid up through an offset against part of the subordinated loans granted to CRH by the stockholders.

On November 15, 2011, the Board of Directors recognized completion of this capital increase.

Given the number of stock units actually subscribed, i.e. 6,542,593 new stock units, the subscribed capital stock amounts to EUR 299,702,043.25, divided into 19,652,593 stock units of EUR 15.25 each.

None of these stock units have been pledged.

CRH's stock is not listed on any stock exchange.

B) Authorized capital stock not subscribed

As of December 31, 2012, the authorized capital stock not subscribed amounted to EUR 100,152,956.75.

C) Convertible bonds and other instruments granting access to the capital stock

There are no convertible bonds or composite securities that could give their holders access to the Company's capital stock now or in the future.

D) Changes in capital structure

See the five-year financial summary on page 15.

E) Distribution of capital stock (excerpt from Article 6 – see Appendix 5)

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

F) Dividend policy

CRH stock is allocated to stockholders in accordance with the rules described in the previous paragraph. Accordingly, there are no considerations relative to the distribution policy.

Dividends paid to stockholders are summarized in the five-year financial summary on page 15.

The dividend limitation period is five years.

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

No recent event specific to CRH has had a material impact on the assessment of its solvency since the end of fiscal year 2012.

4.2. BONDS

4.2.1. Issuance policy

CRH refinances credit institutions by issuing bonds. CRH's bond issues are governed by Article 13 of Law no. 85-695 (see Appendix 1).

Since its creation, CRH has applied a policy of “assimilation” of its bonds to establish a large pool of very liquid securities. In general, the banks that place these securities make a market for them.

With certain bond issues amounting to EUR 5 billion, CRH's loans are among the biggest European residential mortgage-backed bond issues.

CRH continues to internationalize its bond placements and, during this fiscal year, has pursued its policy of actively marketing securities to investors, especially in European Union countries, in Germany in particular but also in the Middle East, Asia and America.

CRH annual issuance amounts are summarized below:

Year	Number of issues in the year	Nominal amount (EUR millions)	
1985 (4 th quarter)	2	551.87	25 government-guaranteed issues totaling EUR 5,774.77 million
1986	6	1,506.20	
1987	8	1,783.65	
1988	9	1,933.05	
1988	1	152.45	
1989	6	1,184.53	207 issues without government guarantees totalling EUR 82,187.26 million
1990	8	1,219.59	
1991	10	1,829.39	
1992	8	1,387.29	
1993	11	1,585.47	
1994	1	91.47	
1995	2	266.79	
1996	2	525.95	
1997	2	304.90	
1998 *	6	2,143.43	
1999 *	12	3,055.00	
2000	9	2,553.00	
2001	9	1,384.00	
2002	9	1,798.00	
2003	8	1,802.00	
2004	9	2,560.00	
2005	10	3,050.00	
2006	12	7,655.00	
2007	14	8,325.00	
2008	6	7,400.00	
2009	15	5,050.00	
2010**	17	9,201.01	
2011***	14	12,132.57	
2012****	6	5,530.42	
TOTAL	232	87,962.03	87,962.03
<p>* Including the public exchange offer during the course of the year. ** Including the Swiss franc-denominated bond issue totaling CHF 250 million (EUR 186.01 million) settled on July 21, 2010. *** Including the Swiss franc-denominated bond issues settled on: - March 29, 2011: CHF 625 million (EUR 482.36 million) - July 12, 2011: CHF 175 million (EUR 150.21 million) **** Including the Swiss franc-denominated bond issues settled on: - March 5, 2012: CHF 625 million (EUR 518.20 million) - May 23, 2012: CHF 375 million (EUR 312.21 million)</p>			

Since the creation of CRH, repayments have totaled EUR 34,063.03 million, bringing the total outstanding nominal amount to EUR 53,899 million.

4.2.2. Bond issues during the fiscal year

During 2012, six bond issues were completed for a total amount of EUR 5,530.41 million, comprising:

- four bond issues in euros totaling EUR 4,700 million,
- two bond issues in foreign currency totaling CHF 1 billion (around EUR 830.41 million).

The financial crisis made loan issuance more difficult but prompted investors to better differentiate AAA security issuances, which is very favorable for CRH bonds given their characteristics. The fact that the French government used the CRH model to create the French Financing Agency (SFEF) is a very positive aspect.

CRH is in addition responsible for monitoring and controlling the debt servicing and the management of the guarantees of the French Financing Agency (SFEF) in conjunction with Banque de France and service providers.

These issues made by CRH in 2012 have the following characteristics:

Issue no.	Bond	ISIN code	Settlement date	AMF filing number and date
12-01	4% June 2022	FR0011178946	Jan. 17, 2012	12-019 of Jan. 13, 2012
12-02	1.625% March 2019	CH0148606079	Mar. 5, 2012	N/A
	2.375% March 2024	CH0148606137	Mar. 5, 2012	
12-03	3.60% March 2024	FR0011213453	Mar. 8, 2012	12-104 of Mar. 6, 2012
12-04	1.125% September 2017	CH0184777255	May 23, 2012	N/A
	1.875% May 2022	CH0184777271	May 23, 2012	
12-05	3.60% March 2024	FR0011213453	Jun. 25, 2012	12-285 of June 21, 2012
12-06	3.30% September 2022	FR0010945451	Dec. 19, 2012	12-608 of Dec. 17, 2012

Issues in euros					
Issue no.	Bond	Amount in millions	All-in yield (%)	Reoffer yield (%)	Swap spread versus 6-month Euribor reoffer
12-01	4% June 2022	2,000	4.05	4.01	160 c
12-03	3.60% March 2024	1,750	3.67	3.63	120 c
12-05	3.60% March 2024	750	3.14	3.1	103 c
12-06	3.30% September 2022	200	2.08	2.05	42 c
TOTAL		4,700			

Issues in Swiss francs					
Issue no.	Bond	Amount in millions	All-in yield (%)	Reoffer yield (%)	Swap spread versus 6-month Gottex reoffer
12-02	1.625% March 2019	275	1.70	1.66	90 c
	2.375% March 2024	350	2.36	2.33	105 c
12-04	1.125% September 2017	200	1.22	1.18	64 c
	1.875% May 2022	175	1.88	1.85	74 c
TOTAL		1,000			

These terms place CRH among the best-rated European issuers.

4.2.3. CRH bond maturities at December 31, 2012

Bond	Redemption date	ISIN code	Number of securities	Nominal unit value	Outstanding (in millions)	Currency
CRH 5.00% October 2013	Oct. 25, 2013	FR0000488702	4,705,000,000	1	4,705.0	EUR
CRH 4.25% October 2014	Oct. 25, 2014	FR0010018275	4,095,000,000	1	4,095.0	EUR
CRH 2.50% May 2015	May 7, 2015	FR0010892521	1,050,000,000	1	1,050.0	EUR
CRH 1.50% September 2015	Sep. 21, 2015	CH0114336255	50,000	5,000	250.0	CHF
CRH 4.10% October 2015	Oct. 25, 2015	FR0010134379	4,970,000,000	1	4,970.0	EUR
CRH 1.75% March 2016	Mar. 29, 2016	CH0125062254	55,000	5,000	275.0	CHF
CRH 2.60% April 2016	Apr. 26, 2016	FR0010962670	1,100,000,000	1	1,100.0	EUR
CRH 3.75% December 2016	Dec. 12, 2016	FR0010697292	15,000	100,000	1,500.0	EUR
CRH 3.50% April 2017	Apr. 25, 2017	FR0010261495	4,870,000,000	1	4,870.0	EUR
CRH 1.125% September 2017	Sep. 21, 2017	CH0184777255	40,000	5,000	200.0	CHF
CRH 4.50% October 2017	Oct. 25, 2017	FR0010591578	2,415,000,000	1	2,415.0	EUR
CRH 4.00% April 2018	Apr. 25, 2018	FR0010345181	4,040,000,000	1	4,040.0	EUR
CRH 1.625% March 2019	Mar. 5, 2019	CH0148606079	55,000	5,000	275.0	CHF
CRH 5.00% April 2019	Apr. 8, 2019	FR0010744904	2,905,000,000	1	2,905.0	EUR
CRH 3.75% February 2020	Feb. 19, 2020	FR0010857672	2,000,000,000	1	2,000.0	EUR
CRH 3.50% June 2020	Jun. 22, 2020	FR0010910240	2,100,000,000	1	2,100.0	EUR
CRH 3.90% January 2021	Jan. 18, 2021	FR0010989889	1,900,000,000	1	1,900.0	EUR
CRH 2.50% March 2021	Mar. 29, 2021	CH0125062262	105,000	5,000	525.0	CHF
CRH 3.60% September 2021	Sep. 13, 2021	FR0011108976	1,500,000,000	1	1,500.0	EUR
CRH 4.00% January 2022	Jan. 10, 2022	FR0011057306	2,100,000,000	1	2,100.0	EUR
CFH 1.875% May 2022	May 23, 2022	CH0184777271	35,000	5,000	175.0	CHF
CRH 4.00% Jun. 2022	Jun. 17, 2022	FR0011178946	2,000,000,000	1	2,000.0	EUR
CRH 3.30% September 2022	Sep. 23, 2022	FR0010945451	2,200,000,000	1	2,200.0	EUR
CRH 4.30% February 2023	Feb. 24, 2023	FR0011011188	2,900,000,000	1	2,900.0	EUR
CRH 3.90% October 2023	Oct. 20, 2023	FR0011133008	1,400,000,000	1	1,400.0	EUR
CRH 2.375% March 2024	Mar. 5, 2024	CH0148606137	70,000	5,000	350.0	CHF
CRH 3.60% March 2024	Mar. 8, 2024	FR0011213453	2,500,000,000	1	2,500.0	EUR
TOTAL					52,250.0	EUR
					2,050.0	CHF

Since the outset, substantially all of CRH's bonds have been issued at a fixed rate of interest. In accordance with the By-laws, they are perfectly matched in terms of interest rate and maturity to CRH's loans.

CRH's bonds have been rated Aaa and AAA by Moody's and Fitch Ratings since 1999. These ratings were thus assigned well before the law granted their bearers a preferential claim on the mortgage notes held by CRH.

They have a dispensatory status set out in Article 52.4 of the 1985 UCITS Directive.

They are regarded as "guaranteed" covered bonds within the meaning of European Directive no. 2006/48 EC, and as such, a 10% risk weighting is assigned under the standardized approach for the calculation of the capital adequacy ratio of the European banking institutions that hold them.

They are eligible for refinancing operations with the European Central Bank, which is currently an attractive characteristic for some of their buyers.

4.2.4. Amount of trading volumes

In the absence of the amount of stock exchange trading transactions, trading volume statistics provided by Euroclear France are given below. They include only Euroclear France members' transactions and therefore exclude Euroclear Bank and Clearstream transactions. They represent trades, repos, or other transfers.

In EUR millions

Bond	Initial listing date	ISIN code	Par value of trades in 2010	Par value of trades in 2011	Par value of trades in 2012
CRH 5.00% October 2013	Mar. 22, 2002	FR0000488702	48,211.4	6,027.6	5,745.4
CRH 4.25% October 2014	Sep. 29, 2003	FR0010018275	5,824.2	7,250.0	5,365.7
CRH 2.50% May 2015	May 7, 2010	FR0010892521	2,947.4	1,645.0	437.5
CRH 4.10% October 2015	Nov. 22, 2004	FR0010134379	5,741.6	2,514.4	1,993.8
CRH 2.60% April 2016	Nov. 17, 2010	FR0010962670	973.5	1,486.7	754.6
CRH 3.75% December 2016	Dec. 12, 2008	FR0010697292	-	10,286.2	-
CRH 3.50% April 2017	Dec. 21, 2005	FR0010261495	4,467.2	3,568.3	1,181.0
CRH 4.50% October 2017	Mar. 10, 2008	FR0010591578	4,655.9	1,837.3	909.5
CRH 4.00% April 2018	Jun. 30, 2006	FR0010345181	2,411.4	881.5	1,101.8
CRH 5.00% April 2019	Apr. 8, 2009	FR0010744904	4,992.6	2,499.9	1,154.4
CRH 3.75% February 2020	Feb. 19, 2010	FR0010857672	4,269.6	749.6	336.9
CRH 3.50% June 2020	Jun. 22, 2010	FR0010910240	5,768.2	1,151.7	730.1
CRH 3.90% January 2021	Jan. 18, 2011	FR0010989889	-	5,204.6	530.0
CRH 3.60% September 2021	Sep. 13, 2011	FR0011108976	-	3,085.4	390.2
CRH 4.00% January 2022	Jun. 8, 2011	FR0011057306	-	3,231.1	407.8
CRH 4.00% June 2022	Jan. 17, 2012	FR0011178946	-	-	4,215.4
CRH 3.30% September 2022	Sep. 23, 2010	FR0010945451	2,097.5	3,023.3	1,499.9
CRH 4.30% February 2023	Feb. 24, 2011	FR0011011188	-	5,490.3	718.9
CRH 3.90% October 2023	Oct. 20, 2011	FR0011133008	-	3,252.6	584.6
CRH 3.60% March 2024	Mar. 8, 2012	FR0011213453	-	-	4,922.8
TOTAL			92,360.5	63,185.5	32,980.3

Even though it has become difficult today to separate out exchange transactions from these amounts and total amounts are not always comparable from year to year, these figures indicate that CRH's bonds are among the most liquid on the European covered bond market. This situation is no doubt due to the size of CRH's lines and its risk management system.

CHAPTER 5

BUSINESS OVERVIEW

5.1. CORE BUSINESS

5.1.1. Company formation and core business

5.1.1.1. Company formation

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

5.1.1.2. Core business

Since 1988, the bonds it issues have not been guaranteed by the French government as provided under the 1985 law, but CRH still has the sole purpose of refinancing home-purchase loans granted by stockholder credit institutions to finance assets located in France.

CRH thus brings resources to the French banking system complementing those from deposits and issues of covered or non-covered debt.

Based on this fact, it plays a particular role in financing housing in France by tapping into stable, non-monetary resources at a lower cost.

Law no. 99-532 of June 25, 1999 establishing SCF (French mortgage loan companies compliant with specific regulations) buttressed the security of CRH and matched its scope of operations and eligibility criteria to those of the SCF. This law eliminated the mortgage market and thus gave birth to a wider market for refinancing housing loans in which certain secured loans could also be refinanced.

Accordingly, in order to affirm the anchoring of its operations solely in the residential loan refinancing market, in 1999 CRH adopted the company name CRH – Caisse de Refinancement de l'Habitat.

The structure of its guarantees, the significance of refinancing needs expressed by its stockholders and the policy of systematic assimilation of bonds issued that CRH has followed have allowed it to become an important issuer in the European financial market with a total amount issued since its founding (equal to the amount of its loans) of EUR 88 billion, corresponding to 232 transactions. The French government chose CRH's model to establish the French Financing Agency (SFEF) on October 17, 2008, to give banking institutions easier access to the financial markets.

5.1.1.3. Operating conditions

A) CRH's operations involve specific guarantees

Appendix 10 (page 163) of this report summarizes the different levels of security built into CRH's refinancing operations.

The refinancing loans granted by CRH are perfectly matched by its bond issues, since it lends all the capital raised on the financial markets to its stockholders at the same interest rates and maturities.

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

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

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

B) Regulatory oversight

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

2. Under the requirements currently in effect, borrowers are required to regularly provide lists of the receivables pledged to CRH to enable it to verify that the collateral has in fact been pledged in the agreed amounts.

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

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

5.1.2. New activities

CRH's activities are limited by its By-laws and the legislation governing its operations.

Since January 1, 2010, CRH has been responsible for monitoring and controlling the debt servicing and the management of the guarantees of the French Financing Agency (SFEF) in conjunction with Banque de France and service providers already involved in these activities. (*See Banque de France press release dated December 18, 2009 and the decrees dated December 22, 2009 and December 18, 2012 of the French Ministry of the Economy and Finance authorizing Henry RAYMOND as Chief Executive Officer of SFEF*).

5.1.3. Principal markets

CRH's sole purpose is to refinance home-purchase loans extended by banks in France.

To do so, the Company issues mortgage bonds under Article 13 of Law no. 85-695 of July 11, 1985, on the European financial market that have covered bond status as defined in

Directive 2006/48/EC. Its bonds are traded on NYSE Euronext Paris under “Obligations foncières et titres assimilables”.

5.2. REFINANCING

Trends in the amount of loans granted and outstanding loans eligible for refinancing by CRH, and the home-purchase loan refinancing and real estate situation in France

5.2.1. Trends in the amount of new loans

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

EUR billions			
Fiscal year	2010	2011	2012
New loans granted	9.2	12.1	5.5

5.2.2. Trends in outstanding loans

The table below demonstrates the trend in the nominal value of CRH’s total outstanding loans since December 31, 2010.

Borrowing credit institutions	Dec. 31, 2010	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2012 (%)
Crédit Agricole SA	10,421	11,987	14,357	26.7
Banque Fédérative du Crédit Mutuel *	7,850	10,856	12,369	23.0
Société Générale	3,592	5,932	6,607	12.2
Crédit Lyonnais	5,713	5,878	5,878	10.9
BNP Paribas	3,856	4,839	5,209	9.7
Caisse Centrale du Crédit Mutuel *	4,614	3,225	3,235	6.0
BPCE	1,995	2,726	3,168	5.7
Crédit Mutuel Arkéa	2,085	1,860	2,010	3.7
Crédit du Nord	825	745	745	1.4
GE Money Bank	261	261	261	0.5
Other borrowers	130	60	60	0.2
TOTAL	41,342	48,369	53,899	100.0

* As of January 1, 2011, the five Crédit Mutuel federations having authorized Caisse Centrale du Crédit Mutuel to lend to CRH joined up with Caisse Fédérale de Crédit Mutuel to authorize Banque Fédérative du Crédit Mutuel to lend to CRH. As of January 1, 2012, another Crédit Mutuel federation joined up with Caisse Fédérale de Crédit Mutuel.

Generally, changes in these levels are generated by changes in the total value of loans granted and repayments made by the borrowers, either at final maturity or by early repayment under the terms of the agreement implemented in 1994, although the latter type of repayment has not been used in recent years.

5.2.3. Outstanding loans eligible for CRH refinancing

Pursuant to legislative amendments in 1999, statistics on the mortgage market are no longer published.

As a result, CRH has asked its stockholder credit institutions to submit copies of their quarterly SURFI reports (*Système Unifié de Reporting Financier*: Unified System of Financial Reporting) as a basis for estimating their outstanding eligible home-purchase loans.

The table below summarizes those outstandings:

As of September 30, 2012

	Total outstanding loans for all credit institutions	Outstanding loans of CRH stockholder credit institutions	
	EUR billions (1)	EUR billions (2)	% of total
Housing loans	1,079.0	820.2	76
Home-purchase loans	863.9	754.6	87

(1) Source: Banque de France, Bulletin no. 190 – fourth quarter 2012 and Quarterly monetary statistics.

(2) Source: CRH estimates based on SURFI returns provided by stockholders and their publications

Groups holding stock in CRH thus hold 87% of all home-purchase loans.

5.2.4. Home-purchase loan refinancing in France

The following table presents some global figures:

As of September 30, 2012

		In EUR billions	
Application of funds by Monetary Financial Institutions		Sources of funds of Monetary Financial Institutions	
Home-purchase loans to households	863.9	Regulated sources <i>(not including Livrets A and Livrets Bleu savings accounts)</i>	570.9
		Covered bonds <i>- of which CRH 53.7</i>	286.7
Other applications	7,699.9	Other sources <i>- of which, capital and reserves 515.1</i> <i>- of which, non-regulated deposits 1,005.0</i>	7,706.2
Total applications	8,563.8	Total sources	8,563.8

Sources: this document is now drawn up on the basis of figures published by the Banque de France (Bulletin no. 190 – fourth quarter 2012 of the Banque de France, Statistics). It is not totally comparable with the document published previously.

Following the transformation of the French banking regulatory body (now the French Banking Authority (Autorité de contrôle prudentiel – ACP), formerly the French Banking Commission (Commission bancaire)), the report produced by the French Banking Authority currently comprises data that are not absolutely identical to those previously used to draw up this table.

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

Some observations may, nevertheless, be made:

- regulated sources of funds contribute in large measure to the financing of banks' housing loans,

- certain covered bonds refinance housing loans granted in France but also mortgage loans to industrial and commercial companies, loans to the public sector and local and regional governments or shares in foreign debt securitization funds and residential mortgage-backed securities (RMBS), whereas CRH refinances only home-purchase loans granted in France.

5.3. TREND IN HOUSING LOANS IN FRANCE

At nearly EUR 81 billion, total housing loan production for the first nine months of 2012 was more than 20% lower than that for the same period in 2011.

Home-purchase loan outstandings rose by 3.5% between September 2011 and September 2012 compared with 8% in 2011.

State incentives have been reduced (withdrawal of the PTZ + zero interest loan scheme for old property, non-renewal of the provisions making loan interest tax-deductible and the less-attractive Duflot system).

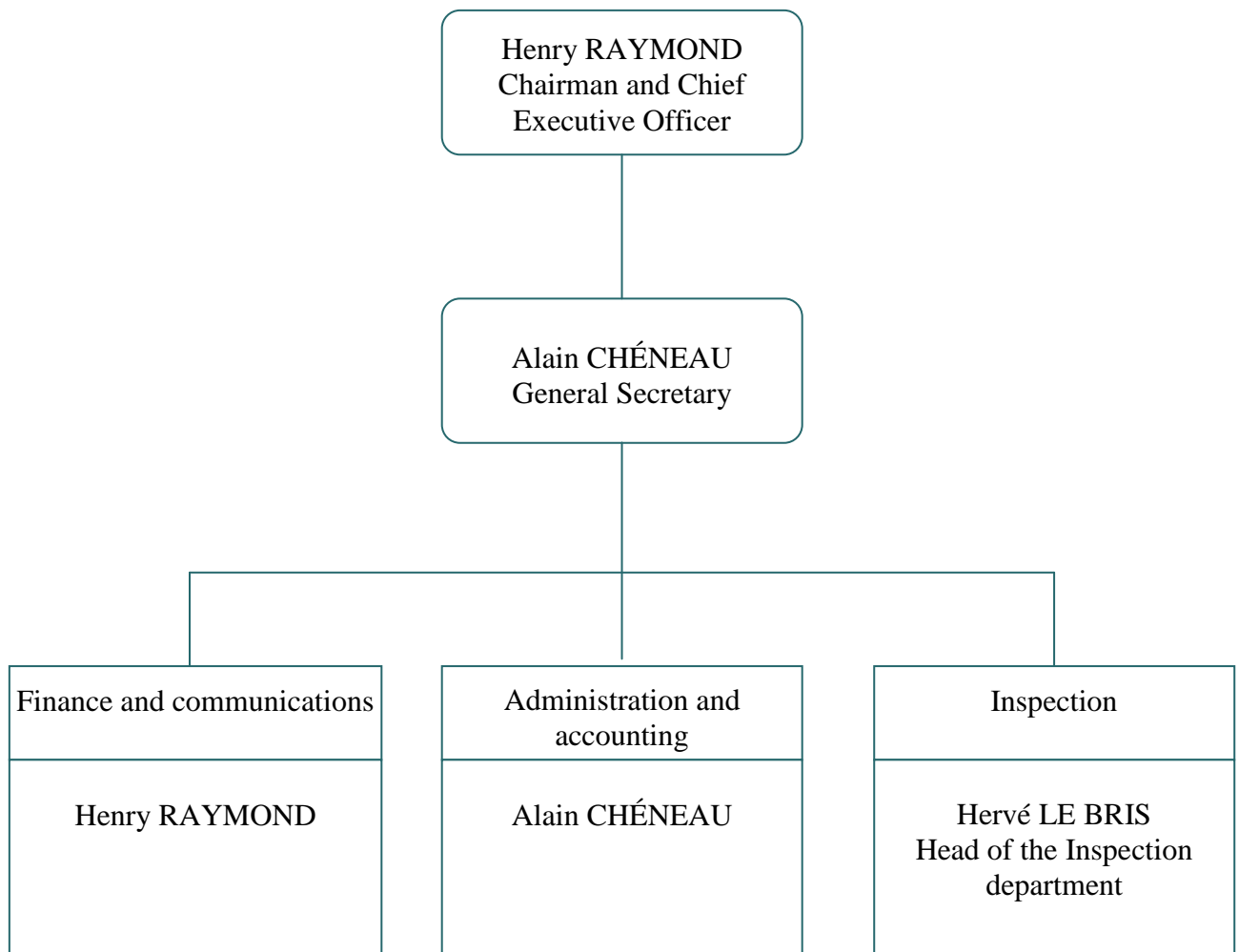
The significant decrease in transactions in 2012 was not, however, accompanied by an equivalent fall in prices but rather a stabilization, whereas a marked drop could have been expected.

Against a backdrop of falling interest rates and increased taxation on capital gains, sellers remain very reluctant to reduce their expectations.

Lastly, the fall in prices could be stemmed in 2013.

CHAPTER 6
ORGANIZATION CHART

6.1. ORGANIZATION OF THE COMPANY



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

6.2. (NOT APPLICABLE)

CHAPTER 7

TREND INFORMATION

7.1. PRINCIPAL TRENDS AFFECTING THE COMPANY'S BUSINESS IN 2012

It should be recalled that CRH does not take any margin on its operations and that any change in refinancing levels has no direct impact on the Company's earnings or financial position.

Banks continued to borrow significantly from CRH but their refinancing applications were for smaller amounts during 2012.

CRH affirms that its outlook has not materially worsened since the publication of its latest audited financial statements.

7.2. TRENDS AND EVENTS LIKELY TO AFFECT THE COMPANY'S BUSINESS IN 2013

In 2013, banks will doubtless still be prompted to borrow significantly from CRH since they realized during the financial crisis that it is crucial to have several sources of financing.

CHAPTER 8

PROFIT FORECASTS OR ESTIMATES

This document does not contain any forecast data.

8.1. (NOT APPLICABLE)

8.2. (NOT APPLICABLE)

8.3. (NOT APPLICABLE)

CHAPTER 9

CORPORATE GOVERNANCE

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

9.1.0. Honorary Chairmen

- Georges PLESCOFF (†)
- Claude PIERRE-BROSSOLETTE

9.1.1. Board of Directors (at the close of the February 28, 2013 Stockholders' Meeting)

- **Henry RAYMOND** Chairman and Chief Executive Officer
Appointed on March 13, 2007
First appointed as Director on March 13, 2007, for 6 years, appointment renewed for 6 years on February 28, 2013.
- **Banque Fédérative du Crédit Mutuel** Director
represented by Jean-François TAURAND
Head of Asset/Liability Management
6 avenue de Provence, 75009 Paris
First appointed by co-option of Compagnie Financière de CIC and the EU on October 17, 1995 by the Board of Directors, confirmed on February 27, 1996 for the CIC.
Appointment confirmed on March 4, 2008 for the remainder of the term (5 years) of the resigning CIC representative, appointment renewed for 6 years on February 28, 2013.
- **BNP Paribas** Director
represented by Valérie BRUNERIE
Head of Medium and Long-term Financing and Securitization
3 rue d'Antin, 75002 Paris
First appointed on October 21, 1985 by Banque Nationale de Paris, appointment renewed for 6 years on March 3, 2009.
- **BPCE** Director
represented by Roland CHARBONNEL
Director of Issues and Financial Communication
50 avenue Pierre Mendès France, 75013 Paris
First appointed on October 21, 1985 by Caisse Centrale des Banques Populaires.
Appointment confirmed on March 2, 2010 for 5 years, i.e. the remainder of the term of the resigning Banque Fédérale des Banques Populaires.

- Caisse Centrale du Crédit Mutuel**
represented by Sophie OLIVIER
Head of the Retail Market division
88/90 rue Cardinet, 75017 Paris
First appointed on April 10, 1990,
appointment renewed for six years on March 3, 2009.

Director
- Crédit Agricole SA**
represented by Nadine FEDON
Head of Group Funding
12 place des États-Unis, 92127 Montrouge Cedex
First appointed by Caisse Nationale de Crédit Agricole
on May 12, 1987, appointment renewed for 6 years on March 3,
2009.

Director
- Crédit Lyonnais**
represented by Christian LARRICQ-FOURCADE
Head of Asset/Liability Management
10 avenue de Paris, 94800 Villejuif
First appointed on April 19, 1988,
appointment renewed for 6 years on March 3, 2009.

Director
- GE Money Bank**
represented by François KLIBER
Chief Executive Officer
Tour Europlaza, La Défense 4
20 avenue André Prothin, 92063 Paris la Défense Cedex
First appointed by BFIM Sovac on October 21, 1985,
appointment renewed for 6 years on February 28, 2013.

Director
- Société Générale**
represented by Vincent ROBILLARD
Head of Group Funding
17 cours Valmy, 92972 Paris la Défense Cedex
First appointed on October 21, 1985,
appointment renewed for 6 years on March 3, 2009.

Director

9.1.2. Executives

- Henry RAYMOND
electing address for service at the Company’s registered office.

Chairman and Chief
Executive Officer
- Alain CHÉNEAU
electing address for service at the Company’s registered office.

General Secretary

9.1.3. Compensation Committee

- Sophie OLIVIER

Caisse Centrale du Crédit Mutuel
- Nadine FEDON

Crédit Agricole SA
- Vincent ROBILLARD

Société Générale

9.1.4. Audit Committee

- Christian LARRICQ-FOURCADE	Chairman	Crédit Lyonnais
- Jean-François TAURAND		Banque Fédérative du Crédit Mutuel
- François Kliber		GE Money Bank

9.1.5. Other positions held by the corporate officers in 2012

Henry RAYMOND	- Chief Executive Officer of the French Financing Agency (SFEF)
Jean-François TAURAND	- No other corporate office
Valérie BRUNERIE	- Director of the French Financing Agency (SFEF) - Director and Chairman and Chief Executive Officer of BNP Paribas Home Loan SFH - Director and Deputy Chief Executive Officer of BNP Paribas Public Sector SCF
Roland CHARBONNEL	- Director of the French Financing Agency (SFEF) - Director and Chief Executive Officer of GCE Covered Bonds - Permanent representative of BPCE Legal entity director of Eurotitrisation - Member of the Supervisory Board of Banques Populaires Covered Bonds - Chief Executive Officer of BPCE SFH - Permanent representative of BPCE Legal entity director of Compagnie de Financement Foncier
Sophie OLIVIER	- No other corporate office
Nadine FEDON	- Director of the French Financing Agency (SFEF) - Director and Chief Executive Officer of Crédit Agricole Home Loan SFH (formerly CACB) - Chief Executive Officer of GFER - Chairman of GPF - Director and Chief Executive Officer of Crédit Agricole Export Credit Agencies SCF (formerly Sigma 22)
Christian LARRICQ-FOURCADE	- No other corporate office
François KLIBER	- Chief Executive Officer of GE Money Bank - Chairman of CAMUFI

- Manager of ALCOR et Cie
- Co-manager of GE SCF

Vincent ROBILLARD

- Director of the French Financing Agency (SFEF)
- Director and Deputy Chief Executive Officer of Société Générale SCF
- Director and Deputy Chief Executive Officer of Société Générale SFH
- Member of the Management Board of Société Générale LDG
- Vice-Chairman of SGIS

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

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

Henry RAYMOND, Valérie BRUNERIE, Roland CHARBONNEL, Nadine FEDON and Vincent ROBILLARD do, however, hold the positions described above at the French Financing Agency (SFEF).

Article 21 of CRH's By-laws provides for dilution of the voting rights attached to the stock units in order to maintain CRH's independence.

CHAPTER 10

MAJOR STOCKHOLDERS

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

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

The table below lists the principal stockholders at December 31, 2012 and changes in ownership structure over the past three years.

Stockholder groups	December 31, 2010				December 31, 2011				December 31, 2012			
	Number of stock units	%	Number of voting rights (1)	%	Number of stock units	%	Number of voting rights (1)	%	Number of stock units	%	Number of voting rights (1)	%
Crédit Agricole	5,206,559	39.70	2,130	29.26	7,674,398	39.05	2,143	30.44	7,258,667	36.94	2,127	30.22
Crédit Mutuel	4,609,568	35.16	2,636	36.21	6,920,531	35.22	2,324	33.01	6,476,873	32.96	2,104	29.89
Société Générale	1,428,946	10.90	1,090	14.97	2,100,918	10.69	1,069	15.18	2,712,925	13.80	1,177	16.72
BNP Paribas	1,135,041	8.66	866	11.90	1,834,214	9.33	933	13.25	1,966,129	10.00	1,000	14.21
BPCE	621,080	4.74	474	6.51	977,770	4.98	498	7.07	1,127,887	5.74	574	8.15
Other stockholders	108,806	0.84	84	1.15	144,762	0.73	74	1.05	110,112	0.56	57	0.81
Total	13,110,000	100.00	7,280	100.00	19,652,593	100.00	7,041	100.00	19,652,593	100.00	7,039	100.00

(1) For calculation of the voting rights, refer to Article 21 of the By-laws in Appendix 5.

10.2. STOCKHOLDER AGREEMENTS

CRH is unaware of the existence of any stockholder agreements.

CHAPTER 11

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

11.1. HISTORICAL FINANCIAL INFORMATION

11.1.1. Accounting standards

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

With regard to the requirements of Regulation no. 1606/2002 of the European Parliament, only companies that raise capital through public offerings and publish consolidated financial statements are required to prepare these statements in accordance with international accounting standards. [Translated from the French]

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

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

The provisions of Decree no. 2004-1382 of December 20, 2004 on the adaptation of French legislative measures to EU measures in the area of accounting regulations do not include the possibility under EU regulations of authorizing or requiring the use of international accounting standards for company financial statements. Therefore, CRH need not publish its annual financial statements in accordance with international accounting standards.

No changes in accounting methods affected the financial statements for the fiscal year 2012.

The provisions adopted by the French Accounting Standards Authority (*Autorité des Normes Comptables - ANC*) and whose application was mandatory in 2012 did not have a material impact on the financial statements.

11.1.2. Financial statements submitted for approval to the Stockholders' Regular Meeting of February 28, 2013

BALANCE SHEET

(EUR thousands)

ASSETS	Note	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
CASH, CENTRAL BANKS		2	2	1
LOANS AND ADVANCES TO CREDIT INSTITUTIONS		303,017	296,243	264,096
- Demand deposits		65,658	74,205	71,434
- Term deposits	4	236,391	221,045	191,558
- Accrued interest		968	993	1,104
BONDS AND OTHER FIXED-INCOME SECURITIES		55,034,774	49,278,216	42,221,366
- Investment securities	3 - 4	53,793,175	48,243,718	41,375,166
- Short-term investments	4	180,000	140,000	110,000
- Accrued interest		1,061,599	894,498	736,200
EQUITY HOLDINGS AND OTHER LONG-TERM SECURITIES		4	4	4
INTANGIBLE FIXED ASSETS		8	0	2
TANGIBLE FIXED ASSETS		40	44	48
- Office furniture		2	2	2
- Fittings		25	28	32
- Miscellaneous equipment		4	7	10
- Office equipment		9	7	4
OTHER ASSETS	5	102	200	320
PREPAYMENTS AND ACCRUED INCOME		111	107	103
TOTAL		55,338,058	49,574,816	42,485,940

BALANCE SHEET

Before distribution

(EUR thousands)

LIABILITIES	Note	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
DEBT SECURITIES		54,852,537	49,137,085	42,111,127
- Bonds	3 -4	53,793,175	48,243,718	41,375,166
- Accrued interest		1,059,362	893,367	735,961
OTHER LIABILITIES	5	400	401	191
ACCRUALS AND DEFERRED INCOME		326	312	178
PROVISIONS	6	190	170	147
SUBORDINATED DEBT		168,933	122,108	164,190
- Subordinated loans	8	166,308	118,981	162,433
- Accrued interest		2,625	3,127	1,757
FUND FOR GENERAL BANKING RISKS	7	2,812	2,662	2,576
STOCKHOLDERS' EQUITY EXCLUDING FUND FOR GENERAL BANKING RISKS	7	312,860	312,078	207,531
- Subscribed capital stock		299,702	299,702	199,928
- Issue premiums		8,209	8,209	4,415
- Legal reserve		3,086	3,036	3,030
- Retained earnings		99	152	44
- Net income for the year		1,764	979	114
TOTAL		55,338,058	49,574,816	42,485,940

BALANCE SHEET

For information (non-Annual financial statements document): After distribution

(EUR thousands)

LIABILITIES	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
DEBT SECURITIES	54,852,537	49,137,085	42,111,127
- Bonds	53,793,175	48,243,718	41,375,166
- Accrued interest	1,059,362	893,367	735,961
OTHER LIABILITIES	2,169	1,383	191
ACCRUALS AND DEFERRED INCOME	326	312	178
PROVISIONS	190	170	147
SUBORDINATED DEBT	168,933	122,108	164,190
- Subordinated loans	166,308	118,981	162,433
- Accrued interest	2,625	3,127	1,757
FUND FOR GENERAL BANKING RISK	2,812	2,662	2,576
STOCKHOLDERS' EQUITY EXCLUDING FUND FOR GENERAL BANKING RISKS	311,091	311,096	207,531
- Subscribed capital stock	299,702	299,702	199,928
- Issue premiums	8,209	8,209	4,415
- Legal reserve	3,176	3,086	3,036
- Retained earnings	4	99	152
TOTAL	55,338,058	49,574,816	42,485,940

OFF-BALANCE SHEET COMMITMENTS

(EUR thousands)

COMMITMENTS RECEIVED	Note	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
FINANCING COMMITMENTS RECEIVED FROM CREDIT INSTITUTIONS	9	2,694,950	2,418,430	2,067,107
GUARANTEES RECEIVED FROM CREDIT INSTITUTIONS *	10	77,168,799	68,701,658	59,552,815

*As of December 31, 2012, the reported off-balance sheet commitments included, within guarantees received from credit institutions, the total amount of loan portfolios pledged to CFH. Historical data has also been supplemented.

INCOME STATEMENT

(EUR thousands)

	Note	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
+ Interest and similar income	11	2,058,121	1,785,162	1,738,837
- On transactions with credit institutions				
. demand deposits		150	599	300
. term accounts and loans		4,046	4,130	1,500
. securities received under collateralized rev. repos		0	1,251	540
- On bonds and other fixed-income securities				
. short-term investments		3,736	2,275	2,251
. investment securities		2,050,189	1,776,907	1,734,246
- Interest and similar expenses	11	-2,078,756	-1,781,449	-1,736,543
- On transactions with credit institutions				
. subordinated loans		-2,625	-3,127	-1,757
. advances under Article § 5.3 of CRH's internal rules and regulations		0	-1,248	-540
- On bonds and other fixed-income securities				
. bonds		-2,050,189	-1,776,907	-1,734,246
. issuance and management fees		-25,942	-167	0
+/- Translation differences	11	0	0	0
- Commission paid	11	-3	-4	-4
+/- Other income and expenses from banking operations	11	26,098	323	76
NET BANKING INCOME	11	5,460	4,032	2,366
- General operating expenses	12	-2,569	-2,383	-2,155
- Personnel expenses		-1,321	-1,280	-1,167
- Other administrative expenses				
. taxes other than income tax		-565	-453	-350
. external services		-683	-650	-638
- Depreciation, amortization and provisions on intangible and tangible fixed assets	12	-16	-13	-21
+ Other operating income		20	0	0
GROSS OPERATING INCOME		2,895	1,636	190
+/- Cost of risk		0	0	0
OPERATING INCOME		2,895	1,636	190
+/- Gains or losses on fixed assets		0	0	0
CURRENT INCOME BEFORE TAXES		2,895	1,636	190
+/- Extraordinary items		0	0	0
- Income tax	14	-981	-571	-66
+/- Allocations to/write-backs of Fund for General Banking Risks and regulated provisions		-150	-86	-10
NET INCOME		1,764	979	114

NET CASH FLOW STATEMENT

(EUR thousands)

	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Cash flow from operating activities			
Net income before taxes	2,746	1,550	180
Non-cash items:			
Depreciation and amortization	15	13	21
Charges to other provisions	170	109	28
Other non-cash items	-1,572	717	-297
Total non-cash items included in net income and other adjustments	-1,387	839	-248
Changes in transactions with credit institutions:			
Increase in term deposits	-110,346	-389,487	-331,793
Term deposits having reached maturity	55,000	330,000	315,026
Changes in non-financial assets and liabilities			
Other assets	97	121	43
Other liabilities	-222	74	64
Taxes paid	-760	-435	-144
Net change in assets and liabilities from operating activities	-56,231	-59,727	-16,804
Net cash flow used in operating activities (A)	-54,872	-57,338	-16,872
Cash flow from investing activities			
Acquisitions of tangible fixed assets	-8	-7	-38
Acquisitions of intangible and financial fixed assets	-11	-1	-14
Net cash flow used in investing activities (B)	-19	-8	-52
Cash flow from financing activities			
Proceeds from bond issues	5,699,564	12,018,523	9,401,911
Bond repayments	0	-5,106,131	-7,500,500
Acquisition of investment securities (mortgage notes)	-5,699,564	-12,018,523	-9,401,911
Investment securities having reached maturity	0	5,106,131	7,500,500
Proceeds from subordinated debt issues	62,035	118,864	84,927
Repayment of subordinated debt	-14,708	-58,746	-70,578
Dividends paid	-983	0	-524
Net cash flow from financing activities (C)	46,344	60,118	13,825
Impact of changes in exchange rates (D)	0	0	0
Net cash flow (A + B + C + D)	-8,547	2,772	-3,099
Net cash and equivalents at the beginning of the period	74,207	71,435	74,534
Net cash and equivalents at the end of the period	65,660	74,207	71,435
Net change in cash position	-8,547	2,772	-3,099

NOTES TO THE FINANCIAL STATEMENTS

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 regulations of the French Accounting Standards Authority (*Autorité des Normes Comptables – ANC*).

Pursuant to Regulation no. 91-01 as amended of the CRBF (French Banking and Financial Regulatory Committee), the presentation of the financial statements complies with the provisions of Regulations no. 2000-03 and no. 2005-04 of the French Accounting Regulations Committee (*Comité de la Réglementation Comptable – CRC*) relating to individual summary financial statements.

NOTE 2 – Accounting principles and valuation methods

A – Foreign exchange transactions

CRH's foreign exchange transactions are recognized in accordance with Regulation no. 89-01, as amended, of the CRBF (French Banking and Financial Regulatory Committee). Therefore, as an exception to the provisions of Article L. 123-22, paragraph 1 of the French Commercial Code, the accounting documents relating to the recording of foreign exchange transactions are prepared in each of the currencies concerned.

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 recognized in a symmetrical manner to the differences recognized on the bonds.

B – Bonds issued

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 amortized using the actuarial method.

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

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

As regards the bonds in CHF, at each balance sheet date:

- The bonds' issue prices, adjusted for the actuarial amortization 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 recognized in the income statement.

- Amounts due (interest, repayment) are recognized at the rate prevailing on the day of each of these settlements. A technical currency gain or loss is then recognized in the income statement.

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

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

C – Securities transactions

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

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

Securities in the CRH portfolio are mainly fixed-income securities: the mortgage notes subscribed by the stockholders. On an ancillary basis, CRH may hold negotiable debt instruments corresponding to the investment of cash for periods generally not exceeding two years.

Mortgage notes are recorded as investment securities as under Regulation no. 90-01 of the CRBF (French Banking and Financial Regulatory Committee) they are intended to be held to maturity and are financed through matching 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 value of the bonds on the liabilities side.

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

As regards the mortgage notes in CHF, at each balance sheet date:

- The notes' acquisition price, adjusted for the actuarial amortization, is translated using the CHF historical exchange rate on the acquisition date.

- Accrued interest receivable on these notes is translated at the CHF spot rate and recognized in the income statement.

- Amounts due (interest, repayment) are recognized at the rate prevailing on the day of each of these settlements. A technical currency gain or loss is then recognized in the income statement.

Disposals of investment securities are limited to early redemptions of mortgage notes, by delivery of matching bonds by the stockholders involved, or by the acquisition of the matching bonds by CRH as part of a public exchange offer. In the case of public exchange offers, CRH acquires new mortgage notes matching the related bonds offered. CRH has not carried out any such transactions during the last three years.

These disposals have no impact on CRH's earnings.

Negotiable debt instruments are recognized as short-term investments.

D – Loans and advances to credit institutions

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

CRH has not purchased any loans or advances. Similarly, it has not recognized any provisions in respect of credit risk.

E – FGBR (Fund for general banking risk)

In compliance with CRBF (French Banking and Financial Regulatory Committee) Regulation no. 90-02 and at the discretion of the Company's officers and directors, appropriations to the FGBR are made by means of a regulated provision for risk on medium- and long-term credit transactions, to cover the general risks associated with CRH's lending activity.

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

F – Equity holdings and other long-term securities

In accordance with the provisions of Article L. 312-4 of the French Monetary and Financial Code, CRH is a member of the Deposit Guarantee Fund. The corresponding membership certificate is recognized in equity holdings and other long-term securities.

G – Fixed assets

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

Intangible fixed assets consist of software amortized on a straight-line basis over 12 months.

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

- office furniture	10 years	straight-line
- fittings	5 to 15 years	straight-line
- office equipment	5 to 10 years	straight-line and tax-based reducing balance
- IT equipment	3 years	tax-based reducing balance

H – Other assets and other liabilities

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

Other liabilities may consist of amounts due to tax, social security and other welfare bodies, VAT collected, trade payables, remuneration due to staff, dividends due to stockholders, bonds and other fixed-income securities issued by the institution, amortized and not yet repaid and coupons in respect of securities issued by the institution and which are due but not yet paid.

I – Retirement benefits

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

The employer's share of such contributions is recognized as an expense 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 recomputed.

NOTES TO THE BALANCE SHEET

NOTE 3 – Mortgage notes and bonds issued

Mortgage notes are the instruments representing the securities receivable by CRH, corresponding to the loans it has granted, while its borrowings are in the form of bond issues.

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

(EUR thousands)

	Dec. 31, 2012		Dec. 31, 2011		Dec. 31, 2010	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
SECURITIES TRANSACTIONS						
- Bonds and other fixed-income securities						
. mortgage notes (*)	53,793,175		48,243,718		41,375,166	
. accrued interest not yet due on mortgage notes	1,059,362		893,367		735,961	
- Debt securities						
. bonds (*)		53,793,175		48,243,718		41,375,166
. accrued interest not yet due on bonds		1,059,362		893,367		735,961
TOTAL	54,852,537	54,852,537	49,137,085	49,137,085	42,111,127	42,111,127

(*) Including amounts in nominal value:

(EUR thousands)

	Dec. 31, 2012		Dec. 31, 2011		Dec. 31, 2010	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
SECURITIES TRANSACTIONS						
- Bonds and other fixed-income securities						
. mortgage notes	52,250,000		47,550,000		42,350,000	
- Debt securities						
. bonds		52,250,000		47,550,000		42,350,000
TOTAL	52,250,000	52,250,000	47,550,000	47,550,000	42,350,000	42,350,000

(CHF thousands)

	Dec. 31, 2012		Dec. 31, 2011		Dec. 31, 2010	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
SECURITIES TRANSACTIONS						
- Bonds and other fixed-income securities						
. mortgage notes	2,050,000		1,050,000		250,000	
- Debt securities						
. bonds		2,050,000		1,050,000		250,000
TOTAL	2,050,000	2,050,000	1,050,000	1,050,000	250,000	250,000

NB: Mortgage notes are not listed securities.

NOTE 4 – Breakdown of receivables and debt by residual maturity

(EUR thousands)

RECEIVABLES	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Credit institutions: term deposits			
- less than 3 months	18,342	12,234	37,747
- 3 months to 1 year	158,049	38,811	73,811
- 1 to 5 years	60,000	170,000	80,000
TOTAL	236,391	221,045	191,558
Negotiable debt instruments			
- less than 3 months	60,000	0	60,000
- 3 months to 1 year	100,000	0	50,000
- 1 to 5 years	20,000	140,000	0
TOTAL	180,000	140,000	110,000
Mortgage notes			
- less than 3 months	0	0	0
- 3 months to 1 year	4,744,413	0	5,091,036
- 1 to 5 years	20,523,801	17,963,913	14,828,457
- over 5 years	28,524,961	30,279,805	21,455,673
TOTAL	53,793,175	48,243,718	41,375,166

NB: none of these receivables are eligible for refinancing from the European system of central banks

(EUR thousands)

DEBT	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Bonds			
- less than 3 months	0	0	0
- 3 months to 1 year	4,744,413	0	5,091,036
- 1 to 5 years	20,523,801	17,963,913	14,828,457
- over 5 years	28,524,961	30,279,805	21,455,673
TOTAL	53,793,175	48,243,718	41,375,166

NOTE 5 – Other assets, other liabilities, prepayments and accrual accounts

(EUR thousands)

ASSETS	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Miscellaneous debtors	102	200	320
Government – income tax	0	0	78
Government – tax on business value added	0	0	7
Government – deductible VAT	0	33	0
Charges recharged to borrowers	4	111	0
Charges paid on behalf of borrowers	0	0	181
Guarantee deposits with the French Deposit Guarantee Fund	20	20	19
Other guarantee deposits and miscellaneous	78	36	35
Other prepayments	111	107	103
TOTAL	213	307	423

(EUR thousands)

LIABILITIES	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Miscellaneous creditors	400	401	191
Government – income tax	222	135	0
Government – VAT to be paid over	2	32	18
Government – VAT collected	0	18	0
Social security and payroll taxes	141	131	119
Other	35	85	54
Accrued expenses	326	312	178
Personnel and related expenses	175	159	135
Other	151	153	43
TOTAL	726	713	369

NOTE 6 – Provisions

(EUR thousands)

	Balance at Dec. 31, 2010	+Charges -Writebacks	Balance at Dec. 31, 2011	+Charges -Writebacks	Balance at Dec. 31, 2012
Provision for retirement benefits (Note 18, page 100)	147	23	170	20	190

NOTE 7 – Stockholders' equity and fund for general banking risks

(EUR thousands)

	Balance at Dec. 31, 2010	+Charges -Writebacks	Balance at Dec. 31, 2011	+Charges -Writebacks	Balance at Dec. 31, 2012
Subscribed capital stock	199,928	99,774	299,702	0	299,702
Issue premiums	4,415	3,794	8,209	0	8,209
Legal reserve	3,030	6	3,036	50	3,086
Retained earnings	44	108	152	-53	99
Fund for general banking risks	2,576	86	2,662	150	2,812
TOTAL	209,993	103,768	313,761	147	313,908

The change in stockholders' equity in 2012 shown in the above table includes the allocation of 2011 net income and the increase in the fund for general banking risks in 2012.

CRH's capital stock is fully subscribed. The Company's stock has a par value of EUR 15.25 per stock unit. A total of 19,652,593 stock units have been issued.

NOTE 8 – Subordinated loans

Pursuant to the By-laws, stockholders are required to provide the Company with the equity capital needed to comply with banking regulations.

In calculating the capital adequacy ratio, total capital includes stockholders' equity (Note 7) and secondary capital in the form of subordinated loans by stockholders in proportion to their outstanding borrowings.

If need be, these subordinated loans ensure that CRH will be able to continue operations in compliance with banking regulations despite any losses it might suffer.

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

Interest is partly fixed and partly contingent on results for the year, and is payable only if CRH makes a profit for the year after allocation of this charge.

In view of these provisions, the French Banking Authority allows funds from subordinated loans to be included in secondary equity capital as defined under Regulation no. 90-02, Article 4c of the CRBF (French Banking and Financial Regulatory Committee).

The following table summarizes changes in total subordinated loans since December 31, 2010:

(EUR thousands)	
Transaction	Amount
Balance at December 31, 2010	162,433
Increases	
- payments relating to acquisitions of mortgage notes	103,432
Decreases	
- incorporation in stockholders' equity	-103,569
- repayments related to contractual mortgage note repayments	-43,174
- repayments relating to the allocation of 2010 net income	-131
- repayments related to 2010 appropriation to the fund for general banking risks	-10
Balance at December 31, 2011	118,981
Increases	
- payments relating to acquisitions of mortgage notes	47,413
Decreases	
- repayments related to 2011 appropriation to the fund for general banking risks	-86
Balance at December 31, 2012	166,308

NOTES TO THE OFF-BALANCE SHEET ITEMS

NOTE 9 – Financing commitments received from credit institutions

Pursuant to the By-laws, credit institution stockholders are bound 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 rules and regulations, approved by the Stockholders' Meeting of February 27, 1996.

At December 31, 2012, these commitments received totaled EUR 2,694,950,210.00.

NOTE 10 – Guarantees 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, a first residential mortgage or charge over real-estate offering an equivalent guarantee, or a guarantee given by a credit institution or insurance company which is not included in the consolidation scope of the credit institution issuing the note.

Receivables pledged to CRH as collateral amounted to an estimated EUR 77.2 billion at December 31, 2012.

NOTES TO THE INCOME STATEMENT

NOTE 11 – Net banking income

A – Analysis of net banking income from bond issuance and lending operations

It should be noted that CRH lends at the same interest rates and maturities at which it borrows on the financial market. It therefore does not charge a margin on its lending activities.

To facilitate analysis of its net income, it is useful to group income and charges from lending activities and borrowing activities in order to observe their equivalence.

(EUR thousands)

	Dec. 31, 2012		Dec. 31, 2011		Dec. 31, 2010	
	Charges	Income	Charges	Income	Charges	Income
Interest						
Bonds issued	2,050,189		1,776,907		1,734,246	
Mortgage notes		2,050,189		1,776,907		1,734,246
Translation differences *						
Bonds issued	1,223		329		0	
Mortgage notes		1,223		329		0
Issuance and management fees **						
Bonds issued	25,942		167		0	
Mortgage notes		25,942		167		0
TOTAL	2,077,354	2,077,354	1,777,403	1,777,403	1,734,246	1,734,246

* Translation differences correspond to a technical balance between currency gains and losses recognized on the contractual due dates of transactions in CHF.

** Since the end of 2011, issuance and management fees on bonds have been recharged to borrowers and are thus recognized in the income statement whereas previously they transited via third-party accounts on the balance sheet.

These flows have no effect on CRH's net income.

B – Analysis of net banking income from other activities

For the fiscal year 2012, other income from banking operations included interest earned on stockholders' equity invested on the money market in demand deposits, term deposits and negotiable debt instruments which are fixed rate with a term generally of less than 24 months or adjustable rate with a maturity of three years or less. This income fluctuates from year to year in close correlation with the average level of market interest rates. This income therefore represents a rate of return of 1.68% on average capital invested during 2012 (1.74% in 2011 and 1.09% in 2010).

Other expenses from banking operations comprise interest paid to stockholders on subordinated loans granted to CRH. As provided in the agreements, interest payable on these subordinated loans consists of two components:

- a fixed portion calculated each quarter at the quarterly average overnight interbank rate less 5%, although this rate may not be less than 1%. Interest calculated on this basis amounted to EUR 1,588,539.02 in 2012 (EUR 1,821,880.72 in 2011 and EUR 1,634,025.90 in 2010),

- a variable portion determined by the Board of Directors on the basis of the results for the year. The amount calculated on this basis came to EUR 1,036,456.62 in 2012 (EUR 1,304,766.11 in 2011 and EUR 122,663.84 in 2010).

The average interest rate paid on subordinated loans was therefore 1.68% in 2012 (1.74% in 2011 and 1.09% in 2010).

(EUR thousands)

	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Interest on cash management transactions	4,196	4,729	1,800
Interest on negotiable debt instruments	3,736	2,275	2,251
Interest on securities received under collateralized reverse repos	0	1,251	540
Other income	160	160	80
A – Total other income from banking operations	8,092	8,415	4,671
Interest on subordinated loans	2,625	3,127	1,757
Interest on advances under Article 5.3 of CRH’s internal rules and regulations	0	1,248	540
Other interest and expense	7	7	7
Fees on securities transactions	0	1	1
B – Total other expenses from banking operations	2,632	4,383	2,305
NET BANKING INCOME	5,460	4,032	2,366

Other income corresponds to CRH’s remuneration under the terms of the agreement signed with the French Financing Agency (SFEF) for monitoring and controlling the servicing of its debt and management of its guarantees.

NOTE 12 – Other general operating income and expenses

A – General expenses recharged to borrowers

The AMF fees due in respect of bond issues are recharged to borrowers. Since January 1, 2012, these fees have been expensed in the income statement rather than being posted to third party accounts on the balance sheet.

(EUR thousands)

	Dec. 31, 2012		Dec. 31, 2011		Dec. 31, 2010	
	Expenses	Income	Expenses	Income	Expenses	Income
Taxes other than income taxes (excerpt)						
AMF fees	20		0		0	
Other operating income		20		0		0

B – Other general expenses

CRH's total administrative expenses, including depreciation and amortization, came to EUR 2.6 million in the year ended December 31, 2012 (EUR 2.4 million in the year ended December 31, 2011 and EUR 2.18 million in the year ended December 31, 2010).

Total administrative expenses represented 0.0049% of average outstanding loans to stockholders in the year ended December 31, 2012 (0.0053% in the year ended December 31, 2011 and 0.0053% in the year ended December 31, 2010).

The main components are shown in the table below:

(EUR thousands)

	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Wages and salaries	812	787	714
Retirement expenses (1)	108	106	96
Other social security charges	288	279	260
Payroll taxes and similar expenses	113	108	97
Total personnel expenses	1,321	1,280	1,167
Taxes other than income tax (excerpt)	545	453	350
Rental and leasing	219	214	153
Other external services and miscellaneous administrative expenses	464	436	485
Total other administrative expenses	683	650	638
Amortization of intangible fixed assets	4	2	13
Depreciation of tangible fixed assets	12	11	8
Total depreciation and amortization	16	13	21

(1) Including a provision for retirement benefits of EUR 20,000 at December 31, 2012.

NOTE 13 – Fees paid to the independent auditors

The total amount of independent auditors' fees recognized in the year ended December 31, 2012 comes to EUR 59,093.44 and breaks down as follows:

(EUR)

	Auditeurs & Conseils Associés	KPMG Audit – A division of KPMG SA
2012 statutory audit fees	28,500.00	28,500.00
Balance of 2011 statutory audit fees	241.21	460.46
Other services related to the statutory audit of the financial statements	76.17	1,315.60
Total	28,817.38	30,276.06

NOTE 14 – Income tax

Tax on 2012 earnings amounted to EUR 929,490 and concerned only income from ordinary operations. The tax charge also includes the 3.3% social contribution totaling EUR 5,494 and a one-off 5% contribution totaling EUR 46,475.

OTHER INFORMATION

NOTE 15 – Executive compensation

Total gross compensation paid to the Chairman and Chief Executive Officer for the fiscal year ended December 31, 2012 amounted to EUR 248,242. Other corporate officers received no compensation from the Company.

The corporate officers received no other benefits from the Company.

NOTE 16 – List of related-party transactions

CRH did not enter into any transactions within the meaning of Article R. 123-199-1 of the French Commercial Code with any related parties whatsoever during the fiscal year 2012.

NOTE 17 – Staff

CRH had an average of nine employees in 2012.

NOTE 18 – Provision for lump-sum retirement benefits

Provisions set aside to cover lump-sum retirement benefits as required by French law amounted to EUR 190,000 and covered the full amount of CRH's liability as assessed as of December 31, 2012.

CRH does not have any other retirement commitments.

NOTE 19 – Rights earned by staff under the French Individual Training Rights Initiative (DIF)

As of December 31, 2012, a total of 923 hours of training had been credited to staff under the French DIF initiative.

ADDITIONAL INFORMATION

Capital adequacy ratio

CRH had a capital adequacy ratio of 8.57% at December 31, 2012, compared with 8.62% at December 31, 2011 and 8.67% at December 31, 2010. The ratio at December 31, 2012 is calculated within the Basel II framework using the standardized method for credit risk and the basic indicator approach for operational risk. This new reference framework does not cause a significant variance compared with the ratio calculation in earlier fiscal years.

Control of major risks

At its meeting of December 22, 2000, the French Banking Authority ruled that, in view of the legal status of the notes included in CRH's assets and until such time as transposition of the Directive of December 21, 1992 into French law allows full exemption of legal covered bonds and equivalent securities from the limits related to major risks, the regulatory compliance of CRH should be assessed with regard to the beneficiaries of the loans it refinances rather than with regard to the issuers of the mortgage notes which it holds.

In addition, in accordance with the new regulatory provisions regarding the control of major risks (order of August 25, 2010), the total of CRH's major interbank risks is less than its stockholders' equity.

CRH thus complies with regulations governing major risks.

Liquidity ratio

CRH complies with the regulatory ratio at all times (standard liquidity risk approach). The conditions under which CRH normally operates are such that no liabilities are uncovered.

(EUR thousands)

Terms of liquidity ratio	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Total liquid assets	69,428	82,629	85,372
Total uncovered liabilities	0	0	0

11.2. CONSOLIDATED FINANCIAL STATEMENTS

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

11.3. AUDIT OF HISTORICAL ANNUAL FINANCIAL INFORMATION

The general report of the independent auditors on the financial statements for the year ended December 31, 2012 is included in the Reports section on page 29 of this registration document.

The general report of the independent auditors on the financial statements for the year ended December 31, 2011 is included in the Reports section on page 31 of the 2011 registration document.

The general report of the independent auditors on the financial statements for the year ended December 31, 2010 is included in the Reports section on page 21 of the 2010 registration document.

11.4. DATE OF THE LATEST FINANCIAL INFORMATION

The financial statements dated December 31, 2012 are the most recent to have been audited.

11.5. INTERIM AND OTHER FINANCIAL INFORMATION

CRH has not released any quarterly or semi-annual data subsequent to the December 31, 2012 financial statements.

11.6. LEGAL AND ARBITRATION PROCEEDINGS

As of the filing date of this document, there are no legal, governmental, regulatory, tax or arbitration proceedings underway that are likely to have a material impact on CRH's financial position or profitability.

11.7. SIGNIFICANT CHANGES IN THE ISSUER'S FINANCIAL POSITION

As of the filing date of this document, there are no exceptional events or litigation that have had in the recent past, or are likely to have in the future, a material impact on the financial position, activity or earnings of CRH that has not been reflected in the financial statements for the year ended December 31, 2012.

CHAPTER 12

MAJOR CONTRACTS

As of the filing date of this document, the Company had not entered into any contracts other than those signed as part of normal operations and that could grant a member of the Company a right or obligation that could have a material impact on CRH's ability to honor its commitments to its bondholders.

CHAPTER 13

THIRD PARTY INFORMATION, STATEMENTS BY EXPERTS AND DECLARATIONS OF INTEREST

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

13.1. NOT APPLICABLE

13.2. NOT APPLICABLE

CHAPTER 14

DOCUMENTS ON DISPLAY

All prospectuses and registration documents (which contain the Company's By-laws) can be consulted on CRH's website:

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

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

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

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

by e-mail: crh@crh-bonds.com

or by mail to the following address:

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

The incorporation documents can be consulted in paper version at the Company's registered office.

**ARTICLE 13 OF ACT NO. 85-695
DU 11 JUILLET 1985**

**Complemented by Article 36 of Act no. 2006-872 of July 13, 2006
(Journal officiel of July 16, 2006)**

I. - Superseded

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

The promissory notes cited in the preceding paragraph are created under conditions established in compliance with the provisions of Article 16 of the aforementioned Act no. 69-1263 of December 31, 1969*.

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

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

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

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

**AMENDMENT No. 275 SUBMITTED BY
THE FRENCH GOVERNMENT ON JANUARY 13, 2006**

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

The following two paragraphs have been added to Article 13 of Act no. 85-695 of July 11, 1985 on various economic and financial provisions:

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

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

OVERVIEW

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

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

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

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

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

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

FRENCH MONETARY AND FINANCIAL CODE**LEGISLATIVE PART**

Codifying the provisions of Section 16 of the Act of December 31, 1969 as amended by Act no. 85-695 of July 11, 1985 and Act no. 99-532 of June 25, 1999, by Decree n° 2008-556 of June 13, 2008 and by Decree n° 2010-76 of June 21, 2010

Paragraph 3**Refinancing of mortgages and other secured loans****Section L. 313-42**

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

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

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

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

Section L. 313-43

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

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

Section L. 313-44

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

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

Section L. 313-45

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

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

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

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

Section L. 313-46

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

Section L. 313-47

For deletion of registrations, no documentary proof is required to support the statements in the act of discharge which establishes that the instruments have been made available or handed over if the said statements are certified as accurate in that act. The beneficiaries of such availability or delivery are not considered to be interested parties within the meaning of Article 2157 of the Civil Code if the act of discharge does not refer to the transaction concluded in their favour.

Section L. 313-48

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

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

Section L. 313-49

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

FRENCH MONETARY AND FINANCIAL CODE

LEGISLATIVE PART

SECTION 4 CHAPTER V

SOCIETES DE CREDIT FONCIER

Art. L. 515-14 (excerpt).

I. - Guaranteed loans are loans associated with:

a. first-ranking mortgage or a charge over real property conferring an equivalent guarantee, at least;

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

FRENCH MONETARY AND FINANCIAL CODE

REGULATORY PART

Article R. 214-21 created by Decree no. 2011-922 of August 1st, 2011 (excerpt)

I. – By way of an exception to the 5% limit set in the first paragraph of I, an undertaking for collective investment in transferable securities:

1° May invest 35% of its assets in eligible financial securities and money market instruments of the type referred to under paragraphs 1 and 2 of Article R. 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 an other state that is party to the agreement on the European Economic Space, 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 Space are members thereof, or provided the instruments have been issued by the Caisse d'Amortissement de la Dette Sociale, France's Social Security Debt Repayment Fund.

2° May invest up to 25% of its assets in bonds issued by a single entity, and provided they are real property bonds issued by real property credit companies in application of Article L. 515-13-2°, 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 Space and that is the subject of specific public supervision designed to protect the holders of such bonds. In particular, the funds generated by the issue of the bonds must be invested in assets that can cover the resulting commitments for the entire duration of the bonds, and must be earmarked first and foremost for the repayment of capital and the payment of accrued interest in the event of default by the issuer.

The exception provided in the above second paragraph shall apply to bonds issued by a credit institution whose sole aim is to refinance promissory notes complying with the provisions of Articles L. 313-42 to L. 313-49, issued to refinance long-term receivables used to finance real property, provided the bonds' characteristics are identical to those of the promissory notes.

FRENCH MONETARY AND FINANCIAL CODE

REGULATORY PART

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

Modified by Decree 2007-745 of May 9, 2007 and Decree 2011-922 of August 1st, 2011

Article R. 313-20

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

Article R. 313-21

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

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

Article R. 313-22

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

Article R. 313-23

Repealed.

Article R. 313-24

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

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

Article R. 313-25

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

- 1°The purpose of the funding;
- 2°The exclusive purpose of the issuing credit institution;
- 3°The dispensation provided for in Article R. 214-21 Paragraph IV.2;
- 4°The preferential claim enjoyed by the issuing credit institution, under the terms of the provisions of Articles L. 313-42 to L. 313-49.

**EXCERPT FROM FRENCH BANKING
AND FINANCIAL REGULATORY COMMITTEE**

**REGULATION No. 99-10
RELATIVE TO FRENCH SOCIÉTÉS DE CRÉDIT FONCIER**

**as amended by Regulation No. 2001-02 of June 26, 2001
and Regulation no. 2002-02 of July 15, 2002
and by Orders of the Minister of the Economy, Finance and Industry
of May 7, 2007 and of February 23, 2011**

Chapter I – Valuation of real estate assets

Article 1

Real estate financed by loans eligible as assets of mortgage companies (*sociétés de crédit foncier*) or contributed as collateral for such loans within the meaning of articles L. 515-4 and L. 515-35 of the French Monetary and Financial Code (made by the Decree of February 23, 2011) shall be valued on a conservative basis excluding any amount of a speculative nature.

Article 2

The valuation shall be based on the real estate's long-term and permanent characteristics, usual and local market conditions, the current use of the asset and other uses to which it may be put. Such mortgage value shall be determined in writing, in a clear and transparent way, and shall not exceed the market value. Notwithstanding the above, the valuation may be based on the total cost of the initial transaction when this cost is less than EUR 600,000 or when the sum of the remaining principal balances of the loans financed by the mortgage company or by the housing financing society and secured by the real estate asset valued have a remaining unit principal less than EUR 480,000 determined at the time of said acquisition or their pledge (made by the Decree of February 23, 2011).

Article 3

After their acquisition or their pledge, the valuation of real estate assets shall be reviewed as part of the risk measurement system governing mortgage companies contained in Regulation no. 97-02:

- a) This review shall be performed once a year using a statistical method for residential real estate;
- b) This review shall be performed once a year using a statistical method for commercial real estate whose all of the loans owned by the mortgage company and secured by the valued real estate asset have a remaining unit principal less than 30% of the initial principal loaned or under EUR 480,000;
- c) This review shall be performed individually every three year for commercial real estate whose purchase price or whose last estimated value is under EUR 600,000 and when all of the loans owned by the mortgage company and secured by the valued real estate asset have a remaining unit principal over EUR 480,000. The value of said real estate assets between two individual reviews shall be reviewed yearly using a statistical method.

d) This review shall be performed individually once a year for commercial real estate whose purchase price or whose last estimated value is over EUR 600,000 and when all of the loans owned by the mortgage company and secured by the valued real estate asset have a remaining unit principal over EUR 480,000 (made by the Decree of February 23, 2011).

Article 4

The appraisal of real estate assets shall be performed by an independent expert within the meaning of Article 168 of the Order of February 20, 2007 on the Stockholders' equity requirements of credit institutions and investment firms (made by the Decree of March 7, 2007).

CRH - CAISSE DE REFINANCEMENT DE L'HABITAT

**ARTICLES OF INCORPORATION AND BY-LAWS
(January 31, 2008)**

TITLE I

Article 1 - LEGAL FORM

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

Article 2 - PURPOSE

The company's purpose is:

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

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

Article 3 – COMPANY NAME

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

Article 4 – REGISTERED OFFICE

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

Article 5 – PERIOD OF DURATION

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

Article 6 - CAPITAL

The stated capital of the company shall be set at Two Hundred Ninety Nine Million Seven Hundred And Two Thousand Forty Three Euros And Twenty Five Cents.

It shall be divided into Nineteen Million Six Hundred Fifty Two Thousand And Five Hundred Ninety Three shares with a par value of EUR 15.25 each.

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

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

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

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

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

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

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

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

Article 8 – RIGHTS AND OBLIGATIONS ATTACHED TO SHARES

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

In all cases where several shares are required for the exercise of a given right, single shares or shares in insufficient numbers shall not give their holders any claim on the company, it being their personal responsibility in such cases to combine interests to reach the required number of shares.

Ownership of a share shall mean full acceptance of the company's articles of incorporation and By-laws and decisions of its Regular Stockholders' Meetings.

Article 9 – PAYMENT OF SHARES

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

Article 10 – STOCKHOLDERS' OBLIGATIONS

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

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

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

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

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

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

TITLE II - GOVERNING BODIES

Article 11 - BOARD OF DIRECTORS

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

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

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

As an exception to the above, directors aged over 70 may not make up more than one-third of board membership. Compliance with this limit shall be verified each year by the meeting of the Board of Directors held to call the Regular Stockholders' Meeting. Where the limit is exceeded, the Board decides which member or members aged over 70 are to remain in office.

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

Article 12 - CONVENING OF BOARD MEETINGS AND DECISIONS

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

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

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

Article 13 - POWERS OF THE BOARD OF DIRECTORS

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

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

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

Article 14 - CENSEURS (SUPERVISORY MEMBERS OF THE BOARD)

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

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

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

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

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

Article 15 - CHAIRMAN OF THE BOARD OF DIRECTORS

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

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

The Chairman may be re-elected subject only to the restrictions described in the paragraph below.

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

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

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

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

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

Article 16 - GENERAL MANAGEMENT

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

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

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

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

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

Article 17 - CHIEF EXECUTIVE OFFICER

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

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

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

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

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

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

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

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

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

Article 18 – VICE-PRESIDENTS

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

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

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

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

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

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

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

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

Article 19 - INDEPENDENT AUDITORS

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

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

Article 20 - REGULAR STOCKHOLDERS' MEETINGS

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

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

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

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

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

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

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

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

Article 21 - ATTENDANCE AND REPRESENTATION AT MEETINGS

All stockholders shall have the right to attend the meetings.

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

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

A stockholder may be represented by another stockholder at a Regular Stockholders' Meeting.

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

Article 22 - POWERS OF REGULAR STOCKHOLDERS' MEETINGS

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

TITLE III - FINANCIAL YEAR AND EARNINGS

Article 23 - FINANCIAL YEAR

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

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

Article 24 - PROFITS AND LOSSES – PAYMENT OF DIVIDENDS

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

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

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

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

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

TITLE IV - DISSOLUTION - LIQUIDATION

Article 25

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

CRH - CAISSE DE REFINANCEMENT DE L'HABITAT

INTERNAL RULES AND REGULATIONS

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

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

1. ACTIVITY

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

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

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

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

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

2. APPROVAL OF BORROWERS

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

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

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

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

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

2.3. Before any refinancing is granted:

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

3. RISK COMMITTEE

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

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

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

4. BOND ISSUANCE

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

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

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

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

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

5. MORTGAGE NOTES

5.1. Issuance of mortgage notes

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

CRH purchases these notes when it receives the corresponding funds.

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

5.2. Early repayment of notes

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

CRH may suspend this right at any time.

5.3. Procedure to secure compliance with amortization schedules

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

- Five business days before a payment on a bond issued by CRH falls due, each borrower must pay CRH an advance in an amount equal to the principal note to be repaid, plus the amount of the associated interest note.

- The corresponding funds are invested on the money market up to the payment date through deliverable repurchase agreements on Treasury notes and bills.

- The advance is returned on the payment date, where applicable by offsetting the amount against sums due from the borrower on the principal note and the associated interest note.

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

5.4. Endorsement by authorized guarantor

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

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

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

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

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

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

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

6. COLLATERAL FOR MORTGAGE NOTES

6.1. Pledging of loan portfolio

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

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

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

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

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

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

6.2. Restrictions applying to collateral

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

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

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

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

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

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

6.3. Inspection of borrowers

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

In particular, it verifies:

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

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

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

6.4. Insufficient collateral

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

CRH may agree to the deferral of such transactions.

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

6.5. Information system

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

7. BORROWER DEFAULT

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

7.1. Call for cash advances

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

7.2. Lapse of maturity dates on notes

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

7.3. Transfer of ownership

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

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

b) the advisability of entrusting administration of the loans concerned to the defaulting institution in accordance with the appended agreement, if appropriate under the supervision of a provisional administrator appointed by the Prudential control authority (Autorité de contrôle prudentiel – ACP).

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

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

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

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

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

7.5. Management of interest rate risk

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

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

7.6. Settlement between defaulting borrowers and CRH

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

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

Payments due from the defaulting borrower include in particular:

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

8. STOCKHOLDERS' COMMITMENTS

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

8.1. Capital contributions

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

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

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

8.2. Ownership

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

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

8.3. Cash advances from stockholders

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

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

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

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

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

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

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

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

8.4. Management agreement

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

8.5. Compliance with Articles of Incorporation and By-laws

Each stockholder is required, by sole virtue of its status, to comply with the company's Articles of Incorporation and By-laws and the resolutions adopted by Regular Stockholders' Meetings.

9. INTERNAL CONTROLS AND INSPECTIONS

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

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

10. STOCKHOLDER APPROVAL OF INTERNAL RULES AND REGULATIONS

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

CONDITIONS OF ELIGIBILITY

REMINDER

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

INTRODUCTORY REMARK

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

- Article 13 of Law no. 85-695 of July 11, 1985, along with Article 36 of Law no. 2006-872 of July 13, 2006;

- Articles L. 313-42 through L. 313-49 of the Monetary and Financial Code codifying the provisions of Article 16 of Act no. 69-1263 of December 31, 1969 as amended by Articles 12 and 13 of Act no. 85-695 of July 11, 1985 and by Article 113 of Act no. 99-532 of June 25, 1999, by Article 16 of Decree n°2008-556 of June 13, 2008 and by Article 18 of Decree n° 2010-76 of January 21, 2010;

- Article L. 515-14 paragraph I relative to French Sociétés de Crédit Foncier;

- Articles R. 313-20 to R. 313-25 of the Monetary and Financial Code codifying the provisions of Decree no. 2000-664 of July 17, 2000 as amended by Decree no. 2003-144 of February 19, 2003 and by Decree no. 2007-745 of May 9, 2007;

- French Banking and Finance Regulatory Committee Regulation no. 99-10 as amended by Regulation no. 2002-02 and the Decrees of May 7, 2007 and of February 23, 2011 on the valuation of financed assets to be used to determine the portion of a loan that may be collateralized;

- The company By-laws of CRH;

- This document, summarizing all of the general provisions related to the raising of capital, which details and supplements the above rules. In compliance with the By-laws of CRH, these provisions have been approved by the Board of Directors.

CONDITIONS OF ELIGIBILITY OF LOANS

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

1 - BENEFICIARIES

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

2 - USE

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

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

3 - GUARANTEES

The loans financed must be guaranteed:

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

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

4 - AMOUNT

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

5 - MATURITY

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

6 – PORTION OF AN ELIGIBLE LOAN THAT MAY BE FUNDED

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

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

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

7 - VALUATION OF THE ASSET FINANCED

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

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

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

By dispensation, the valuation may be based on the total cost of the initial operation when this cost is less than EUR 600.000 or when the sum of the remaining principal balances of the loans guaranteed by the asset financed is less than EUR 480.000.

The valuation of the buildings is re-examined as part of the risk measurement system required of borrowing credit institutions by CRBF Regulation no. 97-02. This examination is performed annually using statistical methods.

The methods used to value buildings and the periodic re-examination of their value must be made available to both the Prudential control authority (Autorité de contrôle prudentiel – ACP) and CRH who may request their modification.

8 - SPECIFIC CONDITIONS FOR GUARANTEED LOANS

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

9 - SPECIFIC PROVISIONS

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

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

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

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

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

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

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

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

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

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

OTHER REMARKS

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

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

SUPPORTING DOCUMENTS TO BE MAINTAINED BY THE BORROWING INSTITUTIONS

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

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

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

1- GUARANTEES

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

2- VALUATION OF THE ASSET

- sale document, agreement of sale, VEFA-type reservation contract on future construction, notice of donation, notarized certificate, construction contract or any documents useful for establishing the total cost of the operation or the value of the asset financed;
- summary of expenses engaged and sums released;
- supporting documentation for the valuation of the asset financed, when so required by regulations (total value of the operation greater than or equal to EUR 600.000);
- in the event that a loan is acquired, all documents establishing the purpose and the value of the asset financed by the original loan and ensuring that such loan satisfies all conditions of eligibility.

3- CUSTOMER DATA

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

GLOSSARY

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

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

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

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

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

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

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

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

Oversizing: Minimum level of coverage of fundings by the portfolio of claims pledged in favor of CRH. This minimum level is at least equal to 125% (provisions of Decree no. 2000-664 of July 17, 2000).

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

This value is estimated in accordance with the provisions of French Banking and Financial Regulatory Committee Regulation no. 99-10.

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

SUMMARY PRESENTATION OF CRH



CRH – Caisse de Refinancement de l’Habitat

Aaa Moody’s / AAA Fitch

CRH was created in 1985 by the French Government with State explicit guarantee as a central agency in order to issue bonds in the specific legal framework of art 13 of law 85-685 of July 1985 for refinancing residential mortgage home loans granted by the French banking system.
 Today, instead of State guarantee, the French law grants to CRH’s bondholders a very strong privilege on CRH’s secured loans to banks.
 No other agency of this kind had been set up until the creation of Société de Financement de l’Economie Française (SFEF) in October 2008.

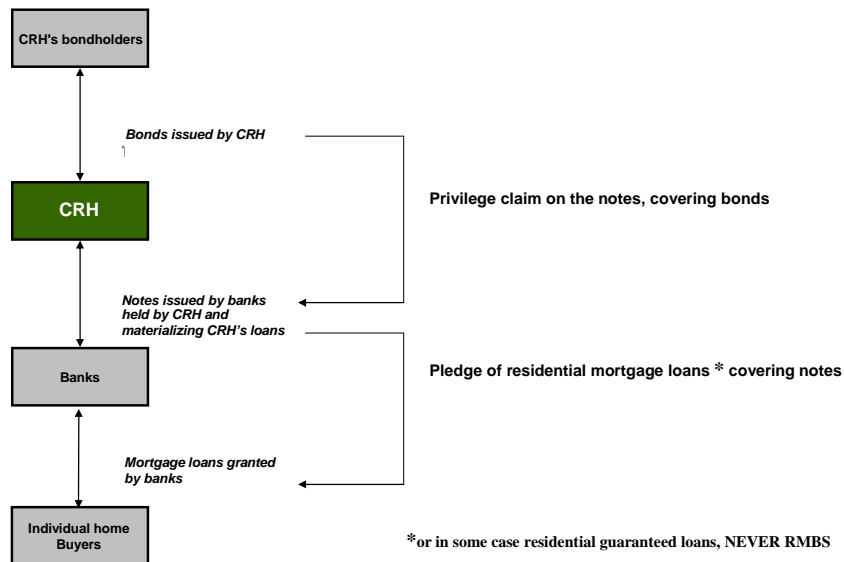
Investor Presentation march 2013

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

1



CRH mechanism



2



Default of a borrowing bank

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

3



CRH at glance

- CRH is a Credit Institution. Its equity belongs to French Banks
- CRH's only function is to fund **French residential home loans** granted by banks by issuing mortgage bonds in the special legal framework of law n° 85-695 of July 1985
- CRH' loans to banks have the same characteristics as those of CRH's bonds. CRH' debt is served by French banks and CRH's balance sheet duration is zero
- Refinanced loans remain on the borrowing banks' balance sheet, but are pledged as collateral for covering CRH's loans to banks with a **minimum of 25% over-collateralisation**. In the event of a borrowing bank default, provisions of French law give CRH **the full ownership** of these loans, without any formality, **notwithstanding any provision to the contrary**
- Loans in its cover-pool have to be compliant with *sociétés de crédit foncier's* criteria but have to be also compliant with CRH's additional criteria. CRH implemented **internal rules strengthening the credit quality for CRH's bonds**
- In 1999, not receiving any longer French government guarantee and **before the modification of French law giving to CRH's bonds covered bond status**, CRH debt has been rated **Aaa by Moody's and AAA by Fitch Ratings**
- CRH has a total outstanding debt over EUR 53,9 bn with several highly liquid bonds (as of December 31st, 2012)
- CRH was appointed to control debt's service and collateral's administration of Société de Financement de l'Economie Française (SFEF) since January 1st 2010

4



Breakdown of CRH's Equity (December 2012)

	%
Crédit Agricole SA - Crédit Lyonnais	36.9
Crédit Mutuel CIC	33.0
Société Générale	13.8
BNP Paribas	10.0
BPCE	5.7
Others	0.6
	<hr/>
	100.0

- Every borrower is committed to become a shareholder of CRH with a part in CRH's equity equal to the part of its borrowings in CRH's global loans amount. That breakdown is also the breakdown of CRH's loans
- Furthermore, every borrower is committed to supply back up lines to CRH if CRH calls them
- These shareholders-borrowers' are among the best European names. Their global market share is roughly 90% of the French Mortgage Market

5



CRH Economic Balance sheet (December 2012)

Assets	€bn	Liabilities	€bn
Promissory notes	53,9	CRH mortgage bonds (see page 12)	53,9
Interests and other assets	0,9	Interests and other liabilities	0,9
Deposits and CD	0,5	CRH equity	0,5
TOTAL	55,3	TOTAL	55,3

Because of the perfect matching between CRH bonds and promissory notes, CRH's balance sheet duration is zero. CRH's debt service is done by the French Banking System. CRH is an actual "Pass-through"

6



CRH income and results

- CRH does not charge any fee on the deals
- Its modest operating expenses (approximately 0.005% of loans in 2012) are paid by the product of very conservative investment of its equity on the money market
- CRH results are only technical results and depend mainly on prevailing money market interest rates
- They do not represent compensation for entrepreneurial risk
- CRH has no target level of return on equity

7



A highly transparent and secure cover pool

- **CRH loans are backed by a cover pool (the pledged portfolio) comprising eight hundred thousand French residential loans, CRD compliant, secured by first rank mortgages (80% area of the pool) or, under certain conditions by guarantees (de facto 20% area of the pool)**
 - CRH's specific legal framework doesn't allow **substitution assets in the cover pool**
 - CRH's internal rules **only allow French residential loans with maturity under 25 years and size under €1 million**
 - CRH's internal rules forbid **RMBS**
- The total value of the cover pool must equal at least 125% of the total amount of CRH loans (equal to the total amount of CRH bonds) – 150% if floating rate loans***
- CRH asks to the borrowers the compliance with congruency' principle :***
- *The average interest rate of the cover pool equalling or exceeding that of CRH bonds*
 - *The average life of the cover pool roughly matching the residual life of CRH bonds*

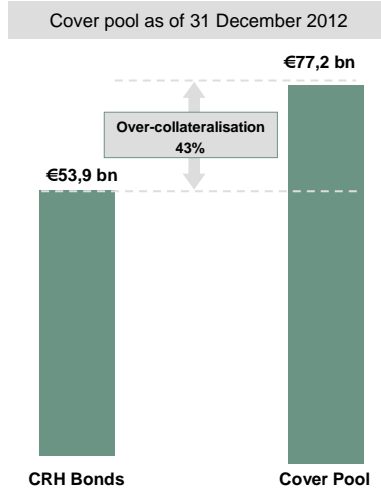
Today, estimated average LTV = 54% area

8



Composition of cover pool

Composition of cover pool			
Bonds amount	100	Minimum cover pool amount	125
		French home loans to individuals CRD and CRH's criteria compliant	125
		Loans with duration over 25 years	0
		Loans with unit amount over 1 euro million	0
		Loans out of France	0
		RMBS or securitization units	0
		Swaps or derivatives	0
		Substitution Assets	0



Cover pool amount without loans non-compliant with CRH criteria = €71,7 bn (33% over-collateralisation)

9



Supervision and controls of CRH's activities

SUPERVISION & CONTROLS

- CRH operates under the general and specific supervision of the *Autorité de Contrôle Prudentiel*, the French Banking Authority
- CRH constantly audits the collateral by borrowing banks through:
 - Regular audits by samples of pledged loans by a fully dedicated CRH team carried out at the borrowing banks offices
 - Monthly electronic audits of the list of pledged loans inside the pledged portfolio
- CRH is also subject to audits by its shareholder Banks

If ineligible loans are identified in cover pool :

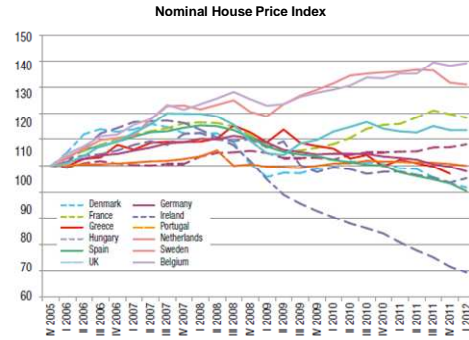
- CRH requires the bank in question to increase the pledged portfolio to compensate for the shortfall identified
- If the bank's outstanding loans are insufficient to make up the shortfall, it is required to immediately acquire bonds corresponding to the borrowed funds and deliver them to CRH as repayment

10



French home loans market

- French home loans market is not speculative. Borrowers are mainly purchasers their own home
- The originator of the loan is always a credit institution
- Loans are granted only if the borrower is likely able to serve his debt, not only having a look at mortgage itself
- The bank usually keeps the loan in its assets without securitizing it. Thereof, a bank is incited to grant a loan only to prime borrowers
- Home loans are mainly fixed rate loans (today 90 % in average of banks of the output)
- Price are high but an actual strong demand for buying homes is remaining



Source : European Mortgage Federation

Source : European Mortgage Federation

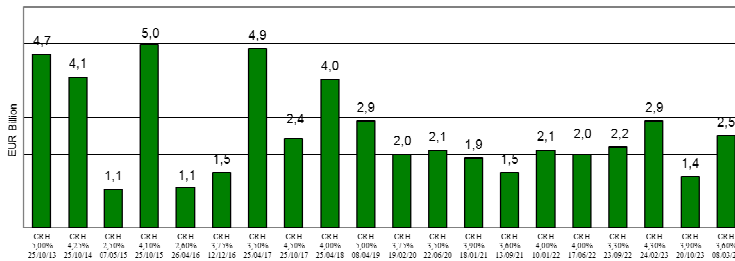
Note : Standardised nominal house price indices on national values

11



CRH Bonds – Key Points

Euro CRH's curve – 20 Euro bonds, from 2013 to 2024, totalling € 52,3 bn (December 2012)



Issue	Amt EUR bn	Status
CRH 5.00% 25/10/13	4,7	No further taps
CRH 4.25% 25/10/14	4,1	No further taps
CRH 2.50% 07/05/15	1,1	Potential reopening
CRH 4.10% 25/10/15	5,0	No further taps
CRH 2.60% 26/04/16	1,1	Potential reopening
CRH 3.75% 12/12/16	1,5	No further taps
CRH 3.50% 25/04/17	4,9	No further taps
CRH 4.50% 25/10/17	2,4	Potential reopening
CRH 4.00% 25/04/18	4,0	Potential reopening
CRH 5.00% 08/04/19	2,9	Potential reopening
CRH 3.75% 19/02/20	2,0	Potential reopening
CRH 3.50% 22/06/20	2,1	Potential reopening
CRH 3.90% 18/01/21	1,9	Potential reopening
CRH 3.60% 13/09/21	1,5	Potential reopening
CRH 4.00% 10/01/22	2,1	Potential reopening
CRH 4.00% 17/06/22	2,0	Potential reopening
CRH 3.30% 23/09/22	2,2	Potential reopening
CRH 4.30% 24/02/23	2,9	Potential reopening
CRH 3.90% 20/10/23	1,4	Potential reopening
CRH 3.60% 08/03/24	2,5	Potential reopening
TOTAL EUR BONDS	52,3	
TOTAL CHF 2015 - 2024	1,6	
EN EUROS EQUIVALENT		
TOTAL EUROS EQUIVALENT	53,9	

- Compliant with "Capital Requirement Directive" - CRD and 10% Risk weighted by European credit institutions
- Eligible for open-market operations of the European Central Bank European investors
- Benefit from the exception referred to Article 52.4 of the Directive on UCITS
- Accepted as collateral for "Banque de France" advances and accepted for investment of surplus resulting from special homebuyers savings plans (*fonds libres d'épargne logement*) of French banks
- Very liquid bonds with big amounts and high turnover-ratio
- All CRH bonds listed in « iBoxx € France Covered Legal » indice since July 1st 2008

12



To sum up

CRH's bonds offer advantages versus other covered bonds directly issued by credit institutions :

- They are **ISSUED** :
 - by a former agency that does not borrow for its own account but for the account of French banks
 - by a credit institution whose sole object is to pool borrowings and to add soundness and of which equity belongs to French banks
 - by a credit institution benefiting from cross commitments of French's banks, to supply cash advances and capital contributions
- They are **PROTECTED** :
 - by a highly favourable specific legal framework dedicated to them
- Furthermore, they are **COVERED** :
 - by a pure, oversized by 25% and regularly audited, portfolio of direct home loans to individuals, compliant with CRD and CRH's criteria, **without substitution assets, without swaps or derivatives, without covenant, without trigger, without any RMBS, without loans out of France**

13



Highlights

CRH'S RISK IS A RISK ON THE FRENCH BANKING SYSTEM COVERED BY A PURE PORTFOLIO COMPOUND WITH FRENCH HOME LOANS TO INDIVIDUALS

14



Contact & Disclaimer

Henry RAYMOND
CRH's Chairman and CEO
Tel: +33 1 42 89 49 10
crh@crh-bonds.com

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

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

This document has been prepared by CRH only for use in the roadshow presentation. This document is confidential and is not to be reproduced by any person, nor to be distributed to any person other than its original recipient. CRH doesn't take any responsibility for the use of these materials by any person.

This document does not constitute a prospectus for any bond offering (an "offering") and shall not be considered as an invitation to invest.

Any decision to buy or purchase bond should be only on the basis of the information contained in Prospectus. In particular, investors should pay special attention to any risk factors described in prospectus.

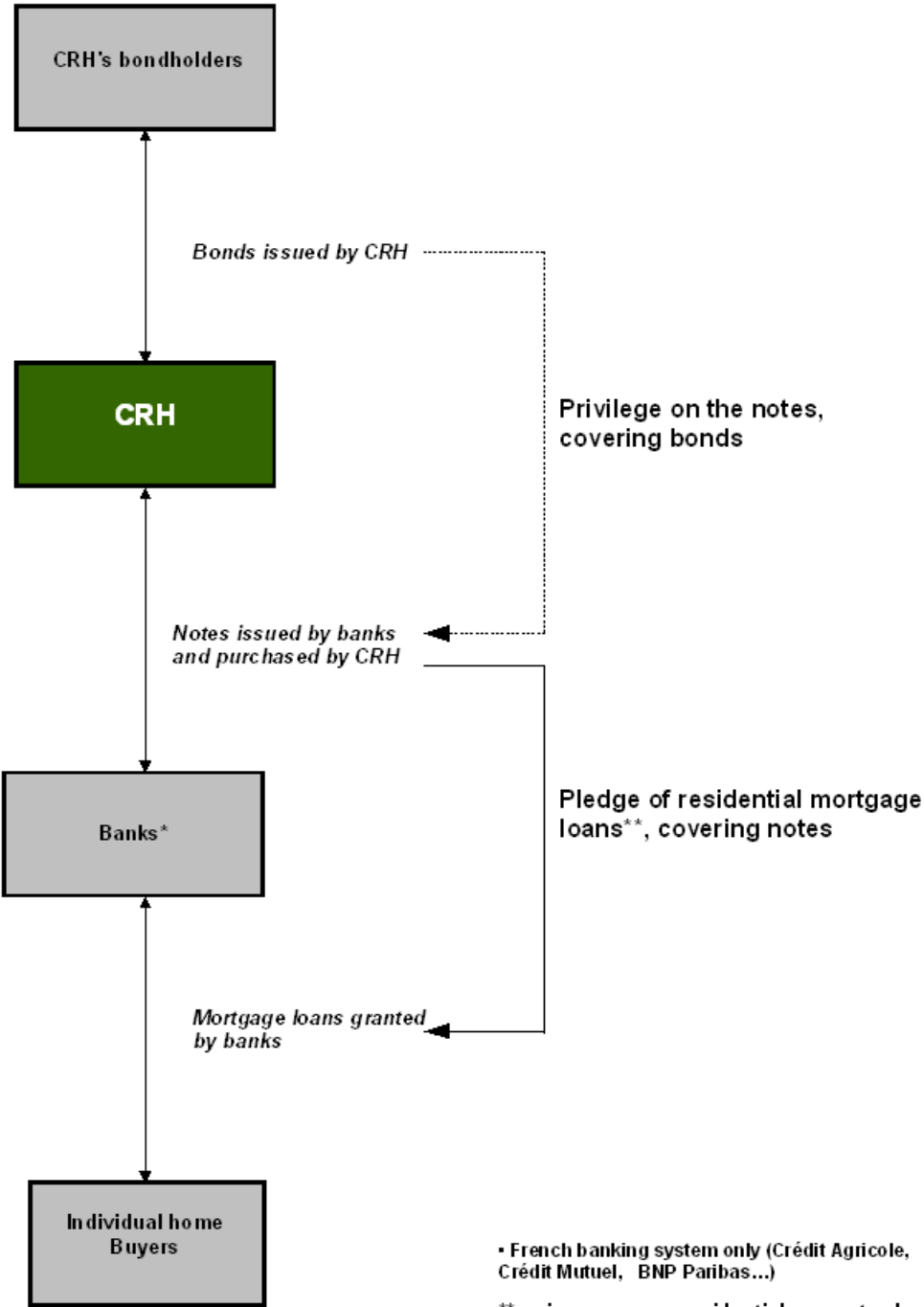
Only the contents of the French Prospectus are binding on CRH.

Some information contained herein and other information or material may include forward-looking statements based on current beliefs and expectations about future events. These forward-looking statements are not guarantees of future performance and are subject to inherent risks, uncertainties and assumptions about CRH. Those events are uncertain, and their outcome may differ from current expectations, which may in turn significantly affect expected results. Actual results may differ materially from those projected or implied in these forward-looking statements. Any forward-looking statement contained in this document speaks as of the date of this document, without any obligation from CRH to update.

This document is not an offer to purchase securities in the United States. Securities may not be sold in the United States absent registration or an exemption from registration under the U.S. Securities Act of 1933, as amended. CRH does not intend to register any portion of any Offering in the United States or to conduct a public Offering of securities in the United States.



CRH's mechanism



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