CRH FUNDING B.V.

DIRECTOR'S REPORT
AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
31 DECEMBER 2019

Registered with the Chamber of Commerce in The Netherlands under number: 57502536

CONTENTS

1 DIRECTOR'S REPORT

1.1 General

The principal business activities of CRH Funding B.V. ("the Company") consist of the supply or to procure the supply of finance to affiliated companies, as well as to draw or to procure the drawing of funding. The Company is a wholly owned subsidiary of CRH Nederland B.V., registered in Rijswijk ZH, The Netherlands and has its business office at Einsteinlaan 26, Rijswijk ZH, The Netherlands. The ultimate parent company is CRH plc, registered in 42 Fitzwilliam Square, Dublin 2, Ireland. CRH Funding B.V. is included in the consolidated financial statements of CRH plc. These latter financial statements can be obtained in the registered office of CRH plc in Ireland. The Company has been incorporated March 19th, 2013.

1.2 2019 Results

The Company participates as an "Issuer" in the CRH Euro Medium Term Note Program ("EMTN Program") guaranteed by a corporate guarantee by CRH plc. During 2015 the Company issued a note of € 600 million.
The result for the year is a profit of approximately € 237.000. This profit is mainly driven by the interest income earned on intercompany deposits, reduced by the interest expenses re the bond loan and guarantee fees. The Company generated a net operating cash outflow of € 7.508.000 (2018: € 1.225.000 outflow). The net cash flow from investing and financing activities is zero in 2019 (2018: zero).

In 2019 the company erroneously made an undue payment to its parent company that was reversed after the balance sheet date. Accordingly, the company recognised a receivable related to this undue payment, that has been received after the balance sheet date.

The company did not enter into any new debt/loan receivable transactions during the year of 2019.

1.3 Outlook for 2020 and beyond

In January 2020, the Company extended the repayment date of its existing loans to related parties to 2024 to match the repayment date of the bond.

On 5th of May 2020 the Company issued a 10 year note of € 750 million at 1,625% interest per annum under the EMTN Program. On 5th of May 2020, the Company used the funds from the new 2020 note to enter into the following new intercompany loan agreements:

- CRH Nederland B.V. - € 290.000.000 loan at 2,64% interest per annum; repayment ultimately on the 5th of May 2030;
- CRH Van Neerbos Groep B.V. - € 460.000.000 loan at 2,64% interest per annum; repayment ultimately on the 5th of May 2030;

The Company may issue additional notes under the EMTN Program. The Company may also enter into syndicate loan facilities guaranteed by CRH plc. The Company may lend or make equity contributions to other members of the CRH plc group of companies (the "CRH Group").

Having considered the possible impact of the COVID-19 pandemic (reference is made to the "risk management" section), the Board of Directors has taken into account the nature of the Company's activities which consist of the provision of finance to CRH Group companies and being the holder of listed debt. The Directors have determined that the pandemic is not expected to have a significant impact on the Company's business. The Directors will monitor the situation constantly and take any necessary actions to minimise the possible impacts of COVID-19. With over $6 billion of cash & cash equivalents, implementation of comprehensive mitigating actions and positive long-term prospects, CRH plc is in a strong financial position to navigate the economic impact of the current situation and, as a consequence, the Company does not envisage that a material change will be required to expected credit loss provisions on amounts due from other group undertakings.

1.4 Statement of Director's Responsibilities

Company law in the Netherlands requires the Directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements of the Company, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent, and
- Comply with Title 9 of book 2 Dutch Civil Code, and
- Comply with applicable International Financial Reporting Standards as adopted by the European Union ("EU-IFRS"), subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the Company and which enable them to ensure that the financial statements of the Company are prepared in accordance with applicable International Financial Reporting Standards as adopted by the European Union. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

1.5 Personnel

During the financial period the company had no personnel employed (no personnel employed in 2018).

1.6 Risk management

The Board of Directors refers to note "Capital and Financial Risk Management" as included in the financial statements for a report on Company's risk management.

In December 2019, a novel strain of coronavirus ("COVID-19") was reported in Wuhan, China. Since the year end, COVID-19 has since spread globally and on 11 March 2020 the World Health Organization ('WHO') declared COVID-19 a pandemic. The spread of the COVID-19 outbreak has caused severe disruptions to the global economy and financial markets and could potentially create widespread business continuity issues of an as yet unknown magnitude and duration. Many countries have reacted by instituting quarantines, mandating business and school closures and restricting travel. Many experts have predicted that the outbreak is triggering a period of global economic slowdown or a global recession. The possible impact on the Company of this situation is set out in the "Outlook for 2020 and beyond" section above.

There was no Directors' remuneration paid during the year.

To the best of the CRH Funding B.V. Board of Director's knowledge the financial statements give a true and fair view of the assets, liabilities, financial position and profit and loss for the financial period and the Director's report gives a true and fair view of the situation at the balance sheet date and the development of the business during the financial period of the Company.

Amsterdam, 29 June 2020

On behalf of CRH Funding B.V. represented by CRH Nederland B.V. and in its turn represented by CRH International B.V.

R.G.M. Pillen	E.H.O.M. Bouwman
Director	Director

FINANCIAL STATEMENTS

2 FINANCIAL STATEMENTS

2.1 Income Statement

for the financial year ended 31 December 2019	Notes	2019	2018
		€'000	€'000
Interest income	2.8.1	16,422	16,380
Interest expenses	2.8.1	(12,155)	(11,966)
Net interest income (expense)		**4,267**	**4,414**
Operating costs	2.8.2	(3,951)	(3,920)
Operating result		**(3,951)**	**(3,920)**
Result before tax		**316**	**494**
Income tax expense	2.8.5	(79)	(124)
Result for the financial year		**237**	**370**
Attributable to:			
Equity holders of the Company		**237**	**370**

2.2 Statement of Comprehensive Income

for the financial year ended 31 December 2019	2019	2018
	€'000	€'000
Result for the financial year	**237**	**370**
Other comprehensive income for the year	-	-
Total comprehensive income for the financial year	**237**	**370**
Attributable to:		
Equity holders of the Company	**237**	**370**

2.3 Statement of Cash flows

for the financial year ended 31 December 2019	Notes	2019	2018
		€'000	€'000
Cash flows from operating activities			
Result before tax		316	494
Finance costs (net)		(4,267)	(4,420)
Net movement on working capital		(8,603)	(2,399)
Interest received		16,420	16,440
Interest paid		(11,250)	(11,250)
Corporation tax received/(paid)		(124)	(120)
Net cash flows from operating activities		**(7,508)**	**(1,255)**
Reconciliation of opening to closing cash and cash equivalents			
Cash and cash equivalents at the beginning of the year		8,361	9,616
Movement in cash and cash equivalents		(7,508)	(1,255)
Cash and cash equivalents at the end of the year	2.8.8	**853**	**8,361**

2.4 Financial Position

for the financial year ended 31 December 2019	Notes	2019	2018
		€'000	€'000
ASSETS			
Non-Current assets			
Interest-bearing loans to related parties	2.8.6	-	597,000
Total current assets		**-**	**597,000**
Current assets			
Interest-bearing loans to related parties	2.8.6	597,000	-
Current receivables	2.8.7	15,908	7,539
Cash and cash equivalents	2.8.8	853	8,361
Total current assets		**613,761**	**15,900**
TOTAL ASSETS		**613,761**	**612,900**
EQUITY			
Equity share capital	2.8.9	10	10
Sharepremium	2.8.9	70	70
Retained income		1,160	790
Result for the year		237	370
Shareholders' equity		**1,477**	**1,240**
LIABILITIES			
Non-current liabilities			
Interest-bearing loans and borrowings	2.8.10	596,846	596,410
Total non-current liabilities		**596,846**	**596,410**
Current liabilities			
Interest on interest-bearing loans and borrowings	2.8.10	11,217	10,971
Other payables	2.8.11	4,221	4,279
Total current liabilities		**15,438**	**15,250**
Total liabilities		**612,284**	**611,660**
TOTAL EQUITY AND LIABILITIES		**613,761**	**612,900**

2.5 Statement of Changes in Equity

for the financial year ended 31 December 2019

	Share capital	Sharepremium	Retained income	Result for the year	Total
	€'000	€'000	€'000	€'000	€'000
Balance at 31 December 2018	10	70	430	360	870
Appropriation result prior year	-	-	360	(360)	-
Result for the financial year	-	-	-	370	370
Balance at 31 December 2018	**10**	**70**	**790**	**370**	**1,240**
Appropriation result prior year	-	-	370	(370)	-
Result for the financial year	-	-		237	237
Balance at 31 December 2019	**10**	**70**	**1,160**	**237**	**1,477**

NOTES TO THE FINANCIAL STATEMENTS

2.6 General

The principal business activities of CRH Funding B.V. ("the Company") consists of the supply or to procure the supply of finance to affiliated companies, as well as to draw or to procure the drawing of funding. The Company is a wholly owned subsidiary of CRH Nederland B.V., registered in Rijswijk ZH, The Netherlands and has its business office at De Klencke 10, Amsterdam, The Netherlands. It is registered at the Chamber of Commerce under number 852609425. The ultimate parent company is CRH plc, registered in 42 Fitzwilliam Square, Dublin 2, Ireland. CRH Funding B.V. is included in the consolidated financial statements of CRH plc. These latter financial statements can be obtained in the registered office of CRH plc in Ireland.

2.7 Accounting Policies

Statement of compliance

The financial statements of the Company have been prepared in accordance with Title 9 of book 2 of the Dutch Civil Code and International Financial Reporting Standards (IFRS) as adopted by the European Union (in accordance with Article 362 clause 8, Title 9 of Book 2 of the Dutch Civil Code), which comprise standards and interpretations approved by the International Accounting Standards Board (IASB).
The financial statements were authorized for issue by the Board of Directors on 19th May 2020

Going concern

These financial statements have been prepared on a going concern basis as the intent of the parent company is to provide financial support. All loans and borrowings are guaranteed by CRH plc and therefore the company also has access to sufficient liquidity. As outlined above and in Note 2.12 to the financial statements, the Directors do not anticipate a material impact on the going concern status of the Company stemming from the COVID-19 pandemic.

Basis of preparation

The Financial Statements, which are presented in euro thousands, have been prepared under the historical cost convention as modified by the measurement at fair value of certain financial assets and liabilities (if any).

In 2019 the Company reclassified its guarantee fees from interest expenses to operating cost in order to present these fees as a separate component. Accordingly, the comparative figures have been adjusted.

Fair value measurements

Fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2: valuation techniques for which the lowest level of inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and Level 3: valuation techniques for which the lowest level of inputs that have a significant effect on the recorded fair value are not based on observable market data.
The accounting policies set out below have been applied consistently to all periods presented in these Financial Statements.

Adoption of IFRS and International Financial Reporting Interpretations Committee (IFRIC) interpretations

The adoption of the following mentioned standards, amendments and interpretations in the current year have no impact on the Company's financial statements.

	EU effective date periods beginning on or after
IFRS 16 *Leases*	1 January 2019
IFRIC 23 *Uncertainty over Income Tax Treatments*	1 January 2019
Amendments to IFRS 9 *Financial Instruments*	1 January 2019
Amendments to IAS 19 *Employee Benefits*	1 January 2019
Amendments to IAS 28 *Long-term interests in Associated and Joint Ventures*	1 January 2019
Annual Improvements to IFRS (2015 - 2017) Cycle	1 January 2019

IFRS and IFRIC interpretations being adopted in subsequent years

The Company is currently evaluating the impact of the following new standards and amendments to existing standards, but does not expect any of the new standards and amendments to have a material impact.

	EU effective date periods beginning on or after
IFRS 17 *Insurance Contracts*	1 January 2022*
IFRS 3 *Business Combinations*	1 January 2020
Disclosure Initiative – Definition of Material (Amendments to IAS 1 and IAS 8)	1 January 2020
Interest Rate Benchmark Reform – Amendments to IFRS 9, IAS 39 and IFRS 7	1 January 2020

* expected effective date

Key Accounting Policies which involve Estimates, Assumptions and Judgments

The preparation of the Financial Statements in accordance with IFRS requires management to make certain estimates, assumptions and judgments that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses at the end of the reporting period. Management believes that the estimates, assumptions and judgments upon which it relies are reasonable based on the information available to it at the time that those estimates, assumptions and judgments are made. In some cases, the accounting treatment of a particular transaction is specifically dictated by IFRS and does not require management's judgment in its application.

Management consider that their use of estimates, assumptions and judgments in the application of the Company's accounting policies are inter-related and therefore discuss them together below. The critical accounting policies which involve significant estimates or assumptions or judgments, the actual outcome of which could have a material impact on the Company's results and financial position outlined below are as follows:

Impairment

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The company generally assumes a significant increase in credit risk a receivable is more than 30 days overdue.

Reference is made to note 2.8.12.

Other Significant Accounting Policies

Financial assets (Interest-bearing loans to related parties)

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

Subsequent measurement

For purposes of subsequent measurement, the Company's financial assets are classified in the following category:

• Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

• The rights to receive cash flows from the asset have expired; or

• The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement ; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Current receivables

Current receivables are financial assets measured at amortised cost.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances held for the purpose of meeting short-term cash commitments and investments which are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value. Bank overdrafts are included within current interest-bearing loans and borrowings in the Statement of Financial Position. Where the overdrafts are repayable on demand and form an integral part of cash management, they are netted against cash and cash equivalents for the purposes of the Statement of Cash Flows.

Financial liabilities (Interest-bearing loans and borrowings)

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings or as payables, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

For purposes of subsequent measurement, the Company's financial liabilities are classified in the following category:

• Financial liabilities at amortised cost (loans and borrowings)

Financial liabilities at amortised cost (loans and borrowings)

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Foreign currency translation

The Financial Statements are presented in euro, which is the functional and presentation currency of the Company.

The Company's transactions and monetary assets and liabilities are all denominated in euro.

Statement of cash flows

The cash flows from operating activities are prepared using the indirect method. Interest paid and received is presented as part of operating cash flows.

2.8 Notes on the Income Statement and Financial Position

2.8.1 Finance Costs and Finance Income

	2019	2018
	€'000	€'000
Interest receivable on loans to related parties	16,422	16,380
Interest payable on borrowings	(12,155)	(11,966)
Net interest income	4,267	4,414

2.8.2 Operating Costs and auditor's remuneration

	2019	2018
	€'000	€'000
Guarantee fees	(3,900)	(3,900)
Audit fees Mazars (no other services are provided by Mazars)*	(22)	(15)
Other	(29)	(5)
Total operating costs	(3,951)	(3,920)

*Audit costs are recognised based on actual time spend. EY was appointed in 2020 for the audit of the Company's financial statements for the period ended 31 December 2019. Consequently no audit costs were incurred in 2019 related to EY. All audit costs incurred related to Mazar's audit of the Company's financial statements for the period ended 31 December 2018.

2.8.3 Personnel

During the financial period and previous year, the company had no personnel employed. In the income statement, no costs have been taken up in regards to wages, salaries and pensions.

2.8.4 Director's remuneration

CRH Nederland B.V. is the only board member of the company. CRH Nederland B.V. does not receive any (deferred) compensation or benefit for its board membership.

2.8.5 Income tax

By resolution dated April 19, 2013 the Company is, effectively as from March 19, 2013, member of a Dutch fiscal unity for Corporate Income Tax headed by CRH International B.V.; the standard conditions stipulate that each of the companies is liable for the Income Tax payable by all companies belonging to the fiscal unity.
A tax loss for the year of € 79000. (previous year: € 124.000 loss) is recognized in the income statement.

	2019	2018
	€'000	€'000
Current tax expense	(79)	(124)
Deferred tax expense (reversal of temporary differences)	-	-
Tax expense for the year	(79)	(124)

Reconciliation of applicable tax rate to effective tax rate:

	2019	2018
Result (loss) before tax	316	494
Corporate income tax expressed as a % of result before tax (effective tax rate):		
- current income tax only	25.0%	25.0%
- deferred tax	0.0%	0.0%
- total income tax (current and deferred)	25.0%	25.0%
The following table reconciles the applicable Dutch statutory tax rate to the effective tax rate (current and deferred)		
Dutch corporation tax rate	25.0%	25.0%
Other items (items not chargeable to tax/expenses not deductible for tax)	0.0%	0.0%
Total effective tax rate	**25.0%**	**25.0%**

2.8.6 Interest-bearing loans to related parties

	2019	2018
	€'000	€'000
Non-current assets		
Loans to related parties	0	597,000
	0	597,000
Current assets		
Loans to related parties	597,000	0
	597,000	0

The following loans are provided to CRH Nederland B.V.:

- € 165.000.000 loan at 2,75% (effective 2,78%) interest per annum; repayment ultimately on the 3rd of December 2020; no repayments have occurred in 2019; no securities are provided.
- € 35.004.246 loan at 2,00% (effective 2,02%) interest per annum; repayment ultimately on the 3rd of December 2020; no repayments have occurred in 2019; no securities are provided.

The following loans are provided to CRH Europe Investments B.V.:

- € 15.856.965 loan at 2,75% (effective 2,78%) interest per annum; repayment ultimately on the 3rd of December 2020; no repayments have occurred in 2019; no securities are provided.
- € 381.138.791 loan at 2,75% (effective 2,78%) interest per annum; repayment ultimately on the 3rd of December 2020; no repayments have occurred in 2019; no securities are provided.

All these loans are current loans receivable per 31st December 2019.

2.8.7 Current receivables

Current assets

	2019	2018
(for further details see also paragraph 2.9)	€'000	€'000
Other receivables from related parties	14,667	6,295
Interest receivable from related parties	1,241	1,239
VAT receivable	-	5
	15,908	7,539

The Other receivables from related parties includes a €14.655.925 receivable regarding an undue payment made to the company's parent company that was reversed after the balance sheet date. See note 2.12

Financial instruments not measured at fair value includes current receivables. Due to their short-term nature, the carrying value of current receivables approximates their fair value.

2.8.8 Cash and Cash Equivalents

Cash and cash equivalent balances are spread across a number of highly-rated financial institutions. Cash and cash equivalents are included in the Statement of Financial Position at amortised cost and are analysed as follow:

	2019	2018
	€'000	€'000
Cash at bank and in hand	853	8,361
Total	853	8,361

Cash at bank earns interest at floating rates based on daily deposit bank rates. The fair values of cash and cash equivalents are based on their carrying amounts, which constitute a reasonable approximation of fair value.

2.8.9 Shareholder's Equity

Share capital

With reference to Article 4 and the clauses included at the end of the deed of incorporation of the Company, it was stated that the authorised share capital of the Company consists of 10 shares of € 1.000,00 each. The issued shares comprise 10 shares, which has been fully paid.

Share premium

The share premium amounts to € 70.000,00. In April 2015 the shareholder CRH Nederland B.V. made a share premium contribution of € 20.000,00. In September 2015 the shareholder CRH Nederland B.V. made a share premium contribution of € 50.000,00.

2.8.10 Interest–bearing loans and borrowings

Non-current liabilities	**2019**	**2018**
	€'000	€'000
Bonds (including non-current upfront fees)	596,846	596,410
	596,846	596,410

Upfront fees are expensed in the Income Statement through amortization on the basis of the maturity of the loans and borrowings.

Bonds:

The bond of € 600 million is a public Euro bond at an annual coupon rate of 1.875% (effective 2.003%) and has its final maturity in 2024.

Current liabilities	**2019**	**2018**
	€'000	€'000
Interest on bonds	11,217	10,971
	11,217	10,971

Movement in current and non-current liabilities

	€'000
At 1 January 2018	606,667
Received	
Imputed paid issuing expenses	715
Interest paid	(11,250)
Interest to be paid	11,250
At 31 December 2018	607,381
Imputed paid issuing expenses	435
Interest paid	(11,250)
Interest to be paid	11,497
At 31 December 2019	608,063

Maturity profile of undrawn committed facilities

	2019	2018
	€'000	€'000
Within one year	-	-
Between one and two years	-	-
Between two and three years	-	-
Between three and four years	50,000	50,000
Between four and five years	3,500,000	3,500,000
After five years	-	-
Total	3,550,000	3,550,000

Facilities:

The Company manages its borrowing ability by entering into committed borrowing agreements. Revolving committed bank facilities are generally available to the Company for periods of up to five years from the date of inception. The undrawn committed facilities figures shown in the table above represent the facilities available to be drawn by the Company at 31 December 2019. In January 2019, the Company successfully extended its €50 million credit facility. In April 2019, the Company successfully extended its €3.5 billion syndicated credit facility with a group of bank lenders and at the same time made a number of amendments including the removal of all financial covenants which improved the flexibility of the facility.

2.8.11 Other payables

Current liabilities	2019	2018
	€'000	€'000
Current payables to related parties (i)	3,900	3,900
Other payables	321	379
	4,221	4,279

Financial instruments not measured at fair value includes other payables. Due to their short-term nature, the carrying value of current receivables approximates their fair value.

(i) Relates mainly to annual guarantee fees payable to CRH Plc.

Movement current liabilities

	Current payables to related parties	Other payables	Total
	2019	2019	2019
	€'000	€'000	€'000
At 1 January 2019	3,900	379	4,279
Paid in 2019	(3,900)	(154)	(4,054)
Accrued in 2019	3,900	96	3,996
At 31 December 2019	3,900	321	4,221

2.8.12 Capital and Financial Risk Management

Capital management

The company considers net equity as capital. The company's policy is to maintain its capital as minimum capital. The Company is not subjected to externally imposed capital requirements.

Overall summary / risk appetite

The primary objective of the Company's capital management strategy is to ensure that the Company maintains an effective financial standing to be able to perform its principal business activities by organising CRH plc corporate guarantees around the debt balance and the Company only provides funding to related parties.

The capital structure of the Company, which comprises capital and reserves attributable to the Company's equity holders, may be summarized as follows:

	2019	2018
	€'000	€'000
Capital and reserves attributable to the Company's equity holders	1,477	1,240
Capital	1,477	1,240

No changes were made to in the objectives or policies during 2019.

Financial risk management objectives and policies

The Company uses financial instruments: interest-bearing loans and borrowings, cash and cash equivalents are used to perform its principal business activities. The Company does not trade in financial instruments nor does it enter into any derivative transactions.

The corporate treasury function of CRH Group provides services to the Company, co-ordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Company. In this respect risk management is being performed by CRH plc.

The main risks relating to the Company's financial instruments are interest rate risk, credit risk and liquidity risk. The Board reviews and agrees policies for the prudent management of each of these risks as documented below.

Interest rate risk

The most significant market risks the Company faces are interest rate risks. Changes in interest rate levels, yield curves and spreads may affect the interest rate margin realised between lending and borrowing costs and could result in decreased net finance income. Net interest rate risk is managed by using fixed interest rates for both loans and borrowings receivables and loans and borrowings payables.

Credit/counterparty risk

Cash at bank, interest-bearing loans to related parties, interest receivable from related parties and other receivables from related parties give rise to credit risk on amounts due from counterparties.

The credit risk associated with interest bearing loans to related parties is considered to be limited since the related parties are all ultimately part of the CRH Group and therefore no provisions have been included at balance sheet date.

The maximum exposure arising in the event of default on the part of the counterparty is the carrying value of the relevant financial instrument.

	2019	2018
	€'000	€'000
Interest bearing loans to related parties	597,000	597,000
Other receivables from related parties	14,667	6,295
Interest receivable from related parties	1,241	1,239
VAT receivable	-	5
Cash at bank and in hand	853	8,361
Total credit risk	613,761	612,900

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant available without undue cost of effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience, credit assessment and forward-looking information. The Company uses three criteria for determining whether there has been a significant increase in credit risk, namely, quantitative test based on movement in PD; qualitative indicators; and a backstop of 30 days past due.

Amounts arising from Expected Credit Losses (ECL):

The credit risk associated with interest bearing loans to related parties, including accrued interest receivable is considered to be limited since the related parties are all ultimately part of the CRH Group and therefore no loss allowance has been included at balance sheet date.

The credit risk associated with the other receivables from related parties is considered to be low. The other receivables from related parties includes a €14.955.925 receivable regarding an undue payment made to the company's parent company that was reversed after the balance sheet date. See note 2.12

Imputs, assumptions and techniques used for estimating impairment:

Determining whether credit risk has increased significantly

Management has considered whether there has been an actual or expected significant change in the operating results of the borrower since the loan was first recognized. This included considering whether there were any actual or expected declining revenues or margins, increasing operating risk, decreasing balance sheet leverage, liquidity that would result in a significant change in the borrower's ability to meet its debt obligations. It was therefore concluded that there was no such actual or expected significant change in the operating results of the borrower.

Management has determined that there has not been a significant increase in credit risk since initial recognition. Hence, the intercompany loan is in "stage 1" and 12-month expected credit losses should be calculated for the loan.

Probability of default

For the determination of the probability of default, management has used the DRSK model as retrieved from the Bloomberg platform applicable to CRH plc. A "Loss Given Default" (LGD) for large corporate borrowings, sourced from Global Credit Data, of 24% has been applied. When applying the probability of default to the Exposure of Default, it results in an immaterial ECL, and therefore no loss allowance has been recognised at the balance sheet date. The exposure at default at year-end 2019 is €597 million plus interest to be received.

Liquidity risk

The undrawn committed facilities available to the Company as at the balance sheet date are quantified in note "Interest – bearing loans and borrowings"; these facilities are available from highly-rated financial institutions thus minimizing any potential exposure arising from concentrations in borrowing sources. The Company's liquidity risk is deemed to be not significant due to the favourable contractual maturities of the financial assets compared to the financial liabilities.

The following are the contractual (undiscounted) maturities of financial assets and liabilities, including estimated interest payments:

	Carrying amount	Within 1 year	Between 1 and 2 years	After 2 years	Total cash flows
At 31 December 2019	€'000	€'000	€'000	€'000	€'000
Interest bearing loans to related parties	-	597,000	-	-	597,000
Current assets	15,908	15,908	-	-	15,908
Total received	**15,908**	**612,908**	**-**	**-**	**612,908**
Bonds	(596,846)	-	(11,217)	(630,673)	(641,890)
Current liabilities	(11,217)	(11,217)	-	-	(11,217)
Current payables to related parties	(3,900)	(3,900)	-	-	(3,900)
Other payables	(321)	(321)	-	-	(321)
Total paid	**(612,284)**	**(15,438)**	**(11,217)**	**(630,673)**	**(657,328)**
Net movement cash		**597,470**	**(11,217)**	**(630,673)**	**(44,420)**

2.8.13 Financial instruments

The financial instruments of the Company may be summarized as follows:

	2019	2018
	€'000	€'000
Financial assets *(Loans and receivables):*		
Non-current interest bearing loans to related parties	-	597,000
Current interest bearing loans to related parties	597,000	1,239
Current receivables	15,908	6,300
Cash and cash equivalents	853	8,361
Financial liabilities (Financial liabilities at amortised cost):		
Non-current interest-bearing loans and borrowings*	(596,846)	(596,410)
Interest on interest-bearing loans and borrowings	(11,217)	(10,971)
Other payables	(4,221)	(4,279)
Total financial instruments	1,477	1,240

*) The non-current interest-bearing loans and borrowings comprise a public bond. The fair value of the bond is based on the market value for the bond issued and, as such, is estimated at 106,40% (2018: 104,09%) (level 1).

It is deemed that the carrying amounts of all other financial assets and liabilities measured at amortised cost are reasonable approximations of their fair values.

2.9 Related parties

The Company has a related party relationship with its parent company and the companies owned by the parent companies (group undertakings). The transactions with related parties have been negotiated on an arm's-length basis.

List of related parties:

Company	Nature of the transactions	Reference
Parent companies		
CRH Nederland B.V.	CRH Funding B.V. provides loan to CRH Nederland B.V.	2.8.6 / 2.8.7
CRH plc	CRH Plc guarantees CRH Funding B.V. payment obligations under the Notes issued by CRH Funding B.V.	2.8.2
CRH International B.V.	CRH Funding B.V. participates in a fiscal unity with CRH International B.V.	2.8.5
Other related party		
CRH Europe Investments B.V.	CRH Funding B.V. provides loan to CRH Europe Investments B.V.	2.8.6 / 2.8.7

Current and non-current receivables to and payables from related parties

	Guarantee fee payable	Loans receivable from related parties	Interest receivable from related parties	Income tax receivable on / (payable) to related parties	Other receivables
	2019	**2019**	**2019**	**2019**	**2019**
	€'000	€'000	€'000	€'000	€'000
At 1 January 2019	(3,900)	597,000	1,239	(124)	6,295
Paid	-	-	-	124	(6,295)
Accrued	-	-	16,422	(79)	14,667
Received	-	-	(16,420)	-	-
At 31 December 2019	(3,900)	597,000	1,241	(79)	14,667

2.10 Segmental reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses whose operating results are regularly reviewed by the entity's operating decision maker and for which discrete financial information is available. The Company's Director has been identified as the chief operating decision maker for the purpose of segmental reporting. The Company has determined that it operates in one segment, providing loans to related parties from funding from issued bonds. The determination is based on the reports reviewed by the Director in assessing performance, allocating resources and making strategic decisions. Providing loans to related parties from funding from issued bonds is provided in the Netherlands and the bonds are issued in the Republic of Ireland. 100 percent of the Company's financing revenue in the period to 31 December 2019 consists of interest income from related parties.

2.11 Contingent liabilities

The company is a member of the fiscal unity for income tax purposes of CRH International B.V. in the Netherlands. The standard conditions prescribe that all companies of the fiscal unity are liable for the corporate income tax payable.

2.12 Subsequent events

Having considered the possible impact of the COVID-19 pandemic, the Board of Directors has taken into account the nature of the Company's activities which consist of the provision of finance to CRH Group companies and being the holder of listed debt. The Directors have determined that the pandemic is not expected to have a significant impact on the Company's business. The Directors will monitor the situation constantly and take any necessary actions to minimise the possible impacts of COVID-19. With over $6 billion of cash & cash equivalents, implementation of comprehensive mitigating actions and positive long-term prospects, CRH plc is in a strong financial position to navigate the economic impact of the current situation and, as a consequence, the Company does not envisage that a material change will be required to expected credit loss provisions on amounts due from other group undertakings.

In 2019 the company erroneously made an undue payment to its parent company that was reversed after the balance sheet date. Accordingly, the company recognised a receivable related to this undue payment. The receivable was received in full in March 2020.

In January 2020, the Company extended the repayment date of its existing loans to related parties to 2024 to match the repayment date of the bond.

On 5th of May 2020 the Company issued a 10 year note of € 750 million at 1,625% interest per annum under the EMTN Program. On 5th of May 2020, the Company used the funds from the new 2020 note to enter into the following new intercompany loan agreements:

- CRH Nederland B.V. - € 290.000.000 loan at 2,64% interest per annum; repayment ultimately on the 5th of May 2030;
- CRH Van Neerbos Groep B.V. - € 460.000.000 loan at 2,64% interest per annum; repayment ultimately on the 5th of May 2030;

OTHER INFORMATION

3 OTHER INFORMATION

3.1 Independent Auditor's Report

Independent auditor's report

To: the shareholder and management of CRH Funding B.V.

Report on the audit of the financial statements 2019 included in the annual report

Our opinion

We have audited the financial statements 2019 of CRH Funding B.V., based in Amsterdam.

In our opinion the accompanying financial statements give a true and fair view of the financial position of CRH Funding B.V. as at 31 December 2019, and of its result and its cash flows for 2019 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- The statement of financial position as at 31 December 2019
- The following statements for 2019:the income statement, the statements of comprehensive income, changes in equity and cash flows
- The notes comprising a summary of the significant accounting policies and other explanatory information

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements" section of our report.

We are independent of CRH Funding B.V. in accordance, with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Materiality

Materiality	€3.0 million
Benchmark applied	0.5% of total assets
Explanation	Based on our professional judgment we consider a capital -based measure as the most appropriate basis to determine materiality. The applied benchmark is on the lower end of our range, as we perform an initial audit and the entity has listed bonds.

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with management that misstatements in excess of €150,000, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Our key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to management. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Expected credit loss on interest bearing loans to related parties	
Risk	At 31 December 2019, the total carrying value of loans receivable amounted to €597 million, representing 97% of the company's total assets. The loan receivable positions represent four loans to two related parties, for which management is required to determine the expected credit loss. The expected credit loss is disclosed in note 2.8.12, Capital and Financial Risk Management, of the 2019 financial statements and represents management's best estimate of the expected credit loss on the loans receivable. Auditing the calculation of the expected credit loss is complex, given the significant judgment related to assumptions and data in the model used to determine whether the expected credit loss is appropriate and the sensitivity to fluctuations in the assumptions. The significant assumptions are probability of default, loss given default and exposure of default.
Our audit approach	In our audit, we have applied substantive audit procedures on the expected credit loss calculation. Among other procedures we have: ▶ Obtained an understanding of the process of estimation of expected credit loss on the loans to the related parties ▶ Assessed and tested the assumptions and data used by the Company in their ECL calculation, through the use of an independent calculation based on external data. We involved in our team an internal credit risk expert to assist us in these audit activities ▶ Considered the impact of other considerations, such as the guarantee provided by CRH Plc. ▶ Assessed the adequacy of the Company's disclosure around the expected credit loss model as included in note 2.8.12, Capital and Financial Risk Management, of the 2019 financial statements
Key observations	▶ We did not identify evidence of material misstatements related to the expected credit loss calculation ▶ We assessed that the disclosures in note 2.8.12, Capital and Financial Risk Management, of the 2019 financial statements, are reasonable

Emphasis of matter relating to uncertainty about Corona

The developments surrounding the Corona (Covid-19) virus have a profound impact on people's health and on our society as a whole, as well as on the operational and financial performance of organizations and the assessment of the ability to continue as a going concern. The financial statements and our auditor's report thereon reflect the conditions at the time of preparation. The situation changes on a daily basis giving rise to inherent uncertainty.

CRH Funding B.V. is confronted with this uncertainty as well, that is disclosed in the director's report page 3 and the disclosure about events after the reporting period page 22. We draw attention to these disclosures.

Our opinion is not modified in respect of this matter.

Report on other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- The director's report
- Other information as required by Part 9 of Book 2 of the Dutch Civil Code

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the director's report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Engagement

We were engaged by management as auditor of CRH Nederland B.V. on 23 April 2020, as of the audit for the year 2019 and have operated as statutory auditor since that financial year.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

Other non-prohibited services provided

Our services are only related to the audit of the financial statements.

Description of responsibilities for the financial statements

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.
We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern

- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit. In this respect we also submit an additional report to management in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

From the matters communicated with management, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Zwolle, 29 June 2020

Ernst & Young Accountants LLP

signed by A.E. Wijnsma

3.2 Appropriation of Result

According to Article 23 Section 1 of the company's articles of association, the annual meeting of shareholders determines the appropriation of the company's result for the period. The directors of CRH Funding B.V. propose that the result for the financial period 2019 to be added to retained earnings.