



CAISSE DE REFINANCEMENT DE L'HABITAT

**AMENDMENT A01
TO THE UNIVERSAL REGISTRATION DOCUMENT 2021**

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

FILED WITH THE AMF ON 8 AUGUST 2022

**Specialised credit institution (*Établissement de crédit spécialisé*)
French Corporation (*Société anonyme*) with share capital of 578 383 669.50 euros
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This first amendment to the universal registration document of 30 March 2022 was filed on 8 August 2022 with the AMF, in its capacity as competent authority within the meaning of Regulation (EU) 2017/1129, without any prior approval in accordance with article 9 of that regulation.

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

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

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

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

- the CRH individual company financial statements for the period from 1st January 2020 to 31 December 2020 and the related statutory auditors' report, shown on pages 33 to 37 of the 2020 universal registration document filed with the AMF on 5 May 2021 under number D21-0434;
- the CRH individual company financial statements for the period from 1st January 2019 to 31 December 2019 and the related statutory auditors' report, shown on pages 29 to 33 of the 2019 universal registration document filed with the AMF on 25 February 2020 under number D20-0080;
- the management report relating to the financial year ending on 31 December 2020 shown on pages 11 to 25 of the 2020 universal registration document filed with the AMF on 5 May 2021 under number D21-0434;
- the management report relating to the financial year ending on 31 December 2019 shown on pages 11 to 22 of the 2019 universal registration document filed with the AMF on 25 February 2020 under number D20-0080;
- a description of the principal markets on which CRH operates shown on page 82 to 83 of the 2020 universal registration document filed with the AMF on 5 May 2021 under number D21-0434.

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

<https://www.crh-bonds.com/DocRef/2021-D21-0434.pdf>

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

Annual report cross-reference table

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

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This 2021 universal registration document is available on the websites of CRH (www.crh-bonds.com) and the AMF (www.amf-france.org).

HALF-YEARLY MANAGEMENT REPORT

1. CONDUCT OF THE COMPANY'S AFFAIRS

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

1.1.1. BUSINESS OPERATIONS

During the first half of 2022, inflationary pressures resulting from severe supply chain disruption caused by the lockdown strategy in Chinese cities were exacerbated by the impact of the war in Ukraine on food and energy prices.

The uncertainties surrounding how these two events may unfold makes it difficult for the moment to predict when inflation may peak, and how long it may last, especially since the prime cause of this phenomenon differs between the United States and Europe. This places the respective central banks of the two continents in a delicate position as regards gauging the appropriate level to set interest rates to curb inflation without triggering an economic recession.

With regard to the French residential real estate market, the sharp rise in interest rates could of itself threaten borrower solvency, with real estate prices having increased sharply in a fairly tight market in the main cities, and pegging wages to inflation is not necessarily a given. Against this background, restricted access to credit – to which the usury rate level may contribute in the short term – could potentially become a tangible reality. The slowdown in price increases, seen in the second quarter of 2022, could thus herald an economic slowdown.

During the past six months, CRH had no choice but to submit to the interpretation of the European Central Bank (ECB) denying it the ability to rely on the provisions of Article 429 bis, para (1)(e) and (3) of the CRR to deduct refinancing granted to banks from the leverage ratio calculation basis. It has also readied itself to comply with the transposition of the *covered bonds* directive, entering into force on 8 July 2022, and to qualify for the "European high quality covered bond" label.

CRH did not tap the markets. The total amount of loans granted and settled since the company's formation therefore remains at an identical level to the end of 2021, with 93.85 billion euros and 2.4 billion Swiss francs, giving an aggregate amount, converted into euros, of 95.75 billion euros.

Taking into account contractual repayments for the half-year in a total amount of 4.2 billion euros and, in the absence of any contractual early redemptions, the nominal outstanding amount of loans as at 30 June 2022 stood at 16.3 billion euros (compared to 20.5 billion euros at 31 December 2021 and 22 billion euros at 30 June 2021).

The total balance sheet at 30 June 2022 stood at 17.1 billion euros (compared to 21.5 billion euros at 31 December 2021 and 22.9 billion euros at 30 June 2021).

The next contractual repayments are due to take place in September 2022 in an amount of 2.2 billion euros.

1.1.2. EARNINGS

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

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

Net banking income

Since 2019, faced with the long-lasting historically low interest rate environment, CRH has reoriented a significant part of its maturing investments towards long-term fixed-rate investments. This has resulted in an increase in the average rate of return on investment from 0.09% in 2018 to 0.36% in 2021 despite the continued fall in interest rates.

At 30 June 2022, the average rate of return on investments stood at 0.44 %. This growth is the result of the increase in yields due to the sharp rise in interest rates:

- with an amount of 60 million euros in renewals, with in addition the 40 million euros share capital increase in January 2022.
- with an amount of 25 million euros in favourable restructurings of existing investments.

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

Therefore, investment income totalled 1 252 338 euros at 30 June 2022 (compared to 1 993 415 euros at 31 December 2021 and 1 061 663 euros at 30 June 2021).

With the posting of 35,016 euros in income corresponding to the reversal *prorata temporis* of previously set aside provisions on available-for-sale securities transferred during the 2018 financial year to held-to-maturity securities and 33,805 euros for miscellaneous expenses from banking operations, net banking income amounted to 1 253 549 euros at 30 June 2022 (compared to 2 239 074 euros at 31 December 2021 of which 230 000 euros in operating grants and 1 072 135 euros at 30 June 2021).

Other income and expenses

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

Thus in 2022, in accordance with the provisions of Article 5.1 of the internal regulations and clause 3.4 of the "mobilisation agreements", the following expenses have been, or are in the process of being, recharged to borrowers, taking into account, where applicable, the specific features of the relevant borrower:

- the SRF contribution, in the amount immediately charged to expenses of 8 621 480 euros, with the amount paid by CRH being equal to 10 914 200 euros. Note however that since this contribution is determined in the aggregate per country, the portion attributable to CRH would, where applicable, have largely been allocated directly to CRH's shareholders.

- the ECB supervision contribution, which represents an expense of 296,516 euros.
- the ACPR (*Autorité de Contrôle Prudentiel et de Résolution*) and the *Single Resolution Board* expenses, in a cumulative amount of 185,597 euros.
- the fees of the special controller, rating agencies' fees, fees incurred in connection with updating the EMTN programme, fiscal agency and paying agency fees, for a cumulative total of 357,612 euros.

Overhead expenses, excluding recharged expenses, stood at 1 million euros at 30 June 2022 for an annual budget of 2.27 million euros. The increase in forecast costs compared to 2021, when they totalled 2.09 million euros, takes into account the changes to governance planned for the second half-year 2022.

Corporation tax, due to the non-deductibility of the SRF contribution, amounted to 3 014 166 euros.

Net income after corporation tax amounted to 99 461 euros at 30 June 2022.

1.1.3. FINANCIAL POSITION

The prudential capital requirement level for 2022, following the results of the Supervisory Review and Evaluation Process (SREP) for 2022, remains unchanged compared to 2021.

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

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

On that date, the overall (Total capital) requirement is set at 11.25% (excluding “Pillar 2 guidance”¹).

As from 7 April 2023, the CET1 capital requirement is increased to 7.92 % due to the decision D-HCSF-2022-01 which has raised the counter cyclical capital buffer from 0% to 0.5%. The total capital requirement is therefore raised to 11.75 % (excluding “Pillar 2 guidance”).

The negative impact of the deduction from CET1 of the irrevocable payment commitment to the Single Resolution Fund (SRF), which stood at 10.5 million euros at 30 June 2022, is 0.40 %.

After deduction of this regulatory adjustment, CET1 amounts to 592.2 million euros. With a solvency ratio of 27.60% at 30 June 2022 and an equivalent CET1 ratio, CRH is positioned well in excess of the prudential capital requirements applicable as at 30 June 2022.

The leverage ratio calculation now stands at 3.47% as of 30 June 2022.

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

1.2. FORSEEABLE CHANGES IN THE COMPANY'S OUTLOOK

The worsening of negative factors during the first semester 2022 could bring the risk of recession in the second semester 2022:

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

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

Nevertheless, once it has obtained the "European high quality covered bond" label, CRH intends to look once again to its investors.

CRH will also incorporate the potential impact, both on its business and the market in which it operates, of new laws and regulations entering into force, in particular with the European implementation, for global financial stability reasons, of the Basel accords.

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

No significant event specific to the company and affecting, to any material extent, the assessment of its solvency, has occurred since 30 June 2022.

1.4. RESEARCH AND DEVELOPMENT

The company does not conduct any research and development activity.

1.5. ACTIVITY OF SUBSIDIARIES AND CONTROLLED COMPANIES BY INDUSTRY SECTOR

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

2. HEDGING POLICY

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

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

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

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

3.1. INTERNAL CONTROLLERS

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

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

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

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

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

In connection with the transposition of the European covered bonds directive, CRH has appointed a special controller to ensure that the company complies with its legal and regulatory obligations concerning the issuance of covered bonds.

Finally, CRH is therefore, within the framework of bank supervision in the European Union, subject each year to various audit and assessment procedures. Notwithstanding such direct supervision, CRH's operations are also supervised by the *Autorité de contrôle prudentiel et de résolution* pursuant to Article L. 313-49 of the Monetary and Financial Code.

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

The company's senior management is responsible for the preparation and integrity of the financial statements. These financial statements have been prepared and are presented in accordance with generally accepted accounting principles and the regulations applicable to French credit institutions. The financial information presented elsewhere in the annual report is in conformity with the financial statements.

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

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

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

3.3. RISK MANAGEMENT PROCEDURES

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

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

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

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

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

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

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

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

The internal rules are as follows:

- a comprehensive report on CRH's loans is regularly submitted to the board of directors.
- limits on loans granted by CRH are set by senior management in accordance with the credit policy and rules established by the board of directors.
- these limits take into account in particular the institution's rating and the characteristics of the outstanding home-purchase loans eligible for refinancing.

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

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

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

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

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

4. LEGAL INFORMATION

4.1. SECURITIES CONFERRING RIGHTS TO SHARE CAPITAL

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

4.2. DISPOSAL OF SHARES (CROSS HOLDINGS)

CRH does not hold any shares in any company.

4.3. BONUS SHARE AWARDS

There is no bonus share award plan.

4.4. STOCK OPTION AWARDS

There is no stock option award plan.

4.5. TREASURY SHARES

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

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

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

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

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

4.8. PERSONS HOLDING SHARE CAPITAL OR VOTING RIGHTS

The identity of individuals or legal entities holding, directly or indirectly, more than one twentieth of the share capital or voting rights at general meetings and any changes that have occurred during the financial year are indicated in chapter 18, page 70.

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

4.9. DIVIDENDS

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

4.10. SHARE BUYBACKS

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

4.11. DIRECTORS' TRANSACTIONS ON SECURITIES

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

4.12. EMPLOYEE SHARE OWNERSHIP

No employees hold shares in CRH.

4.13. ANTI-COMPETITIVE PRACTICES

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

4.14. ACQUISITIONS OF HOLDINGS OR CONTROL

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

5. FINANCIAL RISKS ASSOCIATED WITH CLIMATE CHANGE

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

6. MISCELLANEOUS INFORMATION

6.1. TRADE PAYABLES SETTLEMENT LEAD TIME

CRH complies with the rules applicable in this area. As of 30 June 2022, trade payables amounted to 24,439 euros. Such trade payables are generally settled in less than one month in compliance with the payment terms granted by suppliers.

CRH has no overdue trade payables.

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

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

Article D. 441 II.: Invoices received during the financial year and settled belatedly None

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

None.

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

Period from 1 January 2022 to 30 June 2022

Sir, Madam, Shareholders,

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

- conducted a limited examination of the half-yearly financial statements of the company Caisse de Refinancement de l'Habitat S.A., in relation to the period from 1st January to 30 June 2022, as attached to this report;
- verified the information contained in the half-yearly management report.

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

1 – CONCLUSION ON THE FINANCIAL STATEMENTS

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

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

2 – SPECIFIC VERIFICATION

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

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

Paris and Paris-La-Défense, 22 July 2022

The statutory auditors

ACA NEXIA
Member of Nexia International

Represented by
Mr Olivier LELONG

ERSNT & YOUNG ET AUTRES

Represented by
Mrs Claire ROCHAS

CHAPTER 1**PERSONS RESPONSIBLE****1.1. PERSON RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT**

Mr Marc NOCART, Chief Executive Officer of CRH.

1.2. DECLARATION BY THE PERSON RESPONSIBLE

I certify, having taken all reasonable care to ensure that such is the case, that the information contained in this amendment to the 2021 universal registration document is, to the best of my knowledge, in accordance with the facts and contains no omission likely to affect its import.

I certify, to the best of my knowledge, that the full financial statements for the past semester have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and net income of the company, and that the half-yearly management report set forth on pages 10 to 18 gives an accurate overview of the significant events that have occurred during the first six months of the financial year, of their impact on the financial statements, the main transactions between related parties and a description of the main risks and uncertainties for the remaining six months of the financial year.

Paris, 5 August 2022

Marc NOCART
Chief Executive Officer

CHAPTER 2**STATUTORY AUDITORS OF THE FINANCIAL STATEMENTS****2.1. STATUTORY AUDITORS****2.1.1. Standing statutory auditors****1) ACA NEXIA**

NEXIA International
Member of the Paris Regional Institute of Statutory Auditors

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

2) ERNST & YOUNG ET AUTRES

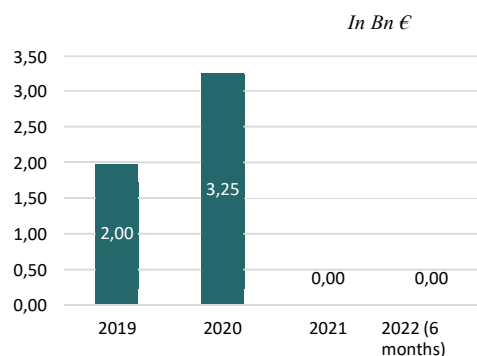
Member of the Versailles Regional Institute of Statutory Auditors

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

CHAPTER 3

SELECTED FINANCIAL INFORMATION

Covered bonds issued



Main balance sheet items at 30 June 2022

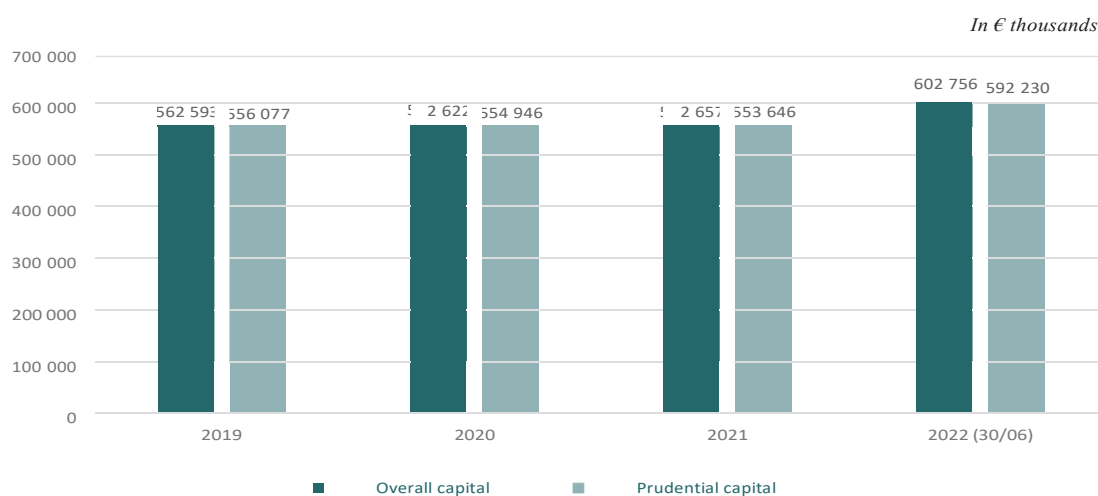
	<i>In € thousands</i>
	30/06/2022
Total assets	21 469 245
Uses of funds: Mortgage Notes (BOH)	20 904 843
Sources of funds: Bond issues	20 904 843

Summary income statement

	<i>In € thousands</i>		
	31/12/2021	30/06/2021	30/06/2022
Net banking income	2 239	1 072	1 253
Gross operating income	2 971	2 672	3 113
Net income	34	-190	99
Return on capital	0.0060 %	-0.0338 %	0.0164 %
Return on assets	0.0000 %	0.0000 %	0.0000 %

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

Capital



Phased solvency ratio



CRH debt ratings at 30 June 2022

Agency	Short term	Long term	Outlook	Rating decision	Latest rating decision
Moody's	N/A	Aaa	Stable	Affirmation of LT rating outlook unchanged	02/06/2022
Fitch Ratings	N/A	AAA	Stable	Affirmation of LT rating outlook unchanged	31/05/2022

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

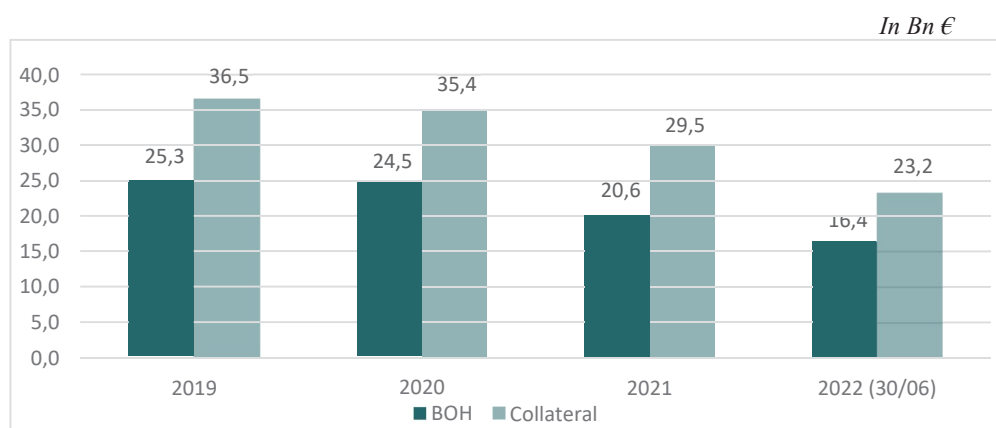


In accordance with CRH's constitutional documents (Articles 6 and 9 of its articles of association), the allocation of share capital is modified at least once each year, within thirty days after the approval of the company's annual financial statements by the shareholders' general meeting, so that the number of shares held by each shareholder is proportionate to the regulatory capital requirement linked to the refinancing granted by CRH to the relevant shareholder. The 2020 allocation was made on the basis of the 29 February 2020 position, the 2021 allocation was made on the basis of the 31 March 2021 position and the 2022 allocation was made on the basis of the 31 January 2022 position.

At 30 June 2022, the capital allocation was not completely finalised, with one shareholder having crossed above one of the regulatory thresholds¹ in expectation of ECB authorisation.

The share capital at 31 December 2020 and 31 December 2021 amounted to 539 994 737.75 euros divided into 35 409 491 shares. On 11 January 2022, the share capital was increased to 578 383 669.50 euros divided into 37 926 798 shares.

Collateral commitments received from borrowers



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

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

CHAPTER 4

RISK FACTORS

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

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

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

4.1. IDENTIFICATION OF RISK FACTORS

4.1.1. CRH is exposed to borrower credit risk and structural risks

CRH has sole liability and possesses limited assets

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

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

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

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

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

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

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

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

As of 30 June 2022, the cover pool amounted to 23.2 billion euros and comprised 419,598 loans. Should such amounts be insufficient to enable CRH to satisfy its obligations under the covered bonds, its sole recourse will be to bring a claim against the defaulting borrower for the amounts unpaid, as an unsecured creditor. If the proceeds of the dual recourse against the relevant borrower and over the transferred home-purchase loans are insufficient to enable payments to be made until maturity under the covered bonds (for more information on the specific risks associated with the cover pool in the event of payment default under a Mortgage Note, see the section “Risk Factors - Risks relating to the cover portfolio” below), this may have a significant negative impact on CRH’s ability to perform its payment obligations under the covered bonds. Accordingly, holders of covered bonds may lose all or part of their investment in these covered bonds.

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

CRH is exposed to credit risk on stakeholders

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

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

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

Conflicts of interest between stakeholders may arise

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

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

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

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

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

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

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

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

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

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

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

Liquidity risk

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

Following the entry into force, on 8 July 2022, of the Directive (EU) /2019/2162, CRH, holder of the European high quality covered bonds issuer label, is henceforth required to constitute a liquidity cushion of 180 days, in accordance with the provisions of article L. 513-8, article 7 of the decree 2021-898 dated 6 July 2021 and article 8 of the decree 2022-766 dated 3 May 2022.

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

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

There is a risk that the maturity date and repayment profile of the home-purchase loans in the cover pool do not match the redemption profile and maturity dates of the bonds. Any such mis-match would result in CRH having a potential liquidity requirement. As of 30 June 2022, the cover pool comprised 419,598 loans with an average duration of 74 months and weighted average residual term of 140 months. The nominal outstanding amount of bonds issued by CRH amounts to 16.4 billion euros and these bonds will mature no later than February 2035.

In accordance with its internal regulations, CRH :

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

- may also request its shareholders to provide additional liquidity support if the amount of such liquidity advances is insufficient to cover any temporary liquidity requirement.

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

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

Foreign exchange risk

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

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

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

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

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

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

Changes to the criteria for the granting of borrower loans

Each home-purchase loan granted by a borrower will have been granted in accordance with its then applicable lending criteria. It is expected that the lending criteria of each borrower will generally take into account the type of asset financed, the term of the loan, the age of the applicant, the loan-to-value ratio of the property, the status of the buyers, the amount of their deposit, the property value / debt service ratio, the available income and the credit history. Satisfaction by the debtor, prior to the granting of the home-purchase loan, of all criteria and conditions required by the originator, in accordance with its procedures, is one of the eligibility criteria for inclusion of such loan in the specific portfolio granted by way of security. Any change to the criteria that adversely impacts on the credit quality of the home-purchase loans may result in increased borrower payment defaults and affect the value of the cover pool, or part thereof, and significantly affect the ability of CRH to make payments under the covered bonds in the event of enforcement of the borrower's security. As of 30 June 2022, the cover pool comprised 419,598 loans with an average balance of 55,400 euros and a weighted average loan-to-value ratio of 36.1% (30.6% on a discounted basis).

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

Housing loan debtor solvency risk

Following a default by a borrower and enforcement of the security, CRH will be exposed to credit risk on the home-purchase loan debtors, being the persons who have borrowed to finance the acquisition of a residential property, and whose ability to make payments on the due date will depend mainly on their assets and liabilities, and their ability to generate sufficient income, which, in turn, could be adversely affected by a great many factors,

some of which (i) specifically concern the debtor himself (ii) are more general in nature (change of tax policy, economic environment ...).

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

Accordingly, CRH's ability to fulfil its obligations under the covered bonds may be adversely affected. As of 30 June 2022, the amount of the cover pool totalled 23.2 billion euros, and comprised 419,598 loans with an average balance of 55,400 euros, a weighted average loan-to-value ratio of 36.1% (30.6% on a discounted basis), an average duration of 74 months and a weighted average residual term to maturity of 140 months.

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

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

Following a default by a borrower and enforcement of the security, CRH will be exposed, for home-purchase loans secured by a guarantee (*caution*), to credit risk on the guarantee provider(s), in the event that the loan debtor is himself in default. As of 30 June 2022, the cover pool comprises loans secured by a mortgage (*garantie hypothécaire*) (87.9% in value) (of which 9.9% benefit from an additional French State guarantee), and loans guaranteed by *Crédit Logement* (11.6%), an independent company which guarantees home-purchase loans and is authorised to operate as a finance company.

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

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

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

Following a default by a borrower and enforcement of the security, CRH will be exposed, in the event of subsequent default of the home-purchase loan debtor, to the value of the relevant property. In any event, the value of the properties securing the home-purchase loans may decrease due to a number of factors, including the domestic or international economic environment, regional economic or housing conditions, changes in tax laws, interest rates, inflation, the availability of finance, returns on alternative investments, increased cost constraints and other day-to-day expenditure, political and government events. Since the properties securing these home-purchase loans are located in France, their value may decrease in the event of a widespread fall in French property values. As of 30 June 2022, 87.9% (in value) of the loans comprising the cover pool are mortgage loans (of which 9.9% benefit from an additional French State guarantee).

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

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

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

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

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

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

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

Operational and structural risks related to the cover pool

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

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

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

As of 30 June 2022, the largest specific cover portfolio comprised 216,147 loans for a total amount of 8.1 billion euros. Accordingly, notifying the debtors of the relevant loans may take time, given that, notwithstanding such notice, there may be a delay before CRH actually receives payment directly from these debtors. This may affect payments being made by the due date under the covered bonds and may result in insufficient funds to meet interest payments or redemptions of principal.

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

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

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

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

In the event of default by a borrower, CRH would be permitted to accelerate payment of all Mortgage Notes affected by such default and to take possession of the overall specific cover pool (including on any subsequent commencement of insolvency proceedings against the borrower). The inability of the borrower or any of its affiliates, acting as collateral provider, to transfer, in accordance with the internal regulations, any additional home-purchase loan receivables, in order to maintain the portfolio cover at the level required to satisfy the specific over-collateralisation ratio notified by CRH to each borrower, just as any fall in the market value of residential home-purchase loan receivables (for reasons of ineligibility, losses or decrease in the value of property, illiquidity of the home-purchase loan market, etc...) could result in insufficient funds being available to CRH to meet its payment obligations under the covered bonds. As of the date of this universal registration document, the minimum legal over-collateralisation ratio applicable to CRH is 105%. As of 30 June 2022, CRH's over-collateralisation ratio was 142%.

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

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

Potential difficulties relating to enforcement of mortgages

Following a borrower default and enforcement of the security, CRH will be exposed, in the event of default by a home-purchase loan debtor, to the French legal procedures for the enforcement of mortgages, and related expenses, and its ability to effectively liquidate the mortgaged properties and obtain payment of the proceeds of enforcement in good time may be affected. As of 30 June 2022, 87.9% (in value) of the residential home-purchase loans underlying the secured assets are mortgage loans (9.9% of which benefit from an additional French State guarantee).

Seizure of real property is subject to very strict rules under French law. There are specific rules applicable to lenders' liens (*privilèges des prêteurs de deniers*) and mortgages registered in the French *départements* Haut-Rhin, Bas-Rhin and Moselle. These specific rules do not substantially modify the main principles of the procedures explained below.

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

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

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

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

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

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

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

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

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

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

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

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

However, after notification of the transfer of the residential home-purchase loan to CRH, the debtor would only be entitled to rely on set-off against CRH if, prior to notification of the transfer, the conditions of legal set-off were satisfied or if the set-off relied upon is between two inter-connected debts. The connectedness of the debts will be determined on a case-by-case basis depending on the factual circumstances existing at the time. The most likely situation under which set-off between connected debts may be contemplated would be where, in respect of counter-claims under a current account relationship, a debtor is able to set-off its counter-claims against sums

owed under a residential home-purchase loan. In this situation, however, French jurisprudence indicates that there is no inter-connection between these claims, notwithstanding the fact that payments under the residential home-purchase loan were made by automatic direct debit from the amounts standing to the credit of the relevant current account, since the parties had no intention from an economic point of view to establish a connection between their current account relationship and the loan transaction.

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

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

4.1.4 Risks relating to the global health crisis

CRH's debtors - also its shareholders – are the major French banking groups particularly sensitive to macro-economic and market conditions in the Euro zone.

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

States - and in particular France, through its State Guaranteed Loan scheme - have supplemented these measures with exceptional fiscal policy decisions (680 billion euros in the case of France) to protect production capacity in the short-term and maintain social cohesion.

After a marked fall of 6.1% in GDP in the Euro zone in 2020, 2021 witnessed an economic recovery with 5.2% growth in GDP, and France even recording 7%, demonstrating the effectiveness of all of these measures, with credit risk having so far remained contained.

However, a scenario of a definitive exit from this health crisis remains difficult to grasp, due to the continuing active circulation of the virus and its mutations, the policy of total lockdown in China, causing waves of disruptive shocks on supply chains, a source of stress on production capacity and raising the spectre of a risk of enduring high inflation levels that has developed.

Added to this are the problems in dealing with the Russo-Ukrainian crisis.

4.1.5 Risks relating to the Russia-Ukraine conflict

The military invasion of Ukraine by Russia in February 2022 has added to the uncertainty and complexity of the situation arising from the COVID pandemic, exacerbating pressures on energy prices and basic foodstuffs: the Eurozone growth forecast of 4% has been downgraded to 2.7%, and Eurostat inflation forecasts to date have reached 8.6%.

Central banks have reacted rapidly by increasing interest rate levels in the context of the ongoing military invasion, against the backdrop of an escalating game of economic sanctions met with retaliatory attrition on energy supplies between the European Union and Russia.

Our borrowing banks may be faced with the possible consequences on credit risk of these two combined crises, should they continue for an extended period. In this regard, the successful implementation of alternative sources of energy supply in Europe will be a key factor in the development of the economic situation in Europe.

Nevertheless, given their financial soundness, reflected by their credit ratings, the attention brought by the central banks to the risk of economic recession by adjusting interest rates, and the support of the public authorities in managing these two crises, they should not have adverse consequences for holders of covered bonds issued by CRH as regards payment of interest and redemption of the principal of these bonds.

4.2. RISK ANALYSIS

4.2.1. Credit risks

a) Breakdown of commitments

CRH's commitments are as follows:

Credit risk exposure	31/12/2021		30/06/2022	
	Balance sheet	Bad debt rate	Balance sheet	Bad debt rate
Mortgage notes	20 904 843	0 %	16 483 936	0 %
Negotiable debt instruments (TCN)	190 012	0 %	130 068	0 %
Demand deposits, term deposits	363 563	0 %	463 050	0 %
Other receivables (re-invoicing...)	1 114	0 %	1 428	0 %
Total exposure to credit institutions	21 459 532	0 %	17 078 482	0 %
Exposure to central bank	525	0 %	322	0 %
Exposure to public sector	10	0 %	32	0 %
Other exposure	40	0 %	41	0 %
Total credit risk exposure	21 460 107	0 %	17 078 877	0 %
Equity holdings, other long-term securities, fixed assets, prepayments and accrued income	128		135	
Exposure deducted from own funds	9 010		10 525	
Total balance sheet	21 469 245		17 089 537	

CRH has no off-balance sheet commitments.

Geographical breakdown of exposure	31/12/2021		30/06/2022	
	Balance sheet	As %	Balance sheet	As %
France	21 415 088	99.79	17 043 788	99.79
United Kingdom	45 019	0.21	35 089	0.21

A breakdown of outstanding loans in nominal value between the main borrowing institutions is provided in Chapter 6, paragraph 6.1.1.4. B), on page 51.

A breakdown of Mortgage Notes, negotiable debt instruments and term deposits by residual maturity is provided in Chapter 20, note 4 of the notes to the annual financial statements, on page 80.

b) Transaction selection process

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

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

- Lending decisions must take into account the institution's rating (determined by the level of its equity, profitability, shareholding structure and credit rating) and the characteristics of the loan portfolio to be refinanced.
- The amount of the loan is limited to a level such that the institution should be able to cover the loan granted without difficulty until its final maturity, assuming no further new lending and an average annual prepayment rate.
- To avoid an excessive concentration of CRH's commitments with a single institution, and despite the effective pledging of a cover pool, the proportion of CRH's total lending to any one institution is capped at 40% of the total amount outstanding.
- The following are also regularly monitored:
 - CRH's new loans as a percentage of the borrowing institution's annual new borrowing.
 - CRH's loans as a percentage of the total assets of the borrowing institution and of the amount of its own funds.
 - CRH's loans to the borrowing institution as a percentage of the amounts reported by the institution to the *Autorité de contrôle prudentiel et de résolution*.
 - The ratio of liabilities covered (including CRH's loans) to the total assets of the borrowing institutions.
- The actual decision on whether or not to lend to an institution is made by CRH's senior management..

c) Credit risk mitigation mechanism

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

These loans must themselves be secured either by a first ranking mortgage or real property security conferring equivalent security, or benefit from a guarantee (*caution solidaire*) from a credit institution, a finance company or an insurance company having own funds of at least 12 million euros, which is not included in the consolidation scope of which CRH forms part and whose credit quality rating is at least equal to 2.

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

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

Date	Mortgage Notes (nominal value assessed as of the closing date)	Amount of cover pool		Over-collateralisation rate As %	
		Gross	Net *	Gross	Net *
		In Bn €			
31/12/2021	20.6	29.5	27.0	43	31
30/06/2022	16.4	23.2	21.4	42	30

* Estimated amount of cover pool excluding non-qualifying loans

d) Use of credit derivatives

CRH does not use any credit derivatives.

e) Investment of own funds

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

Breakdown per type of investment	31/12/2021		30/06/2022	
	Balance sheet	As %	Balance sheet	As %
	In € thousands			
Sight deposit accounts	3 763	0.68	3 224	0.54
Term deposit accounts	359 000	64.96	459 000	77.52
Negotiable debt instruments (TCN)	189 913	34.36	129 948	21.94
Total	552 676	100.00	592 172	100.00

Breakdown per counterparty	31/12/2021				30/06/2022			
	Number	+ high	+ low	Average	Number	+ high	+ low	Average
	In € thousands							
Credit institutions	8	24.43 %	1.81 %	18.55 %	7	23.83 %	5.91 %	19.04 %

Breakdown per external rating as of 30 June 2022 (As %)															
Standard & Poor's				Moody's				Fitch Ratings				NA			
ST	LT	ST	LT	ST	LT	ST	LT	ST	LT	ST	LT	ST	LT	ST	LT
A-1	A+	A-1	A	P-1	Aa3	P-1	A1	F1+	AA-	F1	A+	F1	A		
47.47		50.85	1.69	49.15		50.85		47.47		29.74		22.80			0

In € thousands

Initial term of the investments excluding demand deposits and accrued interest	31/12/2021	30/06/2022
Three months and less	0	0
Three to six months	0	0
Six months to one year	0	0
One to two years	0	0
Two to three years	30 000	10 000
Three to five years	34 988	105 000
More than five years	483 925	473 948
Total	548 913	588 948
Fixed rate/floating rate breakdown (including sight deposits)	31/12/2021	30/06/2022
Fixed rate	53 %	53 %
Floating rate *	47 %	47 %
Total	100 %	100 %

* €STR or 3 month Euribor only

Average annual yield	30/06/2021 : 0.39 %	30/06/2022 : 0.44 %

4.2.2. Interest rate risk

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

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

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

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

In € thousands

Impact on pre-tax net income during the next 12 months as at 30 June 2022	
Variation of + 2 % in interest rates	+ 2 189
Variation of - 2 % in interest rates	- 1 391

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

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

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

In € thousands

ISIN Code	Gross book value	Net book value	Unrealised gains	Unrealised losses
FR0013265667	10 000	10 000	0	90
FR0013285509	20 000	19 996	74	0
FR0013327681	10 000	10 000	0	82
FR0014000LJ2	10 000	10 000	0	1113
FR0014001400	15 000	15 000	0	741
FR0014001GH4	10 000	10 000	0	1648
FR0124497985	10 000	9 952	4	0
FR0124980220	15 000	15 000	0	188
FR0126566159	10 000	10 000	0	1661
FR0126818147	20 000	20 000	0	4031
Total	130 000	129 948	78	9 554

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

Residual term as at 30/06/2022	Assets: Mortgage Notes (a)		Liabilities: bond issues (b)		Net exposure before hedging (c) = (a) - (b)	
	Fixed rate	Floating rate	Fixed rate	Floating rate	Fixed rate	Floating rate
No more than one year	5 253 164	0	5 253 164	0	0	0
One to two years	4 175 605	0	4 175 605	0	0	0
Two to five years	3 864 217	0	3 864 217	0	0	0
More than five years	3 004 961	0	3 004 961	0	0	0
Total	16 297 947	0	16 297 947	0	0	0

4.2.3. Foreign exchange risk

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

In € thousands

At 30/06/2022	Included in assets: Mortgage Notes (a)	Included in liabilities: bonds (b)	Foreign currency liabilities (c)	Net position before hedging (d) = (a) – (b) +/- (c)
EUR	15 722 249	15 722 249	0	0
CHF	575 698	575 698	0	0
Total	16 297 947	16 297 947	0	0

At 30/06/2022	Impact on pre-tax net income	
	10 % increase	10 % decrease
CHF	0	0

4.2.4. Equity risk

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

4.2.5. Liquidity risk

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

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

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

The table providing a breakdown of Mortgage Notes and bond issues by residual maturity, set forth in Chapter 20, note 4 page 80 of the notes to the annual financial statements, illustrates this perfect matching.

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

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

Normally:

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

- funds corresponding to the final maturities of the euro and Swiss franc Mortgage Notes (principal and interest) are received five business days before the due date for redemption of the Euro bonds and Swiss franc bonds with the same maturity and interest rate,
- funds received before maturity are deposited with the central bank or are used in French government security *repo* transactions pending their maturity,
- in addition, CRH usually maintains readily available liquidity to enable it meet ad hoc liquidity requirements, notably intra-day requirements.

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

4.2.6. Industrial and environmental risks

Not applicable.

4.2.7. Legal risks

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

The legal risk associated with CRH's operations has in the past been widely audited internally by the risk committee and the rating agencies, and is still subject to regular review by CRH with the assistance of eminent legal experts.

At CRH's request, specific provisions were added to the French savings and financial security law (*Loi Épargne et Sécurité Financière*) of 25 June 1999 to eliminate any uncertainty surrounding CRH's ownership rights over receivables pledged in the event that a borrower files for protection from creditors.

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

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

4.2.8. Operational risks

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

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

4.3. INTERNAL CONTROL

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

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

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

- it is first necessary to highlight the transparency of CRH's operations which are described in a prospectus and summarised in the universal registration document;
- its operations are strictly limited by its corporate objects;
- its operations are codified by the internal regulations signed by the shareholders and published in the registration document;
- it has no foreign operations or subsidiaries;
- because of CRH's small headcount, Senior Management is responsible for monitoring the cogency and effectiveness of internal control.

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

CHAPTER 5

INFORMATION CONCERNING THE COMPANY

The information relating to CRH, other than as updated below, is detailed in the universal registration document 2021 pages 62 to 67.

5.1. HISTORY, DEVELOPMENT OF THE COMPANY, LEGISLATION

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

5.1.4.3. Laws and regulations

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

- article 13 of the law n° 85-695 dated 11 July 1985, supplemented by article 36 of the Law n° 2006-872 dated 13 July 2006, as amended by article 4 of order n° 2021-858 dated 30 June 2021 (see Schedule 1 page 99);
- article 5 of decree n° 2021-898 dated 6 July 2021 (see Schedule 1 page 99);
- articles L. 313-42 to L. 313-49 of the Monetary and Financial Code codifying the provisions of article 16 of the Law n° 69-1263 dated 31 December 1969, as amended by articles 12 and 13 of the Law n° 85-695 dated 11 July 1985, by article 113 of the Law n° 99-532 dated 25 June 1999, by article 16 of order n° 2008-556 dated 13 June 2008, by article 3 of order n° 2013-544 dated 27 June 2013 and by article 1 of order n° 2021-858 dated 30 June 2021 (see Schedule 2 page 103);
- articles L. 513-2 to L. 513-27 of the Monetary and Financial Code relating to property finance companies (*sociétés de crédit foncier*) as amended by article 2 of order n° 2021-858 dated 30 June 2021 (see Schedule 2 page 103);
- article R. 214-21 of the Monetary and Financial Code as amended by article 1 of decree n° 2021-898 dated 6 July 2021 (see Schedule 3 page 113);
- articles R. 313-20 to R. 313-25 of the Monetary and Financial Code as amended by article 2 of decree n° 2021-898 dated 6 July 2021 (see Schedule 3 page 113);
- articles R. 513-1-A to R. 513-18 of the Monetary and Financial Code as amended by article 3 of decree n° 2021-898 dated 6 July 2021 (see Schedule 3 page 113);
- Order dated 17 February 2014 amending the order dated 23 December 2013 on the application of article 493 (3) of Regulation (EU) n° 575/2013 of the European Parliament and of the Council dated 26 June 2013 on the prudential requirements for credit institutions and investment firms (see Schedule 3 page 113);
- Regulation n° 99-10 of the French Banking and Financial Regulatory Committee on the valuation of financed assets to be taken into account in determining the mobilisable portion of a (see Schedule 4 page 122);

- Regulation (EU) n° 575/2013 of the European Parliament and of the Council dated 26 June 2013 referred to hereafter as the CRR;
- Directive 2013/36/EU of the European Parliament and of the Council dated 26 June 2013;
- Directive 2019/2162/EU of the European Parliament and of the Council dated 27 November 2019.

B) CRH's position with regard to banking regulations

Since 1 January 2022, due to the decrease in the size of its balance sheet, CRH is under the supervision of the *Autorité de contrôle prudentiel et de résolution* (ACPR). Previously, it fell under the ECB's direct supervision.

The prudential capital requirement for 2022, following the results of the Supervisory Review and Evaluation Process (SREP) for 2021, is unchanged from 2021.

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

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

At that date, the overall (Total capital) requirement is set at 11.25% (excluding "Pillar 2 guidance"¹).

As from 7 April 2023, the CET1 capital requirement is increased to 7.92 % due to the decision D-HCSF-2022-01 which has raised the counter cyclical capital buffer from 0% to 0.5%. The total capital requirement is therefore raised to 11.75 % (excluding "Pillar 2 guidance").

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

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

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

For the purpose of its solvency ratio calculation, CRH has asked for these Mortgage Notes to be rated. Thus, 88% of the outstanding Mortgage Notes are rated, and only the Mortgage Notes issued by two institutions were not rated as of 30 June 2022.

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

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

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

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

- Since 1 January 2014, Mortgage Notes issued before 31 December 2013 are excluded from the major risks base in accordance with the above-mentioned ministerial decree.

- Henceforth, Mortgage Notes will benefit until 2029 from the temporary exemption provided under Article 493-3 (e) of the CRR. When queried by the European Commission, the European Banking Authority recommended, in its report published on 24 October 2016, that such exemption be maintained.

The reform of the European capital requirements regulation published in the official Journal of the European Union on 7 June 2019 confirmed the provisions regarding inter-dependent assets and liabilities for the purpose of the NSFR calculation.

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

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

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

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

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

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

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

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

Under regulation (EU) n° 575/2013, covered bonds satisfying the requirements of article 129 of that regulation are treated equally insofar as they are rated as credit quality level 1. The treatment in such regard of the CRH bonds is therefore de facto unchanged.

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

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

The decree n° 2000-664 conferred upon the CRH bonds the special treatment referred to in article 4 of decree n° 89-623 dated 6 September 1989, corresponding to the provisions of article 52.4 of the European UCITS directive 1985. This derogation enables an undertaking for collective investment in transferable securities to invest up to 25% of its assets in CRH bonds (provided that the value of the bonds benefiting from this derogation does not exceed 80% of total assets). These provisions are codified in article R. 214-21 of the Monetary and Financial Code (see Schedule 3 page 113).

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

No other significant events specific to the company affecting, to a material extent, an assessment of its solvency, has occurred since 30 June 2022.

5.2. INVESTMENTS

5.2.1. Investments made during the last three financial years

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

	In € thousands			
	2019	2020	2021	2022*
Tangible fixed assets	9	27	3	0
Intangible fixed assets	10	0	34	0
Research and Development expenses	0	0	0	0
A-Total equipment investments	19	27	37	0
Equity securities	0	0	0	0
B-Total investments (equity securities)	0	0	0	0
C-Total investments: A + B	19	27	37	0

* Figures taken as at 30/06/2022.

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

Intangible fixed assets relate to acquisitions of standard software.

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

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

5.2.2. Principal investments in progress

There are no investments in progress.

5.2.3. Main scheduled investments

As at 30 June 2022, no firm and definitive commitments have been entered into with any third party in respect of any material investments.

CHAPTER 6

BUSINESS OVERVIEW

The information relating to CRH, other than as updated below, is detailed in the universal registration document 2021 pages 68 to 77.

6.1. PRINCIPAL ACTIVITIES

6.1.1. Company formation and description of business operations.

6.1.1.4. Refinancing

A) Changes in the amount of loans granted

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

Financial year	In Bn €			
	2019	2020	2021	2022*
Amount of loans granted	2	3,25	0	0

* Figures taken as at 30/06/2022.

B) Changes in loan amounts outstanding

The following table shows changes in the nominal value of CRH's loans outstanding since 31 December 2021.

Borrower credit institutions	In € millions				
	31/12/2019	31/12/2020	31/12/2021	30/06/2022	30/06/2022 (as %)
Crédit Agricole SA	8 024	7 874	6 950	5 486	33.7
Société Générale	5 481	4 426	3 466	2 661	16.3
Banque Fédérative du Crédit Mutuel	4 424	3 820	3 038	2 268	13.9
BPCE	1 951	2 780	2 483	2 290	14.1
Caisse Centrale du Crédit Mutuel	1 829	2 167	1 964	1 689	10.4
BNP Paribas	2 385	2 145	1 665	1 195	7.3
Crédit Lyonnais	892	844	689	439	2.7
Crédit Mutuel Arkéa	187	267	267	267	1.6
All borrowers	25 173	24 323	20 522	16 295	100.0

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

C) Outstanding loans of CRH's credit institution shareholders

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

The overall amounts are shown in the following table:

At 31 March 2022

	Total outstanding loans for all credit institutions	Outstanding loans of CRH credit institution shareholders	
	In Bn € (1)	In Bn € (2)	As % of total
Domestic home loans	1 358.0	1 113.3	82

(1) Source: Banque de France, Webstat statistics.

(2) Source: CRH estimates based on SURFI returns communicated by shareholders and shareholder publications.

CRH shareholder groups hold 82% of all domestic home loans.

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

Various overall figures are presented in the table below:

Position as of 31 March 2022

		In Bn €	
Uses of funds by monetary financial institutions		Sources of funds of monetary financial institutions	
Domestic home loans	1 358.0	Regulated sources (<i>not including</i> <i>"Livrets A" and "Livrets bleus"</i>)	792.4
		Covered bonds	243.7
		- of which CRH 18.6	
Other uses	10 131.7	Other sources	10 453.6
		- of which capital & reserves	715.8
		- of which non-regulated deposits	1 621.9
Total uses	11 489.7	Total sources	11 489.7

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

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

Note however the following:

- that CRH's forced period of inactivity for 6 years had a very significant impact on its market share in covered bond refinancing of housing loans,
- that banks' regulated sources of funds contribute to a large extent to the financing of their housing loans,
- that certain "covered bonds" are used not only to refinance housing loans granted in France, but also mortgage loans to industrial and commercial companies, loans to the public sector and regional governments, or units in foreign debt securitisation funds and foreign residential mortgage-backed securities, whereas CRH only refinances home purchase loans granted in France.

6.1.1.5. Bond issues

CRH refinances credit institutions by issuing bonds. The bonds that it issues constitute debt within the meaning of article 13 of the Law n° 85-695 (see Schedule 1 page 99).

A) Changes in annual issuance amounts

During the first semester 2022, no issues were made. CRH redeemed 2 301 million euros in bonds, bringing the outstanding aggregate nominal amount to 22 021.98 million euros.

C) Bond issue timetable at 30 June 2022

Bond issue	Redemption date	ISIN Code	Number of securities	Nominal unit value	Outstanding in millions	Currency
CRH 3.30 % September 2022	23/09/2022	FR0010945451	2 200 000 000	1	2 200	EUR
CRH 4.30 % February 2023	24/02/2023	FR0011011188	2 895 000 000	1	2 895	EUR
CRH 1.375 % March 2023	15/03/2023	CH0204477290	40 000	5 000	200	CHF
CRH 3.90 % October 2023	20/10/2023	FR0011133008	1 381 325 000	1	1 381	EUR
CRH 2.375 % March 2024	05/03/2024	CH0148606137	70 000	5 000	350	CHF
CRH 3.60 % March 2024	08/03/2024	FR0011213453	2 500 000 000	1	2 500	EUR
CRH 2.40 % January 2025	17/01/2025	FR0011388339	1 493 240 000	1	1 493	EUR
CRH 1.75 % June 2025	26/06/2025	CH0212937244	30 000	5 000	150	CHF
CRH 0.01% November 2026	27/11/2026	FR0013463551	10 000	100 000	1 000	EUR
CRH 0.125 % April 2027	30/04/2027	FR0013510476	12 500	100 000	1 250	EUR
CRH 0.01% February 2028	07/02/2028	FR0013480522	12 500	100 000	1 250	EUR
CRH 0.01% October 2029	08/10/2029	FR0013451796	10 000	100 000	1 000	EUR
CRH 0.25% February 2035	07/02/2035	FR0013480514	7 500	100 000	750	EUR
Total					15 719	EUR
					700	CHF

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

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

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

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

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

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

In the first semester 2022, banks' funding requirements were largely met thanks to the European Central Bank's (ECB) huge support package for the Eurozone economy.

CRH took the opportunity following the recent rise in interest rates to adjust the investment strategy implemented in previous years to deal with the effects of the ECB's "*quantitative easing*" policy, by shortening the term of its investments.

6.4. STRATEGY AND OBJECTIVES

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

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

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

Initial progress was achieved in terms of major risks in March 2016 with the amendment of the articles of association and internal regulations.

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

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

In the months to come, CRH will have to integrate the potential impact, both on its business and on its market, of laws and regulations entering into force, in particular as part of European harmonisation or with the aim of global financial stability, materialised by the Basel accords.

Nevertheless, boosted by its successful return to the markets in 2019 and 2020, CRH intends to solicit its investors once again during the second semester 2022, under the “European covered bond (premium)” label, given the redemption of existing series of notes, maintaining high levels of housing loan output and the ECB’s planned tightening of monetary policy.

6.6. ISSUER STATEMENTS CONCERNING ITS COMPETITIVE POSITION

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

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

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

CHAPTER 7

ORGANISATIONAL CHART

The company's structural organisation and dependency on other group entities are set out in detail in the universal registration document 2021, page 78.

CHAPTER 8

REAL ESTATE PROPERTY, PLANT AND EQUIPMENT

For Chapter 8, please refer to the universal registration document 2021, page 79.

CHAPTER 9**OPERATING AND FINANCIAL REVIEW****9.1. FINANCIAL POSITION**

An analysis of the financial position 2022 is set forth in paragraph 1.1.3. Financial Position of the half-yearly management report, on page 12 of this document.

9.2. OPERATING RESULTS**9.2.1. Description of the company's earnings**

The analysis of the 2022 earnings is detailed in section 1.1.2. (Earnings) of the half-yearly management report, on page 11 of this document.

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

9.2.2. Financial statements

Please refer to Chapter 20 (Financial information concerning the issuer's assets and liabilities, financial position and earnings), on page 72 of the this document.

A table showing the company's financial results for the last five financial years is set forth on page 23 of the 2021 universal registration document.

9.2.3. Foreseeable outlook in the Company's position

The foreseeable outlook in the Company's position is set forth in section 1.2. of the half-yearly management report, on page 13 of this document.

CHAPTER 10**CAPITAL RESOURCES AND CASH FLOW****10.1. THE COMPANY'S CAPITAL RESOURCES (SHORT AND LONG-TERM)**

The information relating to changes in CRH's own funds during the last three financial years are detailed in note 9 "Common Equity Tier 1 (CET1)" to the Company's financial statements in Chapter 20 of the universal registration document, page 108. Such information as updated is set forth in note 9 "Common Equity Tier 1 (CET1)" to the Company's financial statements in Chapter 20 of this document, page 83.

The breakdown of CRH's receivables and liabilities according to their remaining term for the last three financial years is detailed in note 4 "Breakdown of receivables and liabilities by residual maturity" to the Company's financial statements, in Chapter 20 of the universal registration document, page 105. Such information as updated is set forth in note 4 "Breakdown of receivables and liabilities by residual maturity" to the Company's financial statements in Chapter 20 of this document, page 80.

The details and maturity schedule of the CRH bonds are provided in paragraph 6.1.1.5. of the universal registration document, page 72. Such information as updated is set forth in paragraph 6.1.1.5 of this document, page 53. For the two preceding financial years, such information was included in paragraph 6.1.1.5 of the 2020 universal registration document filed with the *Autorité des marchés financiers* on 7 May 2021 under number D. 21-0434 and the 2019 universal registration document filed with the *Autorité des marchés financiers* on 25 February 2020 under number D. 20-0080.

CRH has no short-term debt.

10.2. SOURCES AND AMOUNTS, WITH NARRATIVE DESCRIPTION, OF CASH FLOWS

The cash flow amounts recorded over the last three financial years are summarised in the net cash flow statement contained in the CRH financial statements in Chapter 20 of the universal registration document, page 100.

The cash flow amounts recorded over the period under review are summarised in the net cash flow statement contained in the CRH financial statements in Chapter 20 of this document, page 75.

10.3. BORROWING REQUIREMENT AND FINANCING STRUCTURE

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

Main balance sheet items:

	In € thousands
	30/06/2022
Total assets	17 089 538
Uses of funds: Mortgage Notes (BOH)	16 483 936
Sources of funds: Bond issues	16 483 936

CHAPTER 11

RESEARCH AND DEVELOPMENT, PATENTS AND LICENCES

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

CHAPTER 12**TREND INFORMATION****12.1. MAIN TRENDS AFFECTING THE COMPANY'S OPERATIONS DURING THE FIRST SEMESTER 2022**

During this first half of 2022, inflationary pressures resulting from severe supply chain disruption caused by the lockdown strategy in Chinese cities were exacerbated by the impact of the war in Ukraine on food and energy prices.

The uncertainties surrounding how these two events may unfold makes it difficult for the moment to predict when inflation may peak, and how long it may last, especially since the prime cause of this phenomenon differs between the United States and Europe. This places the respective central banks of the two continents in a delicate position as regards gauging the appropriate level to set interest rates to curb inflation without triggering an economic recession.

With regard to the French residential real estate market, the sharp rise in interest rates could of itself threaten borrower solvency, with real estate prices having increased sharply in a fairly tight market in the main cities, and pegging wages to inflation is not necessarily a given. Against this background, restricted access to credit – to which the usury rate level may contribute in the short term – could potentially become a tangible reality. The slowdown in price increases, seen in the second quarter of 2022, could thus herald an economic slowdown.

During the past six months, CRH had no choice but to submit to the interpretation of the European Central Bank (ECB) denying it the ability to rely on the provisions of Article 429 bis, para (1)(e) and (3) of the CRR to deduct refinancing granted to banks from the leverage ratio calculation basis. It has also readied itself to comply with the transposition of the *covered bonds* directive, entering into force on 8 July 2022, and to qualify for the "European high quality covered bond" label.

Against this background, CRH did not tap the markets.

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

In the months to come, CRH will have to integrate the potential impact, both on its business and on its market, of laws and regulations entering into force, in particular with the European implementation, for global financial stability reasons, of the Basel accords.

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

Nevertheless, boosted by its successful return to the markets in 2019 and 2020, CRH intends to solicit its investors once again during the second semester 2022, under the "European covered bond (premium)" label, given the redemption of existing series of notes, maintaining high levels of housing loan output and the ECB's planned tightening of monetary policy.

CHAPTER 13

PROFIT FORECASTS OR ESTIMATES

This document does not contain any forward-looking information.

CHAPTER 14

ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

The information on the administrative, management and supervisory bodies other than as updated herein, is detailed in the 2021 universal registration document, pages 86 to 88.

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

14.1.0. Honorary chairmen

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

14.1.1. Board of directors

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

- | | |
|---|------------------------|
| <p>- Caisse Centrale du Crédit Mutuel
 represented by Mrs Emmanuelle REVOLON
 Finance Director
 46 rue du Bastion – 75017 PARIS.
 First appointment on 10/04/1990,
 appointment renewed for 6 years on 15/04/2021.</p> | <p>Director</p> |
| <p>- Crédit Agricole SA
 represented by Mrs Nadine FEDON
 Group Head of Refinancing
 12 place des États Unis – 92127 MONTROUGE CEDEX.
 First appointment of Caisse Nationale de Crédit Agricole
 on 12/05/1987, appointment renewed for 6 years on 15/04/2021.</p> | <p>Director</p> |
| <p>- Crédit Lyonnais
 represented by Mr Gilles RAYNAUD
 Head of Financial Management
 10 avenue de Paris – 94800 VILLEJUIF
 First appointment on 19/04/1988,
 appointment renewed for 6 years on 15/04/2021.</p> | <p>Director</p> |
| <p>- Société Générale
 represented by Mr Arnaud MEZRAHI
 Head of Group Funding
 17 cours Valmy – 92972 PARIS LA DÉFENSE CEDEX.
 First appointment on 21/10/1985,
 appointment renewed for 6 years on 15/04/2021.</p> | <p>Director</p> |

14.1.2. Persons responsible for management

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

14.1.3. Other positions held by corporate officers at 30 June 2022

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

CHAPTER 14 ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

Mrs Nadine FEDON

- Director and CEO of Crédit Agricole Home Loan SFH
- Director and CEO of Crédit Agricole Public Sector SCF
- Director of European Data Warehouse (EDW)

Mr Gilles RAYNAUD

- Director of Armines
- Director of Transvalor
- Director of Cariou Holding
- Director of LCL Émission

Mr Arnaud MEZRAHI

- Director and deputy CEO of Société Générale SCF
- Director and deputy CEO of Société Générale SFH

CHAPTER 15

COMPENSATION AND BENEFITS

For Chapter 15, please refer to the 2021 universal registration document, page 89.

CHAPTER 16

FUNCTIONING OF THE ADMINISTRATIVE AND MANAGEMENT BODIES

For the functioning of the administrative and management bodies, please refer to the 2021 universal registration document, pages 90 to 91.

CHAPTER 17

EMPLOYEES

For Chapter 17, please refer to the 2021 universal registration document, page 92.

CHAPTER 18

PRINCIPAL SHAREHOLDERS

The information on the principal shareholders, other than as updated herein, is detailed in the 2021 universal registration document, pages 93 to 94.

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

The allocation of the share capital must be modified each year, within a period of thirty (30) days following approval of the annual financial statements by the general assembly, so that the number of shares held by each shareholder is proportionate to the regulatory capital requirement related to the refinancing granted by CRH to the shareholder concerned. Such allocation is generally made on the basis of the situation existing as of 31 December of the preceding financial year, unless the board of directors specifies another date.

The table below lists all of CRH's shareholders as at 30 June 2022.

Shareholder groups	At 30 June 2022			
	Number of shares	As %	Number of voting rights (1)	As %
Crédit Agricole	11 478 733	30.27	1 111	17.13
Crédit Lyonnais	1 090 306	2.87	288	4.44
Sub-total Crédit Agricole Group	12 569 039	33.14	1 399	21.57
Banque Fédérative du Crédit Mutuel	5 806 223	15.31	1 054	16.26
Caisse Centrale du Crédit Mutuel	5 215 589	13.75	1 038	16.01
Crédit Mutuel Arkéa	553 567	1.46	146	2.25
Sub-total Confédération Nationale du CM	11 575 379	30.52	2 238	34.52
Société Générale	5 936 079	15.65	1 057	16.30
BPCE	4 976 657	13.12	1 032	15.92
BNP Paribas	2 869 643	7.57	757	11.67
Mr Olivier HASSLER	1	0.00	1	0.02
Total	37 926 798	100	6 484	100

(1) For calculation of voting rights, see article 23 of the articles of association in schedule 5, page 129.

At 30 June 2022, the capital allocation was not completely finalised, with one shareholder having crossed above one of the regulatory thresholds¹ in expectation of ECB authorisation.

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

CHAPTER 19

RELATED-PARTY TRANSACTIONS

During the first semester 2022, CRH did not enter into any transaction within the meaning of article R. 123-199-1 of the Commercial Code with any related party.

CHAPTER 20**FINANCIAL INFORMATION ON THE COMPANY'S ASSETS AND LIABILITIES,
FINANCIAL POSITION AND PROFITS AND LOSSES**

Details of the financial information on the Company's assets and liabilities, financial position and profits and losses, other than as updated below, can be found in the 2021 universal registration document, pages 96 to 123.

20.1. HISTORICAL FINANCIAL INFORMATION**BALANCE SHEET**

In € thousands

ASSETS	Note	30/06/22	30/06/21	31/12/21
CASH, CENTRAL BANKS		323	393	525
LOANS AND ADVANCES TO CREDIT INSTITUTIONS		463 049	384 808	363 563
- Demand deposits		3 224	5 199	3 763
- Term deposits	4	459 000	379 000	359 000
- Accrued interest		825	609	800
BONDS AND OTHER FIXED INCOME SECURITIES		16 614 004	22 454 842	21 094 855
- Securities (held to maturity)	3-4-5-6	16 427 895	22 153 408	20 680 492
- Securities (available for sale)	4-5-6	0	30 000	30 000
- Accrued interest		186 109	271 434	384 363
INTANGIBLE FIXED ASSETS		22	36	28
TANGIBLE FIXED ASSETS		20	32	28
- Office furniture		0	0	0
- Fittings		8	10	9
- Miscellaneous equipment		5	6	6
- Office automation equipment		7	16	13
OTHER ASSETS	7	12 005	9 931	10 146
PREPAYMENTS AND ACCRUED INCOME	7	115	105	100
TOTAL		17 089 538	22 850 147	21 469 245

In € thousands

LIABILITIES	Note	30/06/22	30/06/21	31/12/21
CENTRAL BANKS		58	0	0
DEBTS REPRESENTED BY A SECURITY		16 483 936	22 284 868	20 904 843
- Bond issues	3-4	16 297 947	22 013 530	20 520 579
- Accrued interest		185 989	271 338	384 264
OTHER LIABILITIES	7	1 796	1 661	301
PREPAYMENTS AND ACCRUED INCOME	7	759	945	1 194
PROVISIONS	8	233	240	250
SHAREHOLDERS' EQUITY EXCLUDING FUNDS FOR GENERAL BANKING RISKS (FGBR)	9	602 756	562 433	562 657
- Subscribed share capital		578 384	539 995	539 995
- Share premium		19 432	17 820	17 820
- Statutory reserves		3 260	3 259	3 259
- Other reserves		1 122	1 122	1 122
- Retained earnings		459	427	427
- Net income for the year		99	-190	34
TOTAL		17 089 538	22 850 147	21 469 245

OFF-BALANCE SHEET

In € thousands

COMMITMENTS RECEIVED	Note	30/06/22	30/06/21	31/12/21
FINANCING COMMITMENTS RECEIVED FROM CREDIT INSTITUTIONS	10	814 749	1 216 154	1 026 099
GUARANTEE COMMITMENTS RECEIVED FROM CREDIT INSTITUTIONS	11	23 242 300	31 692 167	29 509 760

INCOME STATEMENT

In € thousands

	Note	30/06/22	30/06/21	31/12/21
+ Interest and similar income	12	241 092	316 783	618 490
- On transactions with credit institutions				
. Demand deposits		-43	-104	-120
. Term accounts and loans				
. Advances under § 5.3 of the internal regulations		970	849	1 529
On bonds and other fixed-income securities		441	278	429
. Securities (<i>available for sale</i>)		38	60	120
. Securities (<i>held to maturity</i>)				
		239 686	315 700	616 532
- Interest and similar expenses	12	-239 750	-316 056	-616 705
- On bonds and other fixed-income securities				
. Interest		-239 392	-315 496	-616 084
. Issuance and management fees		-358	-560	-621
+/- Translation differences	12	0	0	0
+/- Commission	12	-5	-5	-10
+/- Other income from banking operations	12	358	560	851
+/- Other expenses from banking operations	12	-442	-210	-387
NET BANKING INCOME	12	1 253	1 072	2 239
- General operating expenses	13	-10 103	-9 171	-10 430
- Payroll expenses		-687	-735	-1 300
- Other administrative expenses				
. Taxes other than income tax		-9 134	-7 988	-8 423
. External services		-282	-448	-707
- Depreciation, amortisation and provision expenses related to intangible and tangible fixed assets	13	-14	-10	-25
+ Other operating income	13	11 977	10 781	11 187
GROSS OPERATING INCOME		3 113	2 672	2 971
+/- Cost of risk		0	0	0
OPERATING INCOME		3 113	2 672	2 971
+/- Gains or losses on fixed assets		0	0	0
PRE-TAX INCOME FROM ORDINARY OPERATIONS		3 113	2 672	2 971
+/- Non-recurring items		0	0	0
- Corporation tax (<i>impôt sur les sociétés</i>)	14	-3 014	-2 862	-2 937
+/- Reversals/allocation of FGBR and regulated provisions		0	0	0
NET INCOME		99	-190	34

NET CASH FLOW STATEMENT

In € thousands

	30/06/22	30/06/21	31/12/21
Cash flow from operating activities			
Net income before taxes	3 114	2 672	2 971
Non-cash items:			
Depreciation and amortisation expenses	14	10	25
Net charge to provisions	-52	-17	-42
Net charge to FRBG	0	0	0
Other non-cash items	-440	-89	-28
Total non-cash items included in net income and other adjustments	-478	-96	-45
Changes in transactions with credit institutions:			
Increase in term deposits and negotiable instruments (TCN)	-100 000	-145 000	-180 000
Term deposits and negotiable instruments (TCN) reaching maturity	60 000	145 000	180 000
Changes in non-financial assets and liabilities:			
Other assets	-1 858	-1 169	-1 384
Other liabilities	-185	45	11
Taxes paid	-1 334	-1 365	-2 767
Net change in assets and liabilities from operating activities	-43 377	-2 489	-4 140
Net cash flow used in operating activities (A)	-40 741	87	-1 214
Net cash-flow from investment activities			
+/- Disposals or acquisitions of tangible fixed assets	0	0	-2
+/- Disposals or acquisitions of intangible and financial fixed assets	0	-33	-34
Net cash flow used in investment activities (B)	0	-33	-36
Net cash flow from financing activities			
Capital increase in cash	40 000	0	0
Proceeds from bond issues	0	0	0
Bond repayments	-4 227 400	-2 301 089	-3 801 089
Acquisition of investment securities (mortgage notes)	0	0	0
Investment securities having reached maturity	4 227 400	2 301 089	3 801 089
Subordinated bond issue proceeds	0	0	0
Subordinated bond redemptions	0	0	0
Dividends paid	0	0	0
Net cash flow from financing activities (C)	40 000	0	0
Impact of changes in exchange rates (D)	0	0	0
Net change in cash flow (A + B + C + D)	-741	54	-1 250
Net cash and cash equivalents at the beginning of the period	4 288	5 538	5 538
Net cash and cash equivalents at the end of the period	3 547	5 592	4 288
NET CHANGE IN CASH POSITION	-741	54	-1 250

NOTES***PRESENTATION OF THE FINANCIAL STATEMENTS,
ACCOUNTING POLICIES AND VALUATION METHODS*****NOTE 1 - Presentation of the financial statements**

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

NOTE 2 - Accounting principles and valuation methods***A - Information on the impact of the Russia-Ukraine crisis***

CRH's half-yearly financial statements dated 30 June 2022 have been prepared against the background of the crisis caused by the Russia-Ukraine conflict. It is not anticipated that these events will have any consequences on CRH's continuing business operations. Furthermore, this crisis has not generated any major problems in organising operations, producing financial statements or estimating risk.

B – Foreign exchange transactions

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

CRH does not take any foreign exchange positions.

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

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

C – Bond issues

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

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

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

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

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

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

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

D - Securities transactions

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

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

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

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

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

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

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

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

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

These disposals have no impact on CRH's earnings.

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

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

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

E – Loans and advances to credit institutions

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

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

F – Fixed assets

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

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

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

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

G – Other assets and liabilities

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

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

H – Retirement benefits

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

The employer's share of such contributions is expensed each year as incurred. In addition, CRH makes a lump-sum payment to retiring employees in an amount determined by the number of years spent with the Company.

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

INFORMATION ON BALANCE SHEET ITEMS**NOTE 3 - Mortgage Notes and bond issues**

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

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

	At 30/06/22		At 30/06/21		At 31/12/21	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
SECURITIES TRANSACTIONS						
- bonds and other fixed-income securities						
. Mortgage Notes (*)	16 297 947		22 013 530		20 520 579	
. accrued interest not yet due on Mortgage Notes	185 989		271 338		384 264	
- debt securities						
. bond issues (*)		16 297 947		22 013 530		20 520 579
. accrued interest not yet due on bonds		185 989		271 338		384 264
TOTAL	16 483 936	16 483 936	22 284 868	22 284 868	20 904 843	20 904 843

In € thousands

(*) Including amounts in nominal value:

	At 30/06/22		At 30/06/21		At 31/12/21	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
SECURITIES TRANSACTIONS						
- bonds and other fixed-income securities						
. Mortgage Notes	15 719 565		21 301 265		19 801 265	
- Debt securities						
. bond issues		15 719 565		21 301 265		19 801 265
TOTAL	15 719 565	15 719 565	21 301 265	21 301 265	19 801 265	19 801 265

In € thousands

	At 30/06/22		At 30/06/21		At 31/12/21	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
SECURITIES TRANSACTIONS						
- bonds and other fixed-income securities						
. Mortgage Notes	700 000		875 000		875 000	
- Debt securities						
. bond issues		700 000		875 000		875 000
TOTAL	700 000	700 000	875 000	875 000	875 000	875 000

In CHF thousands

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

NOTE 4 - Breakdown of receivables and liabilities by residual maturity

In € thousands

RECEIVABLES	At 30/06/22	At 30/06/21	At 31/12/21
Credit institutions: term deposits			
- Less than three months	0	0	0
- Three months to one year	30 000	0	0
- From one to five years	165 000	85 000	85 000
- More than five years	264 000	294 000	274 000
TOTAL	459 000	379 000	359 000
Negotiable debt instruments (TCN)			
- Less than three months	0	0	10 000
- Three months to one year	10 000	59 977	49 989
- From one to five years	54 948	64 901	64 924
- More than five years	65 000	45 000	65 000
TOTAL	129 948	169 878	189 913
Mortgage Notes (<i>billets de mobilisation</i>)			
- Less than three months	2 197 098	1 499 655	2 081 585
- Three months to one year	3 056 066	4 225 368	4 336 746
- From one to five years	8 039 822	11 029 218	9 849 567
- More than five years	3 004 961	5 259 289	4 252 681
TOTAL	16 297 947	22 013 530	20 520 579

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

In € thousands

LIABILITIES	At 30/06/22	At 30/06/21	At 31/12/21
Bond issues			
- Less than three months	2 197 098	1 499 655	2 081 585
- Three months to one year	3 056 066	4 225 368	4 336 746
- From one to five years	8 039 822	11 029 218	9 849 567
- More than five years	3 004 961	5 259 289	4 252 681
TOTAL	16 297 947	22 013 530	20 520 579

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

In € thousands

2022 ISIN Code	Amount at start of financial year		Montant au 30/06/22	
	Gross book value	Net book value	Reversal of write-down	Net book value
FR0013265667	10 000	10 000	0	10 000
FR0013285509	20 000	19 994	2	19 996
FR0124497985	10 000	9 931	21	9 952
TOTAL	40 000	39 925	23	39 948

NOTE 6 - Valuation of securities held in the portfolio as at 30 June 2022**Held-to-maturity securities (*Titres d'investissement*) :**

In € thousands

ISIN Code	Gross book value	Net book value	Unrealised gains	Unrealised losses
FR0013265667	10 000	10 000	0	90
FR0013285509	20 000	19 996	74	0
FR0013327681	10 000	10 000	0	82
FR0014000LJ2	10 000	10 000	0	1 113
FR0014001400	15 000	15 000	0	741
FR0014001GH4	10 000	10 000	0	1 648
FR0124497985	10 000	9 952	4	0
FR0124980220	15 000	15 000	0	188
FR0126566159	10 000	10 000	0	1 661
FR0126818147	20 000	20 000	0	4 031
TOTAL	130 000	129 948	78	9 554

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

In € thousands

ASSETS	At 30/06/22	At 30/06/21	At 31/12/21
Miscellaneous debtors	12 005	9 931	10 146
State – corporation tax (<i>impôt sur les sociétés</i>)	0	0	0
State – CVAE	0	1	0
State – VAT credit	0	61	4
State – Deductible VAT	32	13	6
Expenses recharged to borrowers	1 429	834	1 114
Guarantee deposit with the single resolution fund (SRF)	10 503	8 982	8 982
Other guarantee deposits and miscellaneous	41	40	40
Other prepayments	115	105	100
TOTAL	12 120	10 036	10 246

In € thousands

LIABILITIES	At 30/06/22	At 30/06/21	At 31/12/21
Miscellaneous creditors	1 796	1 661	301
State – corporation tax (<i>impôt sur les sociétés</i>)	1 680	1 497	170
State – VAT	4	13	14
Social security, payroll taxes and withholding tax	87	84	71
Trade payables	24	66	45
Other miscellaneous creditors	1	1	1
Accrued expenses	759	945	1 194
Payroll expenses and related expenses	293	290	258
Direct and indirect taxes	301	17	845
Other accrued expenses	165	638	91
TOTAL	2 555	2 606	1 495

NOTE 8 - Provisions

In € thousands

	Balance at 30/06/21	+Expenses -Reversals	Balance at 31/12/21	+Expenses -Reversals	Balance at 30/06/22
Provision for retirement benefits (note 17)	240	10	250	-17	233
TOTAL	240	10	250	-17	233

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

CRH's share capital is fully subscribed. Shares have a par value of €15.25. The total number of shares in issue is equal to 37 926 798.

	In € thousands				
	Balance at 30/06/21	+Increase - Decrease	Balance at 31/12/21	+Increase - Decrease	Balance at 30/06/22
Subscribed share capital	539 995	0	539 995	38 389	578 384
Issue premium	17 820	0	17 820	1 612	19 432
Statutory reserve	3 259	0	3 259	1	3 260
Other reserve	1 122	0	1 122	0	1 122
Retained earnings	427	0	427	32	459
Net income	-190	224	34	65	99
TOTAL	562 433	224	562 657	40 099	602 756

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

Under the *Supervisory Review and Evaluation Process (SREP)*, the irrevocable payment undertaking to the SRF, which amounted to 10 503 304 euros at 30 June 2022, is deducted from CET1 capital; CET1 capital amounts to 592 230 291 euros after deduction of this undertaking and the other regulatory adjustments.

INFORMATION ON OFF-BALANCE SHEET ITEMS

NOTE 10 - Financing commitments received from credit institutions

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

At 30 June 2022, the amount of commitments received totalled 814 729 080.65 euros.

NOTE 11 - Guarantee commitments received from credit institutions

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

At 30 June 2022, the amount of the portfolio of receivables pledged to CRH amounted to 23 242 300 217.73 euros.

NOTES TO THE INCOME STATEMENT**NOTE 12 - Net Banking Income (NBI)****A - Analysis of NBI from bond issuance and lending operations**

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

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

	At 30/06/22		At 30/06/21		At 31/12/21	
	Expenses	Income	Expenses	Income	Expenses	Income
Interest						
On bonds issued	239 392		315 496		616 084	
On Mortgage Notes		239 392		315 496		616 084
Translation differences *						
On bonds issued	26 730		56 420		56 420	
On Mortgage Notes		26 730		56 420		56 420
Issuance and management fees						
On bonds issued	358		560		621	
On Mortgage Notes		358		560		621
TOTAL	266 480	266 480	372 476	372 476	673 125	673 125

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

Issuance and management fees refer to fees charged back to borrower institutions. At 30 June 2022, these include :

- Rating agency fees : 230 000.00 euros.
- Special controller fees : 25 000.00 euros.
- Fiscal agency fees for bond issues denominated in CHF : 102 612.09 euros.

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

B - Other income and expenses relating to banking operations

For the 2022 financial year, the other income from banking operations included interest earned on own funds invested on the money market in demand deposits, term deposits and negotiable debt instruments (TCN). Since 2019, reorienting a substantial proportion of matured investments towards fixed-rate products has helped mitigate the impact of negative interest rates. This income therefore represents a rate of return of 0.44% on the average capital invested during the first semester 2022 (0.39 % in the first semester 2021 and 0.36 % for the full year 2021).

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

	In € thousands		
	At 30/06/22	At 30/06/21	At 31/12/21
Interest on cash management transactions	955	832	1 497
Interest on securities available-for-sale (TCN)	38	60	120
Interest on securities held-to-maturity (TCN)	259	169	377
Interest on investment of advances under § 5.3 of Internal Regulations	-441	-278	-429
Reversal of impairment charges on re-classified securities	35	36	71
Fees on securities transactions	0	0	0
Operating subsidy received	0	0	230
A - Total other income from banking operations	846	819	1 866
Interest on advances under § 5.3 of the Internal Regulations	-441	-278	-429
Miscellaneous interest and expenses	34	25	56
Fees on securities transactions	0	0	0
B - Total other expenses from banking operations	-407	-253	-373
NET BANKING INCOME	1 253	1 072	2 239

Details of the valuation of portfolio securities as of 30 June 2022 are provided in note 6. No disposals of securities were made during the first semester 2022.

NOTE 13 – Other operating income and expenses

A – Operating expenses charged back to borrowers

Since 2015, under the new European regulatory framework, CRH has been obliged to pay two contributions:

- The European Central Bank (ECB) supervision contribution,
- the contribution to the Single Resolution Fund (SRF).

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

In 2016, the following were also recharged:

- The supervision contribution paid to the *Autorité de contrôle prudentiel et de résolution*.
- The contribution to the Single Resolution Mechanism (SRM).

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

In € thousands

	At 30/06/22		At 30/06/21		At 31/12/21	
	Expenses	Income	Expenses	Income	Expenses	Income
Taxes other than income tax (excerpt)						
SRF contribution	8 621		7 428		7 428	
ECB contribution	297		280		682	
ACPR contribution	137		158		158	
SRM contribution	49		97		97	
AMF fee	0		0		5	
Other operating income						
Recharged contributions		11 977		10 781		11 187

B – Other operating expenses

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

- 1 million euros at 30 June 2022,
- 1.2 million euros at 30 June 2021,
- 2.1 million euros at 31 December 2021.

Total annual administrative expenses represented 0.0111% of average outstanding loans to shareholders as at 30 June 2022 (0.0110 % at 30 June 2021, 0.0096 % at 31 December 2021).

Details of the main items are as follows:

In € thousands

	At 30/06/22	At 30/06/21	At 31/12/21
Wages and salaries	437	445	788
Retirement expenses (1)	36	73	121
Other social security contributions	151	153	277
Payroll taxes and similar expenses	63	64	114
Total payroll expenses	687	735	1 300
Taxes other than income tax (excerpt)	30	25	53
Rental and leasing	119	118	236
Other external services and miscellaneous administrative expenses	163	330	471
Total other administrative expenses	282	448	707
Amortisation of intangible fixed assets	6	3	11
Amortisation of tangible fixed assets	8	7	14
Total amortisation and depreciation expenses	14	10	25

(1) net of the reversal of provision for retirement benefits in an amount of 17 000 euros at 30 June 2022.

NOTE 14 - Corporation tax

The corporation tax rate in 2022 is 25%.

Accordingly, the estimated corporation tax charge on the interim results as of 30 June 2022 is an amount of 2 930 063 euros. Whilst this only covers recurring transactions, the amount is very significantly increased by (i) adding-back of the SRF contribution of 8 621 480.49 euros which is non-deductible and (ii) the corresponding recharge (Note 13 A). To this, it is necessary to add the social contribution in an amount of 84 103 euros.

EVENTS SUBSEQUENT TO THE FINANCIAL PERIOD CLOSING DATE

NOTE 15 - Impact of the transposal of the “covered bonds” Directive EU n° 2019/2162 with effect from 8th July 2022

The provisions transposing the “covered bonds” directive enter into force on 8 July 2022.

The transposal specifies the scope for exercise by bondholders of their *privilège*. Investments of own funds and their related income are excluded from the scope of the *privilège*. Similarly, the pledge of receivables in respect of the mortgage note (L. 312-42 of the Monetary and Financial Code) expressly qualifies as collateral.

In terms of eligibility of receivables, the main points to note are:

- The financeable portion is decreased from 90% of the asset value to 80%.
- Correspondingly, the minimum over-collateralisation rate of 25% is abolished.
- The difference in average life span between the portfolio of receivables offered as collateral and the covered bonds is increased to 18 months.
- The guaranteed loans limit of 35% is cancelled.

OTHER INFORMATION

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 first semester 2022.

NOTE 17 - Provision for retirement benefits

Provisions set aside to cover lump-sum retirement benefits as required by French law, which amounted to 233 000 euros, cover the full amount of CRH's estimated liability as of 30 June 2022.

CRH does not have any other retirement commitments.

ADDITIONAL INFORMATION

Leverage Ratio

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

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

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

According to the legal opinion delivered to CRH, it is authorised, by virtue of its compliance with the conditions set forth in Article 429 bis, paragraph 1, point e) and paragraph 3 relating to the institution and the loans granted, and for the purposes of calculating the leverage ratio, to deduct the refinancing granted to the banks from its exposure. This interpretation was contested by the ECB in the month of July 2020.

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

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

Since then, the leverage ratio calculated in accordance with the ECB's interpretation is higher than the 3% minimum threshold. It stood at 3.47% on 30 June 2022.

Solvency Ratio

The prudential capital requirement level for 2022, following the results of the 2021 Supervisory Review and Evaluation Process (SREP), remains unchanged compared to 2021.

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

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

On that date, the overall (Total capital) requirement is set at 11.25% (excluding "Pillar 2 guidance").

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

As from 7 April 2023, the CET1 capital requirement is increased to 7.92 % due to the decision D-HCSF-2022-01 which has raised the counter cyclical capital buffer from 0% to 0.5%. The total capital requirement is therefore raised to 11.75 % (excluding “Pillar 2 guidance”).

With a solvency ratio of 27.60% at 30 June 2022 and an equivalent CET1 ratio, CRH is positioned well in excess of the prudential capital requirements applicable as at 30 June 2022.

LCR liquidity ratio

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

NSFR liquidity ratio

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

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

Major risks

The amendments to the articles of association and internal regulations unanimously approved by the shareholders at the extraordinary general meeting held on 8 March 2016, permit, pursuant to the provisions of article 493-3 (e) of the CRR and article 2-1 (c) of the Order dated 23 December 2013¹, Mortgage Notes held by CRH to be fully exempt from the major risks rules until 1 January 2029.

¹ Order dated 23 December 2013 implementing Article 493 (3) of Regulation (EU) no. 575/2013 of the European Parliament and of the Council dated 26 June 2013 on prudential requirements for credit institutions and investment firms.

20.5. DATE OF LATEST FINANCIAL INFORMATION

The financial information dated 30 June 2022 is the latest financial information to have been audited.

20.6. INTERIM AND OTHER FINANCIAL INFORMATION

CRH has not published any quarterly or half-yearly financial information since its financial statements dated 30 June 2022.

20.7. DIVIDEND DISTRIBUTION POLICY

The rules governing the distribution of dividends are set forth in article 26 of the articles of association in Schedule 5, page 129.

20.8. JUDICIAL AND ARBITRATION PROCEEDINGS

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

20.9. SIGNIFICANT CHANGES TO THE COMPANY'S POSITION

As of the filing date of this document, there are no extraordinary events or litigation having had in the recent past, or that are likely in the future to have, a material impact on CRH's financial position, activity or results that have not been reflected in the financial statements dated 30 June 2022.

CHAPTER 21

ADDITIONAL INFORMATION

Information on the share capital and articles of association (*statuts*), other than as updated below, is set forth in the 2021 registration document, pages 124 to 127.

21.1. SHARE CAPITAL

21.1.2. Authorised unsubscribed share capital

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

CHAPTER 22**MATERIAL CONTRACTS**

CRH has not, as of the filing date of this document, entered into any contracts other than in the normal course of business and that may confer on any member of the company any rights or obligations that may have a material impact on CRH's ability to fulfil its obligations to bondholders.

CHAPTER 23

**INFORMATION ORIGINATING FROM THIRD PARTIES, STATEMENTS
BY EXPERTS AND DECLARATIONS OF INTEREST**

This document does not contain any statement or report originating from third parties or experts.

CHAPTER 24

DOCUMENTS ON DISPLAY

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

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

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

By telephone + 33 1 42 89 49 10

By facsimile + 33 1 42 89 29 67

By email: crh@crh-bonds.com

Or by post to the following address:

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

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

CHAPTER 25

INFORMATION ON EQUITY INTERESTS

CRH does not hold any interest in any company.

SCHEDULE 1

ARTICLE 13 OF THE LAW N° 85-695 DATED 11 JULY 1985 (Supplemented by article 36 of the Law n° 2006-872 dated 13 July 2006 Official Journal dated 16 July 2006 and amended by article 4 of ordonnance n° 2021-858 dated 30 June 2021)

I. - Repealed

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

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

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

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

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

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

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

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

MONETARY AND FINANCIAL CODE
ARTICLE L. 513-1
LEGISLATIVE PART

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

SCHEDULE 1 (Cont. 1)

*Minister for the Economy,
Finance and the Budget*

CAB/1C3/11
No. 68879

Paris, 17 September 1985

Mr President,

You have requested issuance of the approval specified in article 13 of the law introducing miscellaneous economic and financial measures dated 11 July 1985 for Caisse de Refinancement Hypothécaire.

I am honoured to grant you the requested approval.

I am pleased to note that the company in formation will from its inception constitute a true market institution. I hope it will be in a position to commence issuing from the month of October 1985.

I take this opportunity to express my congratulations on your appointment as Chairman of Caisse de Refinancement Hypothécaire.

Yours faithfully,

Pierre BÉRÉGOVOY

Mr G. PLESCOFF
Chairman of
CAISSE DE REFINANCEMENT HYPOTHECAIRE
41, rue de la Bienfaisance
75008 PARIS

SCHEDULE 1 (Cont. 2)

DECREE N° 2021-898 OF 6 JULY 2021

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

Article 5

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

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

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

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

Article 7

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

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

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

SCHEDULE 2

MONETARY AND FINANCIAL CODE ARTICLES L. 313-42 TO L. 313-49-1 LEGISLATIVE PART

Codifying the provisions of article 16 of the law dated 31 December 1969,
as amended by the law n° 85-695 dated 11 July 1985, by the law n° 99-532 dated 25 June 1999,
by ordinance n° 2008-556 dated 13 June 2008
by ordinance n° 2010-76 dated 21 January 2010
by ordinance n° 2013-544 dated 27 June 2013
and by ordinance n° 2021-858 dated 30 June 2021

Paragraph 3

Mobilisation of mortgage loans and similar receivables

Art. L. 313-42.

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

- a first-ranking mortgage or a charge over real property which provides at least equivalent security;
- or a guarantee granted by a credit institution or a *société de financement* or an insurance company, which meets at least the second credit quality level assigned by an external credit rating agency recognised by the *Autorité de contrôle prudentiel et de résolution* pursuant to the provisions of article L. 511-44 and which does not fall within the scope of consolidation defined in article L. 233-16 of the Commercial Code of which the credit institution or *société de financement* issuing the promissory note forms part.

With effect from 1 January 2002, receivables mobilised in the form of promissory notes must comply with the conditions set forth in paragraph I of article L. 513-3 pursuant to terms determined by a Conseil d'Etat decree. That decree specifies the circumstances in which the quota may be exceeded if the amount of such receivables exceeds that of the promissory notes that they guarantee.

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

Art. L. 313-43.

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

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

Art. L. 313-44.

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

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

Art. L. 313-45.

Making receivables and bills available to the bearer of the promissory note automatically entails creation of a pledge in favour of the successive bearers. The pledge so created has the benefit of the provisions of articles L. 211-38 to L. 211-40.

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

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

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

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

Art. L. 313-46.

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

Art. L. 313-47.

For deletion of registrations, no documentary proof is required to support the statements in the act of discharge which establishes that the instruments have been made available or handed over if the said statements are certified as accurate in that act. The beneficiaries of such availability or delivery are not considered to be interested parties within the meaning of Article 2240 of the Civil Code if the act of discharge does not refer to the transaction concluded in their favour.

Art. L. 313-48.

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

The contracts thus made available to the bearer to guarantee a note referred to in Article L. 313-42 are indicated to that bearer at the same time as the availability of the contracts, pursuant to the procedure described in Articles L. 313-43 and L. 313-44.

The effects of that availability by way of guarantee are described in Articles L. 313-45 to L. 313-47.

Articles L. 313-44 to L. 313-46 are applicable notwithstanding any provision to the contrary, including those of Book VI of the Commercial Code. These provisions apply to mobilisations effected before 29 June 1999 pursuant to the provisions of the present paragraph.

Art. L. 313-49.

The *Autorité de contrôle prudentiel et de résolution* is responsible for ensuring that the credit institutions and finance companies (*société de financement*) comply with the provisions of Articles L. 313-42 to L. 313-48.

Art. L. 313-49-1.

A Conseil d'Etat decree shall determine the conditions under which this sub-section is applicable to finance companies (*sociétés de financement*).

SCHEDULE 2 (Cont.)**MONETARY AND FINANCIAL CODE
ARTICLE L. 513-2 ET SEQ.
LEGISLATIVE PART****SECTION 2 OF CHAPTER III
SOCIÉTÉS DE CRÉDIT FONCIER****Art. L. 513-2 (excerpt)**

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

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

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

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

Art. L. 513-3 (excerpt).

I - Guaranteed loans are loans secured by:

1. a first-ranking mortgage or a charge over real property conferring at least an equivalent guarantee;
2. or, within the limits and under the conditions determined by *Conseil d'Etat* decree, and subject to the guaranteed loan being used solely to finance a real property asset, a guarantee (*cautionnement*) from a credit institution or from a finance company (*société de financement*) or an insurance company, which meets at least the second credit quality level assigned by an external credit rating agency recognised by the *Autorité de contrôle prudentiel et de résolution* pursuant to the provisions of article L. 511-44 and which does not fall within the scope of consolidation, defined in article L. 233-16 of the Commercial Code, of which the SCF forms part.

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

Art. L. 513-8

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

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

Art. L. 513-9

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

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

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

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

Art. L. 513-10

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

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

Sociétés de crédit foncier shall ensure that the volume of forward financial instruments used is appropriate should the hedged risk be reduced and that such instruments are terminated once the hedged risk disappears. Amounts payable under forward financial instruments used for hedging the operations referred to in article L. 513-2-II do not have the benefit of this *privilège*.

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

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

Art. L. 513-11

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

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

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

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

Art. L. 513-12

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

Art. L. 513-15

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

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

Art. L. 513-16

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

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

Art. L. 513-17

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

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

Art. L. 513-18

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

Art. L. 513-19

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

Art. L. 513-20

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

Art. L. 513-21

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

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

Art. L. 513-22

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

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

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

Art. L. 513-23

In each *société de crédit foncier*, a special controller and an alternate special controller chosen from amongst the persons on the list of statutory auditors are appointed for a period of four years by the executive managers of the company, with the approval of the *Autorité de contrôle prudentiel et de résolution*.

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

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

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

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

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

The controller, together with its collaborators and experts, is bound by professional secrecy as regards all facts, acts and information of which it becomes aware in the performance of its functions. It is, however, released from its duty of professional secrecy as regards the *Autorité de contrôle prudentiel et de résolution* to which it shall immediately notify any fact or decision, of which it becomes aware in the performance of its functions, that is likely to be damaging to the operating conditions or continuity of the *société de crédit*

foncier. The duty of professional secrecy is also waived, in connection with the conduct of their respective functions, as between the special controller and the statutory auditors of the *société de crédit foncier* and of any company controlling, within the meaning of article L. 233-3 of the Commercial Code, the *société de crédit foncier*. The special controller shall disclose to the State prosecutor (*procureur de la République*) any criminal acts of which it becomes aware, without incurring any liability as a result of such disclosure.

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

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

Art. L. 513-24

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

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

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

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

Art. L. 513-25

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

Art. L. 513-26

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

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

- 1° They may represent a maximum of 10% of the aggregate total amount of resources benefiting from the *privilège* on the date of acquisition;
- 2° They are deprived of the rights specified under articles L. 228-46 to L. 228-89 of the Commercial Code for so long as they are held by the *société de crédit foncier*;

3° They are offered by way of security to the *Banque de France*. Failing which, they are cancelled within a period of 8 days;

4° They may not be subscribed by third parties.

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

Art. L. 513-26-1

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

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

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

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

SCHEDULE 3

MONETARY AND FINANCIAL CODE Article R. 214-21 (excerpt)

REGULATORY PART

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

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

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

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

1° May invest 35% of its assets in eligible financial securities and money market instruments of the type referred to under paragraphs 1 and 2 of Article L. 214-20 issued or guaranteed by a single issuer, provided these securities or instruments are issued or guaranteed by a member State of the European Union, or another State that is party to the agreement on the European Economic Area, by its public regional authorities, by a third-country or by a public international organisation provided one or more member States of the European Union or states that are party to the agreement on the European Economic Area are members thereof, or provided that the instruments have been issued by the *Caisse d'Amortissement de la Dette Sociale*;

2° May invest up to 25% of its assets in bonds issued by a single entity, and provided they are *obligations foncières* issued by a *société de crédit foncier* pursuant to paragraph 2 of Article L. 513-2, home financing bonds (*obligations de financement de l'habitat*) issued by home financing companies (*sociétés de financement de l'habitat*) pursuant to I of article L. 513-30, other preferred resources as specified in article L. 513-2-I-2, or bonds issued by a credit institution that has its registered office in a member State of the European Union or a state that is party to the agreement on the European Economic Area and that is the subject of specific public authority supervision designed to protect the holders of such bonds. In particular, the funds generated by the issue of the bonds must be invested, as required by law, in assets that can cover the resulting commitments for the entire duration of the bonds, and must be applied in priority towards the repayment of capital and the payment of accrued interest in the event of default by the issuer. The exception provided in this paragraph 2° shall also apply to bonds issued by a credit institution whose sole objects are to refinance promissory notes complying with the provisions of articles L. 313-42 to L. 313-49, issued to mobilise long-term receivables in the form of home-purchase loans, provided the bonds' characteristics are identical to those of the promissory notes.

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

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

SCHEDULE 3 (Cont.)**MONETARY AND FINANCIAL CODE**
Article R. 313-20 et seq.
REGULATORY PART**Article R. 313-20.**

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

For the purposes of 2, all work performed to create or transform an inhabitable area by enlarging or renovating it for the purpose of building a residence is considered to be equivalent to the construction of housing.

- III. Assets financed or offered as security in respect of mobilised receivables are valued by the issuers of promissory notes in the manner specified by order of the Minister for the Economy.

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

Article R. 313-21.

Repealed.

Article R. 313-22.

A security interest over real property, which provides security equivalent to a first ranking mortgage, within the meaning of Article L. 313-42, is one that confers upon a creditor, regardless of the legal position of the debtor, the right to force the sale of the building covered by such security regardless of who may be in possession of it, and to receive payment from the proceeds of the sale with seniority over other creditors.

Article R. 313-23.

Repealed.

Article R. 313-24.

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

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

Article R. 313-25.

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

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

Article R. 313-25-1

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

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

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

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

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

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

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

Article R. 513-7

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

Working capital requirements must be covered by:

- 1° Liquid assets of level 1, 2A or 2B as defined in articles 10, 11 and 12 of delegated regulation (EU) 2015/61 dated 10 October 2014, which are valued in accordance with that regulation and which are issued neither by the *société de crédit foncier*, nor by its parent undertaking, unless such undertaking is a public sector entity within the meaning of article 116 of regulation (EU) n° 575/2013 dated 26 June 2013 not being a credit institution, nor by any subsidiary of its parent undertaking, nor by a securitisation vehicle or any similar entity governed by the laws of a Member State of the European Union to which it is closely connected;
- 2° Short-term exposures to credit institutions, provided that these have been assigned the highest or second highest credit quality level by an external credit rating agency recognised by the *Autorité de contrôle prudentiel et de résolution* in accordance with article L.511-44, or short-term deposits with credit institutions that have been assigned the highest, the second highest or the third highest credit quality score

by a external credit rating agency recognised by the *Autorité de contrôle prudentiel et de résolution* in accordance with article L.511-44.

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

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

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

Article R. 513-8

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

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

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

Article R. 513-8-1

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

- 1° Adoption by the *Autorité de contrôle prudentiel et de résolution* of an administrative policy measure in accordance with section 6 of Chapter II of Title 1 of Book VI on the grounds of a determination that the *société de crédit foncier* has insufficient coverage of its working capital requirements pursuant to article R. 513-7;
- 2° Where a *société de crédit foncier*, a credit institution in receipt of loans granted by the *société de crédit foncier* and secured by a pledge of receivables pursuant to articles L. 211-38 to L. 211-40 or articles L. 313-23 to L. 313-35, whether such receivables are professional in nature or otherwise, or a credit institution issuer of promissory notes subscribed by the *société de crédit foncier* in accordance with the terms of articles L. 313-43 to L. 313-48, is the subject of safeguard proceedings, judicial reorganisation or liquidation, or a resolution procedure commenced in accordance with article L.613-49.

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

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

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

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

Article R. 513-9

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

Article R. 513-10

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

Article R. 513-11

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

- 1° The description “deed of assignment of receivables”;
- 2° A statement that the deed is subject to the provisions of articles L. 313-23 to L. 313-35 and articles L. 515-13 to L. 515-33 (1);
- 3° The name or corporate name of the beneficiary credit institution or financing company (*société de financement*);
- 4° A description or individual identification of the assigned receivables or information enabling such description or individual identification, including specification of the debtor, place of payment, amount or valuation of the receivables and, if relevant, their due date.

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

Article R. 513-14

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

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

Article R. 513-15

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

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

Article R. 513-16

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

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

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

IV. - The special controller certifies compliance with the rules specified in article L. 513-12 based on a quarterly programme of issues of resources benefiting from the *privilège* referred to in article L.513-11. The special controller shall certify compliance with the same rule for any issue of resources benefiting from this *privilège* and whose unit value is equal to or greater than 500 million euros, or the equivalent thereof in the monetary unit of the issue.

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

Article R. 513-17

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

Article R. 513-18

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

SCHEDULE 3 (Cont.)**MONETARY AND FINANCIAL CODE
Order of 17 February 2014**

26 February 2014 OFFICIAL JOURNAL OF THE FRENCH REPUBLIC Text 10 / 113

Decrees, orders, circulars**GENERAL TEXTS
MINISTER FOR THE ECONOMY AND FINANCE**

Order dated 17 February 2014 amending the order dated 23 December 2013 relating to the application of article 493 (3) of Regulation (EU) no. 575/2013 of the European Parliament and of the Council dated 26 June 2013 on prudential requirements for credit institutions and investment firms.

NOR: EFIT1332181A

The Minister for the Economy and Finance,

Having regard to Regulation (EU) no. 575/2013 of the European Parliament and of the Council dated 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) no. 648/2012, in particular its article 493, paragraph 3;

Having regard to the order dated 23 December 2013 on the application of article 493(3) of Regulation (EU) no. 575/2013 of the European Parliament and of the Council dated 26 June 2013 on prudential requirements for credit institutions and investment firms;

Having regard to the advice of the consultative committee on financial laws and regulations dated 22 January 2014,

Orders:

Art. 1. – In article 2 of the order dated 23 December 2013 above-mentioned, after paragraph 4, shall be added a paragraph 5 drafted as follows:

“By exception to 4°, up to 100%, for promissory notes satisfying the conditions of articles L.313-42 to L.313-49 of the Monetary and Financial Code issued prior to 31 December 2013 to mobilise long-term receivables representing home purchase loans with a credit institution whose sole objects are to refinance these promissory notes by issuing bonds with features identical to those of the promissory notes.”

Art 2. – This order shall be published in the Official Journal of the French Republic.

Made on 17 February 2014

PIERRE MOSCOVICI

SCHEDULE 4

**CRBF REGULATION N° 99-10
ON FRENCH PROPERTY FINANCE COMPANIES (*SOCIÉTÉS DE CRÉDIT FONCIER*)
AND HOUSING FINANCE COMPANIES (*SOCIÉTÉS DE FINANCEMENT DE L'HABITAT*)
as amended by Regulation n° 2001-02 dated 26 June 2001
and n° 2002-02 dated 15 July 2002
and by orders of the Minister for the Economy, Finance and Industry
dated 7 May 2007, 23 February 2011, 26 May 2014, 3 November 2014 and 25 July 2021**

Chapter I- Valuation of real property assets

Article 1.

Real property assets “financed or provided by way of collateral within the meaning of articles L. 513-3 and L. 513-29 of the Monetary and Financial Code” must be valued on an exclusively prudent, non-speculative basis.

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

Article 2.

The prudent valuation must be made by reference to the property’s sustainable long-term characteristics, to normal and local market conditions, to the property’s present use and other uses it may potentially serve.

This value shall be determined by an independent and qualified appraiser, in writing, in an impartial, clear, transparent and objective manner.

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

Notwithstanding the above, for residential real property, the valuation may be based on the overall cost of the initial transaction where this cost is less than 600,000 euros or where the outstanding principal balance of the total amount of the real estate loans financed by the *société de crédit foncier* or by the *société de financement de l'habitat* and secured on the property being valued, determined at the time of their acquisition or their provision by way of collateral, is less than 480,000 euros.

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

Article 3.

After their acquisition or provision by way of collateral, the valuation of the real properties is reviewed as part of the risk measurement system governing *sociétés de crédit foncier* and *sociétés de financement de l'habitat* pursuant to the ministerial decree dated 3 November 2014 on the internal control of banking, payment services and investment services sector undertakings supervised by the *Autorité de contrôle prudentiel et de résolution*:

- a) for residential real properties, this review is carried out annually using a statistical method;

- b) for commercial real properties, where the aggregate outstanding principal on all real estate loans belonging to the *société de crédit foncier* and secured on the property being valued is less than 30% of the total amount initially lent or less than 480,000 euros, the review is conducted annually and may be performed using a statistical method;
- c) for commercial real properties whose purchase price or latest estimated value is less than 600,000 euros and where the aggregate outstanding principal on all real estate loans belonging to the *société de crédit foncier* and secured on the property being valued is greater than 480,000 euros, an individual review is carried out every three years. Between two individual reviews, the value of these real properties is reviewed annually using a statistical method;
- d) for commercial real properties whose purchase price or latest estimated value is greater than 600,000 euros and where the aggregate outstanding principal on all loans belonging to the *société de crédit foncier* and secured on the property being valued is greater than 480,000 euros, an individual review is performed annually.

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

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

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

Article 4.

The valuation is performed by an appraiser who has the necessary qualifications, capability and experience; and the appraiser must be independent of the decision-making procedure regarding the granting of credit, ignores speculative factors in appraising the value of physical assets used as collateral and establishes the value of the physical asset used as collateral in a clear and transparent manner, as specified in articles R. 313-17 to R. 313-19, D. 313-20 of the Consumer Code.

Article 5

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

Article 5 bis.

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

Article 5 ter.

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

Chapter II- Valuation of assets and liabilities

Article 6.

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

Article 7.

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

Article 8.

The denominator of the ratio referred to in article R. 513-8 of the Monetary and Financial Code comprises the *obligations foncières*, or housing finance bonds (*obligations de financement de l'habitat*), as well as all other resources benefiting from the *privilège* defined in article L. 513-11 of the Monetary and Financial Code, including debts related to these items and debts arising from the ancillary costs referred to in the third subparagraph of the same article, amounts due, if relevant, under the contract specified in article L. 513-15 of the same code and amounts payable under forward financial instruments benefiting from the *privilège* defined in article L. 513-11 of the same code, as well as the expected maintenance and management costs involved in terminating the *obligations foncières* or *obligations de financement de l'habitat* programme.

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

Article 9.

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

- 0%, 80% or 100% for guaranteed loans depending on whether or not the guarantor falls within the scope of consolidation to which the *société de crédit foncier* or the *société de financement de l'habitat* belongs; and subject to the ratings requirements set forth in a schedule to these regulations;
- 0% for items deducted from own funds;

- 50% for fixed assets resulting from the acquisition of real property assets following enforcement of security;
- 100% for sufficiently secure and liquid securities, exposures and deposits, and also for other eligible assets, up to the amount of the portion eligible for refinancing.

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

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

Article 10.

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

- the ratio specified in article R. 513-8 of the Monetary and Financial Code;
- the elements of the calculation of coverage of their working capital requirements as specified in article R. 513-7 of the Monetary and Financial Code;
- the average lifespan spread between the assets and liabilities referred to in article 12 of these regulations;
- the estimate, specified in article 12 of these regulations, of coverage of preferred resources until their maturity having regard to the pool of available eligible assets and forecast new output based on conservative assumptions, together with details on their preparation;
- the information necessary for compliance with the requirements set forth in article 12 bis on derivatives contracts.

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

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

Article 11.

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

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

Article 12.

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

Sociétés de crédit foncier and *sociétés de financement de l'habitat* shall maintain an average lifespan for relevant eligible assets up to the minimum amount necessary to satisfy the cover ratio specified in article R. 513-8 of the Monetary and Financial Code which must not exceed, by more than eighteen (18) months, that of the preferred liabilities (*passifs privilégiés*). Where the assets, excluding sufficiently secure and liquid securities, exposures and deposits, as specified in article L. 513-7 of the Monetary and Financial Code, include secured receivables pursuant to articles L. 211-36 to L. 211-40, L. 313-23 to L. 313-35, and L. 313-42 to L. 313-49, the company shall take account, for the purpose of calculating this spread, not of these receivables but of the assets received by way of collateral, pledge or with full title. The *Autorité de contrôle prudentiel et de résolution* may relax this rule in the case of new or expiring programmes and shall notify the special controller accordingly. *Sociétés de crédit foncier* and *sociétés de financement de l'habitat* shall estimate, based on an annual coverage plan approved by their governing body and submitted to the *Autorité de contrôle prudentiel et de résolution*, the level of coverage of preferred resources until their maturity having regard to the pool of available eligible assets and forecast new output based on conservative assumptions. This coverage level shall be reviewed by the special controller who shall advise the directors and the *Autorité de contrôle prudentiel et de résolution* if it considers that such level would put preferred creditors at excessive risk, having regard in particular to the average asset and liability lifespans, the absolute spreads between them, and the justifications for changes made in the underlying assumptions - in particular in terms of early repayment rates, new output of eligible assets and performance of the assets securing the preferred liabilities. The *Autorité de contrôle prudentiel et de résolution* may require that they be modified. Institutions that fail to comply with the obligations under this paragraph at 30 June 2014 have until 31 December 2015 to comply.

Article 12 bis.

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

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

Article 12 ter.

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

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

Article 13.

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

The information shall include:

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

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

Article 13 bis.

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

Article 14.

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

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

Article 15.

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

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

Chapter V - Granting and supervision of labels

Article 16

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

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

SCHEDULE 5**C.R.H. - CAISSE DE REFINANCEMENT DE L'HABITAT****ARTICLES OF ASSOCIATION (*STATUTS*)**

(amended by the combined general meeting held on 21 March 2022)

**SECTION I – LEGAL FORM– OBJECTS – COMPANY NAME
REGISTERED OFFICE - TERM OF INCORPORATION****Article 1. LEGAL FORM**

The company is incorporated in the form of a “*société anonyme*”. It is governed by all applicable laws and regulations and by these articles of association and the internal regulations appended hereto.

Article 2. OBJECTS

The objects of the company are:

- refinancing, for the benefit of the shareholders or credit institutions that have agreed to become shareholders in accordance with articles 6 to 9 below, Mortgage Notes subscribed or endorsed by such shareholders for the purpose of mobilising receivables as referred to in Article L. 313-42 of the Monetary and Financial Code representing home-purchase loans;
- issuing, in consideration of the above, financial securities with features similar to those of the Mortgage Notes;
- and, more generally, carrying out all real or personal property transactions related to the above-mentioned objects, or any objects that are similar or connected, or likely to further the attainment thereof.

Pursuant to the provisions of Article 13 of the law n° 85-695 dated 11 July 1985, the company provides, on restrictive terms, facilities for the refinancing of certain home-purchase loans granted to individuals by credit institutions, without charging any margin on its transactions.

Due to the perfect matching between the financial securities that it issues and the Mortgage Notes that it refinances, it offers a transparent service to credit institutions. The company’s aim is to promote the home-purchase loan financing sector, without seeking to make a profit and by operating on a non-competitive basis.

The company is prohibited from taking any equity interests or conducting any business that does not conform with its corporate objects. In particular, the company does not incur any debts that do not conform with such objects.

It may, however, incur debt in the nature of own funds within the meaning of the prudential regulations. It may also, in the event of insolvency of a borrowing institution, and with the consent of the board of directors, incur any indebtedness that the situation requires.

Article 3. COMPANY NAME

The name of the company is:
C.R.H. - CAISSE DE REFINANCEMENT DE L'HABITAT

Article 4. REGISTERED OFFICE

The company's registered office is at 3, rue La Boétie, 75008, Paris. If the board of directors decides to change the location of the registered office, as provided by law, the new registered office shall automatically replace the former office in this article.

Article 5. TERM OF INCORPORATION

The company is incorporated for a period of 99 years from the date of its registration with the trade and companies registry (RCS), unless wound-up early or its term of incorporation is extended.

SECTION II - SHARE CAPITAL – SHARES**Article 6. SHARE CAPITAL**

The amount of the share capital is FIVE HUNDRED SEVENTY EIGHT MILLION THREE HUNDRED EIGHTY THREE THOUSAND SIX HUNDRED SIXTY NINE EUROS AND FIFTY CENTS.

The share capital is sub-divided into THIRTY SEVEN MILLION NINE HUNDRED TWENTY SIX THOUSAND SEVEN HUNDRED NINETY EIGHT SHARES OF EUR 15.25 each.

The number of shares held by each shareholder shall be proportionate to the capital requirement corresponding to the refinancing facilities granted by the company to such shareholder.

Article 7. SHARE CAPITAL INCREASE

The share capital may be increased, by any means and in accordance with any procedure provided for by law, by decision of the shareholders in extraordinary general meeting.

The extraordinary general meeting may confer on the board of directors any delegation of authority to determine the terms of any share capital increase decided by the general meeting, and may delegate powers authorising the board of directors itself to decide any share capital increase.

Article 8. SHARE CAPITAL DECREASE

If the amount of the company's capital is in excess of the regulatory requirement, the board of directors considers the possibility of redistributing to shareholders any excess capital and decides where applicable the terms of such redistribution.

Any share capital decrease may be authorised or decided by the extraordinary general meeting, under the conditions provided for by law and subject to the approval of the prudential authorities.

The extraordinary general meeting may confer on the board of directors any delegation of authority to determine the terms of any share capital decrease decided by the general meeting, and may delegate powers authorising the board of directors itself to decide any share capital decrease.

Article 9. FORM AND TRANSFER OF SHARES – SALE AND PURCHASE UNDERTAKING

The shares are mandatorily in registered form. Shares are registered in an account in accordance with the terms and conditions provided by applicable laws and regulations.

Shares are freely negotiable and transferable. Share transfers take effect as regards third parties, by a transfer order signed by the transferor or its agent.

In order for the number of shares held by each shareholder to be proportional to the regulatory capital requirement in respect of the outstanding refinancing facilities granted to it by the company, each shareholder undertakes to acquire or sell the necessary number of shares from or to the present or future shareholders (or shareholder) designated by the company.

If, in order to comply with such proportion as regards one or more shareholders, one or more share transfers are required, each shareholder shall transfer or acquire, at the company's request, the number of shares required in order to comply with such proportion. Any fractional shares shall be allocated according to the largest remainder method.

When any change in the proportion of shares to be held by each shareholder results from changes in the amount outstanding of the loans refinanced by the company, such acquisitions or transfers shall be completed at least once per year, within thirty days from approval of the company's annual financial statements by the general meeting and whenever the board of directors so decides.

When the change results in whole or in part from an increase in the weighting of the amounts outstanding in the calculation of the regulatory capital requirements, in particular in case of deterioration of the financial rating of the Mortgage Notes issued by one or more shareholders or any change in the rules related to the prudential ratios applicable to the company, the acquisitions or transfers are completed within forty-five days from the date of such change.

The acquisitions or transfers are completed on the basis of a unit share price equal to the amount resulting from the division:

- of the net book value of the company determined on the basis of its own funds (without including the FGBR) shown in the most recent financial statements of the company: (i) either as of 31 December, of the preceding year, in the company's universal registration document; or (ii) as of 30 June, of the preceding year, in the financial statements drawn up by the board of directors and subject to a limited review by the statutory auditors. Such net book value takes into account possible allocations or contributions made between the reference date and the date of the acquisition or transfer.
- by the number of shares comprising the share capital as of the reference date referred to in the above paragraph.

The total price for each transfer is paid at the latest on the date of registration of the transfer, with the transferee being personally responsible for the payment of any such transfer duties as may be due.

In the case of a cancellation of shares for the purpose of reducing the share capital authorised by the shareholders' extraordinary general meeting, the board of directors may decide that the company itself shall purchase its own shares.

Article 10. RIGHTS AND OBLIGATIONS ATTACHED TO THE SHARES

Each share confers entitlement, to ownership of the corporate assets and sharing of profits and liquidation dividends, in proportion to the percentage of the share capital that such share represents.

Whenever it is necessary to hold several shares to exercise any particular right, owners of single shares or of an insufficient number of shares have no rights against the company unless they take such action as is necessary to assemble the necessary number of shares.

Ownership of a share automatically implies acceptance of the company's articles of association and decisions taken by the shareholders' general meeting.

Article 11. PAYMENT FOR SHARES

Outstanding amounts to be paid-up in cash on the shares shall be called by the board of directors on such conditions as it may determine.

Article 12. SHAREHOLDERS' OBLIGATIONS

Each shareholder must pay to the company any amounts necessary in order to provide the company with the own funds determined by the ordinary general meeting in compliance with banking regulations. Such contributions correspond:

- either to the subscription or purchase of shares of the company, as discussed in Articles 6 to 9; or
- to the grant of loans to the company or to the acquisition of debt instruments issued by the company and having the character of equity within the meaning of prudential regulations. Such loans and instruments are hereinafter referred to as additional equity.

Such contributions are allocated for each shareholder and for each of the above categories, on a pro rata basis of the regulatory capital requirements related to the amount outstanding of the Mortgage Notes that the company has refinanced or endorsed in favour of such shareholder.

When it is decided to call additional equity from the shareholders, subject to the powers expressly reserved for general meetings of shareholders and within the limit of the corporate purpose, the board of directors determines the characteristics, amount and terms of such calls.

The board of directors may also decide to convert the additional own funds into capital, whether in whole or in part. Such decision is implemented in accordance with the articles of incorporation, prudential regulations and provisions of the law. Where applicable, such decision is implemented after being approved by prudential authorities.

In addition, each shareholder must provide the company, as cash advances, with the amounts necessary for its functioning within the limits and subject to the conditions determined by the board of directors, within the limit of 5% of total nominal amounts outstanding.

Such advances shall be allocated among shareholders on a pro rata basis of the refinanced amounts.

Any shareholder failing to pay the required amounts on the scheduled dates shall, automatically and without any prior notice, owe the company an indemnity under the terms set forth by the ordinary general meeting.

SECTION III – ADMINISTRATION AND AUDIT OF THE COMPANY

Article 13. BOARD OF DIRECTORS

The company is administered by a board of directors comprised of no less than three members and no more than twelve members.

Directors are not required to hold at least one share of the company.

The directors' term of office is six years. Directors are always eligible for re-election.

As a departure from the above provisions, the number of directors who are over seventy years of age may not exceed one third of the number of directors comprising the board of directors. The board of directors notes whether the above limit is exceeded during the meeting deciding to give notice of the ordinary general meeting. The board then appoints, among those of its members who are over seventy years of age, the member(s) who shall remain in office.

If any office becomes vacant because of death, attainment of the age limit or resignation of one or more directors, the board of directors may, between two general meetings, appoint directors provisionally.

Article 14. NOTICE OF MEETINGS AND DELIBERATIONS OF THE BOARD OF DIRECTORS

The board of directors meets whenever the interests of the company so require, upon being convened by its chairman. Directors are given notice of the meetings of the board of directors by all means and even orally.

If the board of directors has not met for more than two months, at least one third of its members may ask the chairman to give notice of a meeting in relation to a specific agenda.

The Chief Executive Officer may also ask the chairman to give notice of a meeting of the board of directors in relation to a specific agenda.

Deliberations are made subject to the quorum and majority requirements mandated by law; in case of a split vote, the meeting chairman has a casting vote.

Minutes are prepared and copies or excerpts of the deliberations of the board of directors are issued and certified in accordance with applicable law.

Except when the board of directors meets in order to draw up the annual financial statements, review the annual management report or appoint or remove the chairman or the Chief Executive Officer, or determine their compensation, directors are also deemed present for the calculation of the quorum and majority when they participate in the meeting by videoconference or other means of telecommunication.

These means must allow for the directors' identification and must guarantee their actual participation. Such means must transmit at least the voice of the participants and must comply with technical requirements allowing for the continuous and simultaneous transmission of the deliberations.

The minutes must record any technical incident that disrupted the proceedings of the meeting, whether such incident affects a means of telecommunication or videoconference.

Article 15. POWERS OF THE BOARD OF DIRECTORS

The board of directors determines the policies of the company and oversees their implementation. Subject to the powers expressly reserved for shareholder meetings and within the limit of the corporate objects, the board of directors reviews any matter related to the sound management of the company and adopts deliberations pertaining to the matters concerning the company.

The board of directors carries out any such checks and inspections as it deems necessary.

The board of directors receives from the chairman or Chief Executive Officer of the company any and all documents and information necessary for the performance of its mandate.

Article 16. OBSERVERS

The general meeting may appoint one or more observers selected among those shareholders who are not directors. The general meeting determines their compensation.

The term of office of the observers is six years. Such term of office expires at the end of the ordinary general meeting reviewing the financial statements for the last financial year during the year in which their term of office expires.

Observers may be re-elected without any limitation; they may be removed at any time by a decision of the general meeting.

In case of death or resignation of one or more observers, the board of directors may co-opt the successor, with such provisional appointment being subject to ratification by the next general meeting.

Observers are responsible for the strict enforcement of the articles of association. They attend meetings of the board of directors without any voting right. They review the lists of assets and liabilities and the annual financial statements and submit in this respect their observations to the general meeting whenever they see fit.

Article 17. CHAIRMAN OF THE BOARD

The board of directors elects a chairman among those of its members who are natural persons, for a period determined by it, which may not exceed the term of the chairman's office as a director. The chairman organises and leads the work of the board of directors, and reports thereon to the general meeting. The chairman ensures the proper functioning of the bodies of the company and ensures in particular that the directors are in a position to discharge their duties.

The compensation of the chairman is determined freely by the board of directors, upon the recommendation of the compensation committee.

The chairman may be re-elected at any time subject to the provisions of the sub-paragraph below.

The office of Chairman shall expire at the latest at the end of the general meeting convened in order to review the financial statements for the financial year during which the Chairman has reached the age of seventy-three.

Without prejudice to the provisions of the first paragraph, when the Chairman reaches the age of sixty-nine, his term of office shall be subject to confirmation each year by the board of directors in the first meeting following the Chairman's birth date. Such term of office shall then be renewed for a maximum period of one year.

If the chairman dies or is temporarily unable to act, the board of directors may appoint a director in order to act as

chairman.

In case of temporary inability to act, such appointment is made for a limited time and is renewable. In case of death, such appointment is valid until the election of the new chairman.

The board of directors also appoints a secretary and determines his term of office. The secretary need not be selected among the directors; if the secretary is not a director, he shall not have any voting right or advisory capacity within the board.

The chairman and the secretary form the bureau of the board of directors.

Article 18. SENIOR MANAGEMENT

The Senior Management of the company is carried out by a natural person, other than the chairman of the board of directors, who is appointed by the board of directors and has the title of Chief Executive Officer. The Chief Executive Officer may be a director.

The Chief Executive Officer has the broadest powers to act in all circumstances in the name of the company. The Chief Executive Officer exercises such powers within the limit of the corporate objects and subject to the powers expressly reserved by law for general meetings and for the board of directors.

The Chief Executive Officer represents the company in its relationships with third parties. The company is bound even by those actions of the Chief Executive Officer that fall outside the corporate objects, unless the company proves that the third party concerned knew that such action exceeded the corporate objects or could not be unaware of the same in view of the circumstances, provided that the mere publication of the articles of incorporation shall not be sufficient to constitute proof thereof.

The board of directors may limit the powers of the Chief Executive Officer, but such limitation is unenforceable against third parties.

The Chief Executive Officer may delegate part of his powers, whether temporarily or permanently, to as many agents as he shall see fit, with or without the power to subdelegate.

The Chief Executive Officer's compensation is determined freely by the board of directors, upon a recommendation of the compensation committee.

The Chief Executive Officer is asked to attend meetings of the board of directors, even if he is not a director.

The Chief Executive Officer may be removed at any time by the board. Any removal decided without cause may give rise to the payment of damages.

When the Chief Executive Officer is a director, he may not be appointed for a period exceeding his term of office as a director.

The office of Chief Executive Officer shall expire at the latest at the end of the general meeting convened in order to review the financial statements for the financial year during which the Chief Executive Officer has reached the age of seventy.

Without prejudice to the provisions of the first paragraph, when the Chief Executive Officer reaches the age of sixty-nine, his term of office shall be subject to confirmation each year by the board of directors in the first meeting following the Chief Executive Officer's birth date. Such term of office shall then be renewed for a maximum period of one year.

Article 19. DEPUTY CHIEF EXECUTIVE OFFICERS

Upon a recommendation made by the Chief Executive Officer, the board of directors may appoint, within the limits set forth by law, one or more natural persons responsible for supporting the Chief Executive Officer, and bearing the title of Deputy Chief Executive Officer.

In agreement with the Chief Executive Officer, the board of directors determines the scope and term of the powers granted to the Deputy Chief Executive Officers. However, the Deputy Chief Executive Officers have, vis-à-vis third parties, the same powers as the Chief Executive Officer.

When the Chief Executive Officer ceases discharging his duties or is unable to discharge his duties, the Deputy Chief Executive Officers remain in office, unless otherwise decided by the Board until the appointment of the new Chief Executive Officer.

The compensation of the Deputy Chief Executive Officer is determined freely by the board of directors, upon a recommendation from the compensation committee.

Even where the Deputy Chief Executive Officers are not members of the board of directors, they are asked to attend meetings of the board of directors.

Deputy Chief Executive Officer may be removed at any time by the board of directors upon a recommendation from the Chief Executive Officer. Any removal decided without cause may give rise to the payment of damages.

When a Deputy Chief Executive Officer is also a director, his term of office as a Deputy Chief Executive Officer may not exceed that of his office as a director.

The office of any Deputy Chief Executive Officer shall expire at the latest at the end of the general meeting convened in order to review the financial statements for the financial year during which the said Deputy Chief Executive Officer has reached the age of seventy.

Without prejudice to the provisions of the first paragraph, when the Deputy Chief Executive Officer reaches the age of sixty-nine, his term of office shall be subject to confirmation each year by the board of directors in the first meeting following the Deputy Chief Executive Officer's birth date. Such term of office shall then be renewed for a maximum period of one year.

Article 20. GOVERNMENT'S REPRESENTATIVE

The State may appoint a representative in order to attend the meetings of the Board of directors.

The Government's representative is not a director. The Government's representative ensures that the company complies with its corporate objects.

The Government's representative has no voting right. In case of disagreement with any decision that he deems contrary to the company's corporate objects, a reference to his position is noted in the minutes of the relevant meeting.

Article 21. STATUTORY AUDITORS

The company is audited by one or more statutory auditors in accordance with the terms and conditions set forth by law.

One or more alternate statutory auditors, who are to replace the standing statutory auditor(s) in case of death, inability to act or refusal to act, are appointed by the ordinary general meeting.

SECTION IV – SHAREHOLDERS’ GENERAL MEETINGS

Article 22. GENERAL MEETINGS

Notice of general meetings is given in accordance with and as required by law.

Meetings are held at the registered office or at any other place specified in the notice of meeting.

The right to participate in general meetings is conditional on the registration of the shares in the accounts maintained by the company, at least five days before the date of the general meeting.

General meetings are chaired by the chairman of the board of directors or, in his absence, by a director especially appointed to that end by the board. Failing which, the general meeting itself appoints its chairman.

The two members of the general meeting who are present and hold the largest number of votes are appointed as scrutineers, if they accept such appointment.

The bureau appoints the secretary, who is not required to be a shareholder.

An attendance sheet is maintained in accordance with and as required by law.

The copies or excerpts of the minutes of general meetings are duly certified in accordance with and as required by law.

Article 23. ATTENDANCE AND REPRESENTATION AT GENERAL MEETINGS

All shareholders are entitled to participate in general meetings.

Subject to the laws applicable to general meetings classed as constitutive general meetings, each member of the general meeting has the following number of votes:

- any shareholder owning a number of shares ranging between one share and 10% of the number of shares representing the share capital, shall have one vote for every 0.01% of that shareholder’s percentage ownership of the share capital.
- any shareholder owning a number of shares ranging between 10% and 20% of the number of shares representing the share capital, shall have a number of votes equal to 1,000 plus one vote for every 0.01% of that shareholder’s percentage ownership of the share capital over and above 10% of the share capital.
- any shareholder owning a number of shares greater than 20% of the number of shares representing the share capital, shall have a number of votes equal to 1,100 plus one vote for every 1% of that shareholder’s percentage ownership of the share capital over and above 20% of the share capital.
- Where applicable, the number of votes so determined shall be rounded up to the immediately higher whole number.

Any shareholder may be represented at general meetings by another shareholder.

Natural persons who are permanent representatives of legal entity shareholders on the board of directors shall participate in general meetings, whether or not they are personally shareholders.

Article 24. POWERS OF GENERAL MEETINGS

Ordinary and extraordinary general meetings deciding in accordance with the applicable quorum and majority rules, exercise the powers conferred upon them by law.

SECTION V – FINANCIAL YEAR - PROFITS

Article 25. FINANCIAL YEAR

The financial year begins on 1 January and ends on 31 December.

Exceptionally, the company's first financial year began on 23 September 1985 and ended on 31 December 1985.

Article 26. PROFITS AND LOSSES - DIVIDEND PAYMENTS

Distributable profits, as defined by law, are at the disposal of the general meeting which may decide to post them to reserves, carry them forward or distribute them. If it decides to distribute, the general meeting may grant the option of electing either a dividend payment in cash or in shares, under the conditions provided by law.

Furthermore, the general meeting may decide to distribute amounts withdrawn from available reserves, expressly indicating the specific reserves from which such withdrawal shall be made.

However, dividends in respect of a financial year are paid in priority out of the available distributable profits for that year.

Except in the case of a share capital reduction, no distribution may be made to shareholders if own funds are, or would as a result of such distribution, fall below the minimum amount required under applicable laws and regulations.

Losses, if any, are carried forward and applied against the profits of subsequent financial years until extinguished.

SECTION VI – INTERNAL REGULATIONS

Article 27. INTERNAL REGULATIONS

Internal regulations (*règlement intérieur*), drawn up by the board of directors, set forth the provisions governing the company's operations and various shareholder undertakings. The internal regulations supplement and clarify the articles of association. They are signed by the shareholders or the institutions committed to become shareholders.

SECTION VII – WINDING UP – LIQUIDATION

Article 28. LIQUIDATION OF THE COMPANY

When the company's term of incorporation expires, or upon its winding-up, the general meeting determines the manner of its liquidation and appoints, and determines the powers of, one or more liquidators who discharge their duties as required by law.

SCHEDULE 6**CRH - CAISSE DE REFINANCEMENT DE L'HABITAT****INTERNAL REGULATIONS**

These internal regulations supplement and explain the articles of association, and clarify the provisions governing CRH's operations and certain shareholder undertakings. They apply to all present and future mobilisations and are deemed to amend all previous agreements.

These internal regulations are subject to amendment to comply with changes in prudential regulations.

1. CRH OPERATIONS
2. APPROVAL OF BORROWERS
3. RISK COMMITTEE'S POWERS IN RELATION TO REFINANCING
4. BOND ISSUES
5. MOBILISATION
6. MOBILISATION COLLATERAL
7. BORROWER DEFAULT
8. SHAREHOLDER UNDERTAKINGS
9. CRH OPERATIONAL SUPERVISION
10. EXPRESS SHAREHOLDER APPROVAL OF INTERNAL REGULATIONS

1. CRH OPERATIONS

1.1 In accordance with its articles of association, CRH's sole activity is refinancing the home purchase loans of its shareholder credit institutions and all institutions committed to becoming shareholders and approved by CRH.

1.2 CRH issues financial securities (hereafter "bonds") whose features are identical to those of the promissory notes mobilised for the purposes of such refinancing, and as such CRH acts in complete transparency.

1.3 The commitments made by the borrower credit institutions to CRH and those made by CRH when issuing bonds on the financial market are accordingly perfectly matched.

1.4 CRH's financing operations are governed by the provisions of articles L. 313-42 to L. 313-49 of the Monetary and Financial Code.

2. BORROWER APPROVAL

2.1 To qualify for CRH refinancing, a borrower must:

- be a credit institution,
- undertake to become a CRH shareholder,
- undertake to comply with the laws and regulations applicable to CRH's operations, its articles of association as well as these internal regulations and in particular CRH's right to inspect the borrower's receivables portfolio,
- be approved by CRH and for this purpose, deliver a dossier including all financial and economic documents necessary to determine whether such approval is appropriate.

CRH may request all additional information and technical assessments it considers necessary for such purpose.

2.2 On the advice of the risk committee, CRH's board of directors decides whether to approve the borrower and the terms of its refinancing facilities.

In accordance with applicable banking regulations, the maximum amount of risk on a borrower may be reviewed by the board of directors at any time.

2.3 Prior to any mobilisation:

- the borrower must sign the internal regulations and a subordinated loan agreement, which relates to the equity contribution referred to in paragraph 8.1 of these internal regulations,
- the borrower undertakes, throughout the duration of the mobilisation, to provide CRH with in particular:
 - on a regular basis or at CRH's request, all documents necessary to monitor its activity and results in particular in the home-purchase loan sector,
 - where applicable, the characteristics of the outstanding assigned home-purchase loan receivables, whether or not remaining under its management,
 - the amount of any Mortgage Notes issued in favour of any party other than CRH,

- CRH's inspection department may examine the borrower's loans portfolio.

3. RISK COMMITTEE'S POWERS IN RELATION TO REFINANCING

The risk committee issues opinions on in particular the terms applicable to:

- the borrowers' approval and refinancing,
- the eligibility of the receivables,
- the collateral for the promissory notes,
- hedging of CRH's direct and indirect refinancing risks,
- determining the respective market shares of each of the approved credit institutions used for the granting of refinancing.

4. BOND ISSUES

4.1 CRH periodically requests the credit institutions to notify it of their refinancing requirements.

Having received and considered all requests submitted by these institutions, CRH informs them of its decision, prepares an issuance programme and delivers to them, for signing, the mobilisation agreement setting forth the terms of the refinancing.

4.2 CRH may issue bonds on the French or foreign financial markets.

CRH may appoint one or more credit institutions to place its bond issues or place them itself. It determines the terms of these placements depending on market conditions.

4.3 The amounts raised by CRH in a bond issue are shared between its borrower institutions as follows:

a) if the actual amount raised by CRH is equal to the overall amount of refinancing requested and accepted by CRH, such requests are fully met.

b) if the actual amount raised by CRH is less than the overall amount of refinancing requested and accepted by CRH, a theoretical allocation of the actual amount raised by CRH is calculated per institution pro rata the market shares of the relevant institutions.

Refinancing requests for an amount less than or equal to the theoretical allocation of an institution are fully met.

Unallocated amounts are assigned to institutions whose requests have not been fully met, within the limit of their application, pro rata their respective market share of the French home-purchase loan market.

These market shares are determined by the Chief Executive Officer upon the advice of the risk committee and after consultation with each relevant institution based on the latest figures submitted by these institutions to the *Autorité de contrôle prudentiel et de résolution* and CRH. This determination is made following the shareholders' general meeting called to vote upon CRH's annual financial statements. It may be revised at any time upon the approval of a new institution.

4.4 Upon receipt of the issue proceeds, CRH pays to each borrower its relevant share, having deducted all transaction fees and commissions and, if required, the additional equity referred to in article 12 of the articles of association.

5. MOBILISATION

5.1 Issuance of Mortgage Notes

In accordance with the provisions of articles L. 313-42 to L. 313-49 of the Monetary and Financial Code and the mobilisation agreement (*contrat de mobilisation*), the borrowers are obliged to issue, in favour of CRH, Mortgage Notes representing their respective share of the issue. The notes are prepared in accordance with the terms of the Commercial Code and applicable standards in the form specified by CRH. The borrowers irrevocably undertake to pay all interest, fees, ancillary amounts and taxes, present or future, relating to the mobilisation pro rata their respective share and to comply with the undertakings set forth on the face and reverse side of these notes.

These notes are acquired by CRH upon disbursement of the funds.

These notes are denominated in the same currency and bear interest at the same rate and on the same dates as the bonds of the relevant issue and are repayable on the same terms.

5.2 Early repayment of Mortgage Notes

The borrower institutions may repay, in whole or in part, the Mortgage Notes before maturity, only as agreed and on terms defined by CRH and having signed an early repayment agreement. They must then deliver to CRH, by way of repayment, the bonds of the relevant issue.

CRH may suspend this right at any time.

5.3 Procedure for securing redemption instalments

Furthermore, in connection with the implementation of a procedure for securing the redemption of instalments under bond issues already issued or to be issued, the borrowers expressly agree to the following:

Five (5) business days before the redemption of an instalment under a bond issued by CRH, each borrower must advance to CRH an amount equal to the Mortgage Note principal amount to be redeemed, plus the associated Mortgage Note interest amount.

The corresponding funds are invested on the money market until the instalment redemption date, under a treasury notes (*Bons du Trésor*) sale and repurchase arrangement. These funds may also be deposited with the Central Bank.

This advance is repaid on the instalment redemption date, if applicable by set-off against amounts owed by the borrower in respect of the repayment of principal, and payment of the related interest, on the Mortgage Note.

The proceeds of investment of this advance on the money market are then paid to the borrowers. Any negative interest is borne by the borrowers.

In the case of foreign currency transactions, this advance may be called in euros.

5.4 Mobilisation by an endorsing agent

One or more borrowers may, under an agency agreement, request an institution duly approved by CRH, to subscribe in their name and on their behalf, to a single Mortgage Note representing the loans they intend to mobilise.

The agent endorses the note representing the capital and the notes representing the interest that it subscribes on behalf of its principals. It undertakes, in the event of default by its principals, to substitute itself for them and assume all of their obligations. Furthermore, it shall submit to CRH a copy of the signed agency agreement.

Each agent undertakes to comply with the mobilisation obligations in proportion to its share of the subscribed Mortgage Note. The agents may agree to be jointly and severally liable for performing all of such obligations.

The agent is not required to hold the receivables. However the agent guarantees that CRH's controls may be carried out at its premises if CRH so requests.

The agent is also responsible for obtaining from its principals all documents enabling it to require notaries and the courts, if necessary, to deliver original enforceable copies of the receivables. The agency agreement must include the option to transfer this right to CRH.

Furthermore, the agency agreement must specify that the principal has been informed of these internal regulations, accepts and agrees to comply with the terms thereof.

The agent signs the internal regulations both as agent and in his own name.

6. MOBILISATION COLLATERAL

6.1 Pledge of a portfolio of receivables

The servicing of interest payments on and the repayment of Mortgage Notes must be secured no later than the date of issue of the notes by a pledge ("making available") of receivables in accordance with articles L. 313-42 to L. 313-49 of the Monetary and Financial Code.

The grant of the pledge is materialised by a detailed list of the receivables, prepared by the borrower, for each Mortgage Note, in the form required by CRH, in compliance with the above-mentioned provisions.

The characteristics of the receivables made available and any specific terms governing the mobilisation collateral are determined by CRH's board of directors in accordance with applicable laws. They are detailed in a document entitled "CRH loan eligibility criteria". Any subsequent amendments to this document must be agreed to in advance by the borrowers.

The portfolio of receivables made available must at all times have an average life equal to the residual term of the secured mortgage principal note and an average interest rate equal to or greater than that of the note. Its amount must at all times be equal at least to 125% of the nominal amount of the secured note. However, in cases of failure to comply with certain rules, in particular matching term and interest rate rules, CRH may require such minimum amounts to be increased.

The borrower accepts personal liability for the payment on the due date of all instalments payable by the debtors of these receivables.

It is expressly agreed that all receivables so made available by the borrower to CRH shall be applied towards securing all notes, present or future, subscribed by the borrower in favour of CRH.

6.2 Pledge-related restrictions

As provided in the above-mentioned law, the borrower may not transfer in any form whatsoever, in particular by way of transfer of title or as security, the receivables made available. In particular it may not assign

them to a French or foreign securitisation fund.

The borrower recovers the right to freely dispose of the pledged receivables solely where these have been repaid, become due, are non-performing, disputed or doubtful. The borrower is then required to replace such receivables with an equivalent amount of eligible receivables.

A receivable is deemed to be non-performing or disputed where amounts in respect thereof are unpaid and such non-payment is the result of legal or political obstacles outside the control of the debtor or where the payment is contested.

A receivable is deemed to be doubtful if amounts in respect thereof are unpaid for a reason other than those referred to above.

The borrower undertakes to withdraw from those made available, all receivables invalidated upon any inspection and more generally all receivables not meeting CRH's loan eligibility criteria.

The borrower shall keep a list of receivables made available and send a monthly duplicate list to CRH in such format as CRH may require.

6.3 Inspections at the borrowers' premises

CRH shall verify the receivables pledged as collateral for the Mortgage Notes at the borrowers' or the potential borrowers' premises.

It shall verify in particular:

- the material existence of the receivables,
- that the borrower institution has full title to the receivables,
- that, in accordance with the law, they are free from any obligations in respect of any pledge or assignment in particular,
- that they satisfy the eligibility criteria.

For such purpose, CRH may request the inspected institutions to deliver such certificates as it may consider useful from their statutory auditors.

Where invalid receivables have been identified, in particular those referred to in paragraph 6.2 of these internal regulations, the borrower institution shall pledge in favour of CRH an additional portfolio of valid receivables to compensate for the shortfall identified.

6.4 Insufficient mobilisation collateral

Should the value of a portfolio made available by a borrower institution by way of mobilisation collateral be insufficient, the institution must immediately make up the shortfall by making additional eligible receivables available to CRH. Failing which, in order to restore the collateral to the required level, the borrower undertakes without delay to acquire bonds of a sufficient nominal amount from the pool corresponding to the relevant Mortgage Note and to deliver such bonds to CRH by way of repayment.

CRH may agree to the deferral of such transactions.

In addition, borrowers undertake to notify CRH upon becoming aware that any such situation may arise.

6.5 Information system

The borrower undertakes to notify CRH, if relevant, of any proposed change likely to affect the filters used to select the receivables to be pledged in its favour.

7. BORROWER DEFAULT

If a borrower defaults on payment of the advance referred to in paragraph 5.3 of these internal regulations prior to a repayment instalment or on payment of the interest on a note, the following provisions shall apply:

7.1 Cash advance call

CRH's executive management may request from each shareholder the cash advances referred to in paragraph 8.3 below in order to honour on the due date CRH's commitments to its bondholders despite such default.

7.2 Acceleration of the notes

Default by a borrower shall result automatically in the acceleration of the term of all the notes it has issued in favour of CRH. Such notes shall accordingly become immediately due and payable.

7.3 Transfer of title

Upon determination of the default and after making the call for a cash advance and instructing the risk committee, CRH shall consider:

- a) the appropriateness and, if relevant, the terms for transfer to itself of title to the pledged receivables under and in accordance with articles L. 313-42 to L. 313-49 of the Monetary and Financial Code, after notifying the borrower of the default,
- b) the appropriateness of entrusting management of the receivables portfolio to the defaulting institution in accordance with the agreement appended hereto and on the terms approved by the prudential Authorities.

CRH shall then perform or cause to be performed a detailed audit of this portfolio to verify its overall characteristics and determine precisely the anticipated amounts and dates of payment flows.

7.4 Management of risks resulting from substitution of the receivables portfolio for the defaulting notes in CRH's assets

The revenue flows generated by the receivables portfolio must enable CRH to pay the interest on and repay the bonds associated with the defaulting notes. Nevertheless, the payment/repayment dates and amounts of these revenue flows need not match exactly.

Also, as soon as it knows the precise details of the portfolio, CRH may seek the necessary additional refinancing to perfectly match these flows.

CRH may also seek to retire its bond debt by selling the portfolio then buying back the relevant bonds in the same amount on market terms with a view to cancelling them.

7.5 Interest rate risk management

Upon default by a borrower, particular attention is paid to any potential resulting interest rate risk. To protect against this risk, CRH may use derivative products, but, insofar as possible must give priority to sales and purchases of fixed-income securities or eligible receivables.

Should CRH decide to sell the receivables portfolio and buyback bonds as referred to in paragraph 7.4 of these internal regulations, preparations shall include defining precise measures to control this risk. One of these measures may involve granting a specific mandate to a credit institution.

7.6 Settlement of accounts between the defaulting borrower and CRH

Final settlement of accounts should enable CRH to fully discharge itself of all debts and undertakings contracted on behalf of the borrower, with no remaining liabilities whatsoever resulting from the borrower's default.

In principle, final settlement takes place after the originally scheduled date for the last and final instalment under the borrower's Mortgage Notes.

The defaulting borrower remains liable for the following:

- the amount of all interest, repayments and tax liabilities, paid or to be paid, by CRH on behalf of the borrower since its default including interest on the cash advances of the other shareholders referred to in paragraph 8.3 of these internal regulations,
- the full amount of all disbursements paid by CRH (including interest and expenses) in respect of the bond buybacks referred to in paragraph 7.4 of these internal regulations,
- all legal expenses and, more generally, all expenses incurred by CRH as a result of the default.

8. SHAREHOLDER UNDERTAKINGS

In addition to their other legal, regulatory and contractual undertakings in respect of transactions, each shareholder gives the following undertakings:

8.1 Equity capital endowment

Each shareholder shall pay to CRH the amount necessary to ensure that it has the required capital to satisfy applicable banking regulations in accordance with the terms set forth in the articles of association.

8.2 Allocation of capital

Each shareholder undertakes to sell or purchase the required number of shares to ensure that the allocation of capital and the allocation of the regulatory capital requirement in respect of outstandings is perfectly proportionate, in accordance with the terms set forth in the articles of association.

8.3 Cash advances

In accordance with the articles of association, each CRH shareholder shall provide it, by way of cash advance, with the sums necessary for it to operate, within the limit of 5% of the total amounts refinanced.

a) By express delegation by the board of directors, CRH's executive management calls for cash advances, of its own volition and in any manner, whenever necessary, for the required amount.

b) In the event of default by a shareholder in servicing its debt owed to CRH, the cash advances of the other shareholders must enable CRH to pay on the due date all amounts owed on its behalf in particular to bondholders and the French treasury (*Trésor Public*).

Such advances are retained, if necessary, until final settlement of accounts between the defaulting shareholder and CRH.

c) The advances are apportioned between the shareholders pro rata the nominal value of their respective refinanced positions as at 31 December of the previous financial year or a subsequent date determined by the board of directors.

d) The board of directors determines, at the appropriate time, the interest payable on these advances depending on the circumstances and prevailing market conditions.

e) In order for CRH to receive these advances on first demand, each shareholder shall deliver a specific constantly updated data sheet indicating the names, postal and email addresses, telephone and facsimile numbers of at least two (2) employees authorised to receive cash advance demands from CRH's executive management.

f) Any shareholder failing to pay the required amount on the specified date shall automatically, and without prior formal notice of demand, be liable to pay the company an indemnity determined by the shareholders' ordinary general meeting.

8.4 Management agreement

Each shareholder automatically accedes to the management agreement referred to in paragraph 7.3 of these internal regulations.

8.5 Acceptance of the terms of the articles of association

Each shareholder, by virtue of its status as shareholder, automatically accepts the terms of the company's articles of association and decisions of the shareholders' general meeting.

8.6 Shareholder preventive recovery plan

Shareholders that are obliged to implement a preventive recovery plan undertake to include safeguarding the interests of CRH, in particular in terms of portfolio management.

9. CRH OPERATIONAL SUPERVISION

In accordance with applicable banking regulations, CRH has implemented an internal control structure, under the responsibility of executive management.

In addition, CRH's operations are the subject of controls performed by the inspection units of the various shareholder institutions or, if so decided by the board of directors, by an audit firm included on the list of statutory auditors.

10. EXPRESS SHAREHOLDER APPROVAL OF THE INTERNAL REGULATIONS

CRH's shareholders expressly undertake to comply with and to sign these internal regulations.

SCHEDULE 7

CRH LOAN ELIGIBILITY CRITERIA

REMINDER

Caisse de Refinancement de l'Habitat's sole business is to refinance home-purchase loans extended by banks. This refinancing (corresponding to the loans mobilised by the banks) is materialised by promissory notes issued by the banks and held on CRH's balance sheet. These notes have the same features as the bonds issued by CRH to refinance them and are secured by a specific pledge of the banks' loan stock.

The following criteria are subject to further review in order to fully comply with new European regulations.

INTRODUCTORY REMARK

The following provisions constitute the body of rules applicable to CRH's operations. Some of these are also likely to be amended, repealed or replaced in the coming months due to the introduction of the new European regulatory framework:

- article 13 of the law n° 85-695 dated 11 July 1985, supplemented by article 36 of the law n° 2006-872 dated 13 July 2006, and by article 4 of order n° 2021-858 dated 30 June 2021;
- article 5 of decree n° 2021-898 dated 6 July 2021;
- articles L. 313-42 to L. 313-49 of the Monetary and Financial Code codifying the provisions of article 16 of the Law n° 69-1263 dated 31 December 1969, as amended by articles 12 and 13 of the Law n° 85-695 dated 11 July 1985, by article 113 of the Law n° 99-532 dated 25 June 1999, by article 16 of order n° 2008-556 dated 13 June 2008, by article 3 of order n° 2013-544 dated 27 June 2013 and by article 1 of order n° 2021-858 dated 30 June 2021;
- articles L. 513-2 to L. 513-27 of the Monetary and Financial Code relating to *sociétés de crédit foncier* as amended by article 2 of order n° 2021-858 dated 30 June 2021;
- article R. 214-21 of the Monetary and Financial Code as amended by article 1 of decree n° 2021-898 dated 6 July 2021;
- article L. 313-64 of the Consumer Code on loans denominated in non-European Union currencies;
- articles R. 313-20 to R. 313-25 of the Monetary and Financial Code as amended by article 2 of decree n° 2021-898 dated 6 July 2021;
- articles R. 513-1-A to R. 513-18 of the Monetary and Financial Code as amended by article 3 of decree n° 2021-898 dated 6 July 2021;
- Order dated 17 February 2014 amending the order dated 23 December 2013 on the application of article 493 (3) of Regulation (EU) n° 575/2013 of the European Parliament and of the Council dated 26 June 2013 on the prudential requirements for credit institutions and investment firms;

- Regulation n° 99-10 of the French Banking and Financial Regulatory Committee on the valuation of financed assets to be taken into account in determining the mobilisable portion of a loan, as amended by regulation n° 2002-02 and orders dated 7 May 2007, 23 February 2011, 26 May 2014, 3 November 2014 and 25 July 2021;
- Regulation (EU) n° 575/2013 of the European Parliament and of the Council dated 26 June 2013 referred to hereafter as the CRR;
- Directive 2013/36/EU of the European Parliament and of the Council dated 26 June 2013;
- Directive 2019/2162/EU of the European Parliament and of the Council dated 27 November 2019;
- the Internal Regulations of CRH.

LOAN ELIGIBILITY CRITERIA

The loan eligibility criteria for CRH's operational purposes are derived from the provisions of article 129 of the European CRR regulation dated 26 June 2013 on covered bonds and provisions specific to CRH.

1 - BENEFICIARIES

The beneficiaries are private individuals or property investment companies (*sociétés civiles immobilières*) whose shareholders are private individuals, insofar as the latter do not conduct property development business.

2 - PURPOSE

The loans are intended to finance the construction or acquisition of **housing** or to finance both the acquisition of a building plot and the cost of construction works for **housing**. Works for the purpose of creating or transforming a habitable space, by extension or renovation, are considered for these purposes as construction.

Loans used to finance professional or commercial premises are therefore excluded. For hybrid operations (financing both housing and commercial or professional premises), the financing of the housing element will not be eligible unless that element has its own dedicated loan, mortgage registration and valuation.

3 - SECURITY

The mobilised loans must be secured either by:

- 1) a first ranking mortgage or lenders' lien (*PPD*)¹ over the financed property,
- 2) by a joint and several guarantee from an eligible protection provider within the meaning of article 129-e of the European CRR regulation.

The borrower institution must ensure that the real property security satisfies the requirements of the above-mentioned regulation.

¹ Since 1 January 2022, the lender's special legal mortgage (*hypothèque légale spéciale*) has replaced the lender's lien (*PPD*).

4 - AMOUNT

The outstanding amount due on eligible loans is limited to 1 million euros.

5 – LOAN TERM

Eligible loans must have an original term of more than 1 year.

Eligible loans must have a residual term of no more than 25 years.

6 – MOBILISABLE PORTION OF A LOAN

The mobilisable portion of an eligible loan may not exceed the smaller of the following amounts:

- the outstanding principal amount of the loan,
- 80% of the value of the property financed or provided by way of security (or up to 100% in the case of social home-purchase loans (*Prêts à l'Accession Sociale – PAS*) - guaranteed by the *Fonds de Garantie à l'Accession Sociale - FGAS* -, or any other substitute fund, body, entity or person).

Where there are several co-existing loans (in particular home savings loans (*prêts épargne logement*), zero per cent interest rate loans), the sum of the principal amounts outstanding on all of such loans is used to calculate the mobilisable portion.

7 - VALUATION OF THE FINANCED PROPERTY

Properties financed by eligible loans must be valued on a prudent, non-speculative basis by the borrowing bank.

The valuation must be carried out by an independent expert, in other words any person not involved in the loan granting decision-making process having the qualifications, skills and experience necessary to perform valuations.

The valuation must be made by reference to the property's sustainable long-term characteristics, to normal and local market conditions, to the property's present use and other uses it may potentially serve. This value shall be determined in writing, in a clear and transparent manner, and may not exceed the market value.

Notwithstanding the above, the valuation may be based on the overall cost of the initial transaction where this cost is less than 600,000 euros or where the outstanding principal balance of the total amount of the loans secured by the financed property is less than 480,000 euros.

The valuation of the properties is reviewed as part of the risk measurement system governing the borrower credit institutions pursuant to the ministerial decree dated 3 November 2014 on the internal control of banking, payment services and investment services sector undertakings supervised by the *Autorité de contrôle prudentiel et de résolution*. This review is carried out annually using a statistical method.

The property valuation methods and periodic valuation review methods are held at the disposal of the *Autorité de contrôle prudentiel et de résolution* and CRH which may request modifications.

The borrowing institution must have procedures describing their lending policy and the types of property financed which must ensure that the property taken as security is duly insured against risk of damage.

8 - SPECIFIC CONDITIONS APPLICABLE TO GUARANTEED LOANS

For loans guaranteed by a joint and several guarantee (*caution solidaire*) the loan/income ratio may not be greater than 33% on the date of grant of the loan. This ratio constitutes the borrower's gross income element covering repayment of the loan, including interest.

As of this same date of grant of the loan, no mortgage may be taken over the financed property.

The credit institution and the protection provider must both assess the credit quality of the borrower.

9 - SPECIFIC PROVISIONS

Throughout their duration, amounts mobilised must be covered by the pledge of a portfolio of eligible loans of an amount no less than 125% of the amount mobilised where loans are fixed-rate, and no less than 150% of the amount mobilised where the loans are variable rate.

However, in cases of failure to comply with certain rules, in particular matching interest rate rules, CRH may require such minimum amounts to be increased.

The borrower may not transfer, in any form whatsoever, the pledged receivables. Accordingly, it may not assign them in particular to a securitisation fund (FCC) or to a *société de crédit foncier*.

The borrower only recovers the right to freely dispose of these receivables where they have been repaid, become due, are non-performing, disputed or doubtful. The borrower is then required to replace such receivables with an equivalent amount of eligible receivables.

A receivable is deemed to be non-performing or disputed where amounts in respect thereof are unpaid and such non-payment is the result of legal or political obstacles outside the control of the debtor or where the payment is contested.

A receivable is deemed to be doubtful if amounts in respect thereof are unpaid for a reason other than those referred to above.

An unpaid receivable is considered as a receivable where the amount unpaid is equal to or greater than twice the amount of an instalment due.

The pledged loans portfolio must have an average life duration not exceeding by more than 18 months the residual term of the mobilised amounts, and an average interest rate equal to or greater than the mobilised amounts.

CRH may request the inspected institutions to deliver such certificates as it may consider useful from their statutory auditors.

Where invalid receivables have been identified, in particular those referred to in paragraph 6.2 of the internal regulations, the borrower institution shall pledge in favour of CRH an additional portfolio of valid receivables to compensate for the shortfall identified.

Concerning loans granted in Swiss francs, the borrowing institution must ensure that the beneficiaries of such loans derive their income principally, or own assets, in Swiss francs as at the date of signing of the loan.

MISCELLANEOUS REMARKS

It should be noted that home savings loans (*prêts d'épargne logement*) and substitute loans (*prêts substitutifs*) are eligible on the same terms as other loans.

As provided by law, loans intended to finance a real estate property located in the European Economic Area are eligible. However presently, under these regulations, only transactions for the financing of a real estate property located in France are permitted.

SUPPORTING DOCUMENTS TO BE MAINTAINED BY LENDING INSTITUTIONS

Caisse de Refinancement de l'Habitat verifies the existence of each receivable and its compliance with the criteria set forth in this document. As part of the control process, it assesses, in particular, the following characteristics of each loan:

- purpose and location of the financed property,
- beneficiary,
- security,
- authorised amount,
- outstanding principal owed,
- repayment terms and conditions,
- completion date and interest payment and principal repayment dates,
- nominal interest rate and review terms,
- total financing transaction costs, cost of works,
- valuation of the financed property,
- mobilisable portion of a loan,
- unpaid amounts,
- loan/income ratio for guaranteed loans,
- for loans in Swiss francs, main source of income or assets in the same currency.

Lending institutions must therefore maintain the following items for submission to CRH:

1 - SECURITY

- For mortgage loans, enforceable execution copy, mortgage register entries (*bordereaux d'inscriptions*) and other mortgage documents,
- deed of guarantee (*acte de caution*) for guaranteed loans,
- loan offer and supplemental documents.

2 - VALUATION OF THE PROPERTY

- deed of sale, promise for sale (*promesse de vente*), reservation agreement (off-plan sales), deed of gift, notarised certificate, construction contract or all documents relevant to determining the overall cost of the transaction or the value of the financed property,
- summary statement of expenses incurred and amounts released,
- documents supporting the valuation of the financed property where required under applicable regulations (transaction value equal to or greater than 600,000 € or outstanding capital of more than 480 000€),
- if a loan is to be acquired, all documents relevant to determining the purpose and value of the property financed by the original loan which must satisfy the eligibility criteria.

3 - CLIENT DATA

- for each dossier, a payment delinquency report as at the date of the selection list,
- amortisation tables for the loans financing the operation,
- analysis report, detailed financing plan,
- articles of association of the SCI,
- loan/income ratio upon grant of the guaranteed loan,
- proof of income or assets for Swiss franc denominated loans.

SCHEDULE 7 (Cont.)
GLOSSARY

Eligible receivable (*Créance éligible*): a receivable representing home-purchase loans complying with the eligibility criteria defined in accordance with articles L. 313-42 et seq. of the Monetary and Financial Code.

Invalid receivable (*Créance invalide*): A receivable representing loans that do not comply with the eligibility criteria referred to above.

Make/made available (*Mise à disposition*): Pledge of a portfolio of eligible receivables in favour of CRH within the framework of articles L. 313-42 to L. 313-49 of the Monetary and Financial Code as collateral for the loan granted by CRH to the borrowing credit institution.

Matching rate (*Congruence de taux*): A provision of CRH's internal regulations requiring that the average interest rate on the receivables portfolio pledged in its favour is, at all times, equal to or greater than that of the mortgage (principal) note.

Matching term (*Congruence de durée*): A provision of CRH's internal regulations requiring that the average life duration of the receivables portfolio pledged in its favour does not, at any times, exceed by more than 18 months the residual term of the mortgage (principal) note.

Mobilisable Portion of a Loan (*Partie mobilisable d'un prêt*): This is equal to the smaller of the following amounts: the outstanding principal amount of the loan or 80% of the value of the property financed or provided by way of security (or up to 100% in the case of social home-purchase loans (*Prêts à l'Accession Sociale – PAS*) - guaranteed by the *Fonds de Garantie à l'Accession Sociale - FGAS* -, or any other substitute fund, body, entity or person).

This value is estimated in accordance with the provisions of regulation n° 99-10 of the banking and financial regulation committee (CRBF).

Mortgage market (*Marché hypothécaire*): Market established in 1966 enabling credit institutions to refinance, in accordance with the provisions of articles L. 313-42 to L. 313-49 of the Monetary and Financial Code, certain home-purchase loans. CRH replaced the mortgage market which is no longer limited to refinancing residential mortgage loans (under certain conditions).

Mortgage Note (*Billet de Mobilisation*): A security (promissory note) issued by a borrowing credit institution representing CRH's claim against it. The principal and interest under each note is secured by the pledge of a portfolio of eligible receivables. It is in essence a trade bill.

Over-collateralisation (*Surdimensionnement*): Minimum level of mobilisation collateral provided by the portfolio of receivables pledged in favour of CRH. The minimum level is 125% (as provided in article R. 313-21 of the Monetary and Financial Code).

Regulated European Covered Bonds (*Obligations garanties*): Bonds satisfying the conditions set forth in European Regulation (EU) n° 575/2013 CRR (article 129).

Subordinated loan (*Emprunt subordonné*): Funds loaned by way of additional equity to CRH by its borrowers pro rata their outstanding loans.

SCHEDULE 8

