



**La Banque Postale Home Loan SFH
Annual Financial Report
at 31 December 2023**

Introduction

Registered name and trading name

The name of the Company is “La Banque Postale Home Loan SFH”.

Legal form – Applicable legislation

French limited company (*société anonyme*).

The Company is governed by the applicable laws and regulations, specifically:

- the provisions of the French Commercial Code (*Code de commerce*) regarding commercial companies;
- the provisions applicable to specialised credit institutions and in particular to home financing companies, under Articles L. 511-1 *et seq.* and L. 513-1 *et seq.* of the French Monetary and Financial Code (*Code monétaire et financier*);
- the provisions of French government order 2014-948 of 20 August 2014 on the governance and corporate actions of companies public shareholders;
- its Articles of Association.

Place of registration and registration number – Incorporation date – Country of origin

The Company was registered with the Paris Trade and Companies Registry under number 522 047 570 on 26 April 2010.

Country of origin: France

Legal entity identifier (LEI): 969500D5PFMTWUYSUF61

Share capital

The share capital is set at two hundred forty-four million euros (€244,000,000). It is divided into twenty-four million four hundred thousand (24,400,000) fully paid-up shares of the same category, with a par value of ten euros (€10) each.

Duration of the Company

The duration of the Company is 99 years from the date of its registration with the Trade and Companies Registry, except in the event of early dissolution, or extension.

Registered office

The Company's registered office is located at 115, rue de Sèvres, 75275 Paris Cedex 06, France.

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Annual General Meeting of 30 May 2024

Report of the Board of Directors to the Annual General Meeting

To the Shareholders

We have called this Annual General Meeting pursuant to French law and the Articles of Association to report to you on the business activities and results of La Banque Postale Home Loan SFH during the financial year ended 31 December 2023, and its outlook for 2024. We are also submitting for your approval the 2023 financial statements, including the balance sheet at 31 December 2023 and the ratification of the co-optation of two directors.

The notices of meeting required by law have duly been sent to you and all the documents and items required by the applicable regulations have been made available to you on a timely basis.

1.1 Situation and business of La Banque Postale Home Loan SFH during the past financial year

1.1.1 Presentation of La Banque Postale Home Loan SFH and its regulatory framework

1.1.1.1 Presentation of La Banque Postale Home Loan SFH

La Banque Postale Home Loan SFH⁽¹⁾, initially created as an SAS⁽²⁾, took the form of a French limited company by decision of the shareholders at the Extraordinary General Meeting of 7 February 2013. La Banque Postale Home Loan SFH is managed by a Board of Directors comprising at least three and a maximum of 18 directors. La Banque Postale Home Loan SFH is licensed to operate in France as a credit institution, with the status of specialised credit institution - *Société de Financement de l'Habitat* (home financing company)⁽³⁾.

In accordance with its Articles of Association, La Banque Postale Home Loan SFH's purpose is to finance home loans. The loans are financed by a €35 billion Covered Bond issuance programme rated AAA⁽⁴⁾ by S&P Global Ratings.

The approach consists of issuing Covered Bonds (in the form of Euro Medium-Term Notes [EMTNs]) and transferring the principal of these issues to La Banque Postale in the form of loans collateralised by a portfolio of home loans. La Banque Postale Home Loan SFH is therefore the Issuer under this mechanism and La Banque Postale is the Borrower. The bonds enjoy the legal privilege defined in Article L. 513-11 of the French Monetary and Financial Code. La Banque Postale Home Loan SFH has no employees. It is supported by La Banque Postale under service provision agreements drawn up between the two companies. As a home financing company, La Banque Postale Home Loan SFH has the option of obtaining refinancing from the European Central Bank.

(1) La Banque Postale Home Loan SFH or the Issuer or the Company.

(2) *Société par actions simplifiée* (simplified limited company).

(3) The Company adopted the status of specialised credit institution on 1 January 2014, when the European Capital Requirements Regulation (CRR) came into effect. La Banque Postale Home Loan SFH is supervised by the European Central Bank.

(4) As of the publication date of this document.

Principal activities of the Issuer

To achieve its corporate purpose (set out in Article 2 of its Articles of Association), La Banque Postale Home Loan SFH may carry out the following activities and transactions:

- grant loans to any credit institution secured by the transfer, assignment or pledging of receivables attached to home loans⁽⁵⁾;
- acquire promissory notes issued by any credit institution⁽⁶⁾;
- for the financing of the above loans,
 - issue covered bonds that enjoy the privilege defined in Article L. 513-11 of the French Monetary and Financial Code, and
 - collect other resources covered by an issue or subscription contract that mentions this privilege.

La Banque Postale Home Loan SFH may also finance the above activities by issuing bonds or raising other resources that do not enjoy the privilege provided under Article L. 513-11 of the French Monetary and Financial Code. However, La Banque Postale Home Loan SFH is not authorised to hold any form of equity interest in any entity.

The assets of La Banque Postale Home Loan SFH are made up of loans to La Banque Postale SA (secured by receivables corresponding to home loans granted by La Banque Postale to its customers) financed by the proceeds of bonds issued by La Banque Postale Home Loan SFH, cash and securities and eligible exposures of a home financing company under the French legal framework.

The funds of each secured issue are loaned to La Banque Postale Group in the form of a collateralised loan of the same nominal amount and maturity, with an additional margin on the issue. La Banque Postale Home Loan SFH is therefore not exposed to any interest rate risk⁽⁷⁾ apart from that generated by the reinvestment of its equity.

The assets provided as collateral are either mortgage loans (secured by mortgage loans or a lender's privilege) or guaranteed loans. At 31 December 2023, all of the guaranteed loans were guaranteed by Crédit Logement.

(5) Pursuant to and in accordance with the provisions of Articles L. 211-36 to L. 211-40 or Articles L. 313-23 to L. 313-35 of the French Monetary and Financial Code.

(6) Pursuant to and in accordance with the provisions of Articles L. 313-43 to L. 313-48 of the French Monetary and Financial Code, issued for the purpose of refinancing receivables associated with home loans that meet the legal criteria defined by Article L. 513-29 of the said Code.

(7) See Section 2 on interest rate risk.

Description of the Issuer's Group and the Issuer's position within the Group

La Banque Postale Group is wholly owned (with the exception of one share loaned to the Chairman of the Supervisory Board) by La Poste Groupe.

La Banque Postale Home Loan SFH (the Issuer) is a limited company (*société anonyme*) with a Board of Directors and is governed by French law as a home financing company.

La Banque Postale is a credit institution licensed by the French banking and insurance supervisor (*Autorité de contrôle prudentiel et de résolution – ACPR*) and is supervised directly by the European Central Bank (ECB). Its role is to assist La Banque Postale Home Loan SFH through its activities as a support institution, as defined by the regulations applicable to home financing companies, in particular within the meaning of Article L. 513-15 of the French Monetary and Financial Code.

| LA BANQUE POSTALE GROUP | | | |
|--|--------|--|--------|
| BANCASSURANCE FRANCE | | INTERNATIONAL BANCASSURANCE | |
| La Banque Postale ⁽¹⁾⁽²⁾ | | CNP Assurances Holding (<i>international business</i>) | 100% |
| Ma French Bank | 100% | | |
| La Banque Postale Consumer Finance | 100% | | |
| La Banque Postale Leasing & Factoring ⁽²⁾ | 100% | | |
| EasyBourse | 100% | | |
| SOFIAP | 66.00% | | |
| La Banque Postale Home Loan SFH ⁽²⁾ | 100% | | |
| SCI CRSF Métropole ⁽²⁾ | 100% | | |
| SCI Tertiaire Saint Romain ⁽²⁾ | 100% | | |
| CNP Assurances Holding (<i>business in France</i>) | 100% | | |
| WEALTH AND ASSET MANAGEMENT | | CORPORATE AND INVESTMENT BANKING | |
| Louvre Banque Privée | 100% | La Banque Postale ⁽¹⁾⁽²⁾ | |
| Louvre Banque Privée Immobilier Conseil | 100% | La Banque Postale Leasing & Factoring ⁽²⁾ | 100% |
| LBP AM | 75.00% | La Banque Postale Home Loan SFH ⁽²⁾ | 100% |
| Tocqueville Finance SA | 75.00% | SCI CRSF Métropole ⁽²⁾ | 100% |
| La Financière de l'Echiquier | 75.00% | SCI Tertiaire Saint Romain ⁽²⁾ | 100% |
| | | LBP Dutch Mortgage Portfolio 1 BV | 100% |
| | | LBP Dutch Mortgage Portfolio 2 BV | 100% |
| | | FCT Elise 2012 | 95.00% |
| | | Ezyness | 100% |
| CORPORATE CENTRE | | | |
| 115K | 100% | | |

(1) Parent company.

(2) Entities allocated to several business lines in the management accounts.

Extent to which the Issuer is dependent on other Group entities

La Banque Postale Group's role is to assist La Banque Postale Home Loan SFH in the refinancing of home loans, and it is also responsible for the operational management of the Company. Their relationship is governed by a set of agreements as specified in the base prospectus.

La Banque Postale Home Loan SFH and La Banque Postale Group have entered into an Uncommitted Facility Agreement (the "Credit Agreement") defining the terms and conditions under which the Issuer undertakes to use the proceeds of the issuance of covered bonds to make loans to La Banque Postale Group for a maximum total amount corresponding to the Programme Limit.

The Credit Agreement is guaranteed by a security agreement (the "Collateral Security Agreement") under which La Banque Postale Group undertakes to transfer to La Banque Postale Home Loan SFH⁽⁸⁾ as a guarantee of its financial obligations, full title to:

- home loans meeting the eligibility criteria in Article L. 513-29 of the French Monetary and Financial Code; and
- other assets within the meaning of French legislation applicable to home financing companies.

La Banque Postale Home Loan SFH has also entered into the following agreements with La Banque Postale Group:

- an outsourcing and services agreement;
- a management agreement;
- an account agreement;
- a title transfer agreement, as a guarantee;
- a set of agreements covering services qualified as important and critical based on the definitions in the EBA Guidelines.

1.1.1.2 Regulatory framework

La Banque Postale Home Loan SFH is a specialised credit institution within the meaning of Article L. 513-1 of the French Monetary and Financial Code and, as such, may only carry out specific banking transactions resulting from the legislative and regulatory provisions, or the licensing decision.

In its capacity as a licensed home financing company, La Banque Postale Home Loan SFH "has the exclusive purpose of granting or financing home loans and holding securities, exposures and deposits under the conditions determined by Council of State (*Conseil d'État*) decree" under the conditions defined in Articles L. 513-28 *et seq.* of the French Monetary and Financial Code.

As a credit institution, La Banque Postale Home Loan SFH is subject to the supervision of the ACPR and to compliance with the provisions of European Regulation 575/2013 on the prudential requirements for credit institutions and investment firms (Capital Requirements Regulation, CRR). La Banque Postale Home Loan SFH is exempt from compliance on an individual basis with capital adequacy ratios, in accordance with the provisions of Article 7 of the CRR.

As a home financing company, La Banque Postale Home Loan SFH is subject to Regulation 99-10 of the French Banking and Financial Regulation Committee (*Comité de la Réglementation Bancaire et Financière* – CRBF) and to specific ACPR instructions⁽⁹⁾ relating to the coverage ratio, the 180-day cash position, the mismatches between the average lives of liabilities and assets, the Coverage Plan for privileged debt and the quality of the financed assets. The home loans provided as collateral are identified individually in the IT system.

The European Covered Bonds Directive as transposed into French law and the new wording of Article 129 of the CRR both came into effect on 8 July 2022. The European directive aims to standardise the European covered bond models and create two labels, namely the "European Covered Bond" label and the "European High-Quality Covered Bond" label.

On 8 July 2022, the ACPR confirmed that La Banque Postale Home Loan SFH complied with the conditions of the "European High-Quality Covered Bond" label, set out in particular in ACPR Instruction 2022-I-05. The Covered Bonds issued by La Banque Postale Home Loan SFH under the EMTN programme have therefore been labelled "European High-Quality Covered Bonds" as from that date.

(8) In accordance with Articles L. 211-36 *et seq.* of the French Monetary and Financial Code.

(9) Instruction 2022-I-03 relating to the coverage ratio of specialised home financing companies and the regulatory reports referred to in Article 10 of CRBF Regulation 99-10 of 9 July 1999; Instruction 2022-I-05-I-17 on the information to be sent to the banking supervisor, ACPR, by specialised home financing companies (*sociétés de crédit foncier* and *sociétés de financement de l'habitat*) in connection with issues qualifying for "European covered bond" and "high quality European covered bond" labels; Instruction 2022-I-04 relating to the publication by specialised home financing companies (*sociétés de crédit foncier* and *sociétés de financement de l'habitat*) of information relating to the quality of the financed assets.

1.1.1.3 Economic and financial environment in 2023

Anaemic economic growth in France and the euro zone as a whole

In 2023, GDP growth was weak in the euro zone as a whole and in France in particular, falling short of the medium-term potential growth rate. While the US economy remained buoyant, thanks in particular to a fall in the household savings rate, continued strong job creation and the effects of the new industrial policy on investment, GDP in the euro zone and France grew by less than 1%. However, the labour market showed continued resilience, with the unemployment rate remaining low. Household spending continued to be weakened by consumers' loss of purchasing power, and it took until the middle of the year for the first signs of a recovery to appear. The corporate sector proved resilient overall, despite the complex environment and growth in corporate capital spending significantly outstripped GDP growth, possibly due in part to spending on projects to meet environmental challenges. However, the number of business failures rose sharply. According to data from the Banque de France, the bankruptcy rate increased by an estimated 34.4% in 2023 compared to 2022. Part of the reason was the inevitable catch-up from the abnormally low incidence of business failures during the Covid crisis, when companies in difficulty benefited from government support. This being said, the bankruptcy rate was much higher than in the pre-Covid period, except for micro-enterprises (the SME bankruptcy rate in 2023 was around 35% above the 2010-2019 average). In addition, rising interest rates had a major impact on the property market, with the number of residential property sales (excluding new builds) down by around 20%. The fall in prices was more limited, but gradually steepened as the year wore on. Home loan originations were badly affected, contracting by around 40% as households increased their deposits in response to the rising interest rates.

Rapidly falling euro zone inflation

Inflation slowed considerably during 2023. The greatest falls were in the euro zone, reflecting the significant effect of lower energy prices on the baseline. Gas and electricity prices on European wholesale markets peaked at a very high level in August 2022, before staging a spectacular fall. In November, the annualized increase in euro zone consumer prices eased to 2.4%, before climbing back to 2.9% in December. In December 2022, the annualized increase was 9.2%. In France, inflation eased more slowly. In 2022, the tariff shield had helped to limit the rise in energy prices, enabling France to record one of the euro zone's lowest inflation rates. In 2023, the lifting of these measures had the opposite effect by allowing electricity prices to rise. In December, French inflation (measured over one year) stood at 3.7% (compared with 5.9% in December 2022).

End of monetary tightening

Central banks continued to tighten their monetary policies in the first half of the year. The European Central Bank raised its refinancing rate to 4.5% in September, triggering rises in the €ster to 3.88% at the end of December and the 3-month Euribor to 3.91%. After last March's financial turbulence, especially in the United States, long-term interest rates declined as the markets downgraded their key interest rate forecasts. However, the measures taken by the central banks gradually restored investor confidence, leading to a recovery in long-term rates until the autumn. With inflation continuing to ease in the latter part of the year, investor expectations of an early and substantial reduction in the main central banks' key interest rates led to a significant fall in long-term rates from the beginning of November (with the 10-year OAT rate retreating from its mid-October peak of 3.56% to 2.56% at the end of December). However, the scenario being played out by the markets was not fully validated by the central banks at their rate-setting meetings in December. Instead, they demonstrated a degree of caution about future developments, particularly as regards inflation and wages.

The rise in long-term interest rates had an impact on the structure of household savings. Last year saw a continuation of the 2022 decline in French households' demand deposits. After rising sharply during the period of very low interest rates in the mid-2010s, these deposits contracted by €54 billion between December 2022 and November 2023. Most of the outflow benefited *Livret A* passbook savings accounts, which pay a return linked to inflation and short-term interest rates, and term deposits.

1.1.1.4 Responsible refinancing policy

La Banque Postale Home Loan SFH sustainable bond issue

La Banque Postale Group leverages a responsible refinancing policy to align its lending business with the just transition.

In April 2019, La Banque Postale Group created a green, social and sustainable bond issuance framework for both La Banque Postale SA and La Banque Postale Home Loan SFH, which was independently rated by Moody's ESG Solutions. La Banque Postale Group applies best practices in the management and reporting of the net issue proceeds as part of a dynamic approach aimed at ensuring that the total amount of the portfolio of eligible loans corresponds to the amounts issued. Its impact reports include a large quantity of information, including the methods, assumptions and references used. Reports on the use of the issue proceeds, project impact assessments and details of the sustainability-themed issues are available on La Banque Postale Group's corporate website. The issuing framework was updated in September 2023 and now includes five categories of green loans (renewable and low-carbon energy, low-carbon real estate, soft mobility, sustainable water and waste management and manufacturing industry) which in turn cover 56 activities identified in the European taxonomy and five social loan categories (affordable housing, access to essential social and human care services, education, socio-economic development and empowerment, regional development and cohesion).

In 2022, La Banque Postale Home Loan SFH carried out an inaugural €750 million green covered bond issue to help finance the energy transition. The 8-year 1.625% covered bonds were placed at a final spread of 4 bps over the mid-swap rate. A total of 85 investors participated in the transaction, the majority of whom (66%) apply ESG screens. The issue proceeds are being used to refinance loans for the acquisition or construction of new-build homes in France that comply with strict thermal regulations in force at the time of financing. A total of 5,785 real estate projects are eligible for this green bond refinancing, with 97.3% of the projects concerning green new builds and 2.7% concerning green new builds with additional improvements. With this issue, La Banque Postale Group is helping to finance four of the 17 Sustainable Development Goals defined by the UN in 2015.

On 23 January 2023, La Banque Postale Home Loan SFH carried out an inaugural €1.25 billion, 8-year social covered bond issue. The issue proceeds will be used to finance *Prêts d'accession sociale* (PAS) home loans for low-income first-time buyers. The bonds' nominal interest rate is 3.0% and they were placed at a final spread of 27 bps over the mid-swap rate. A total of 65 investors participated in the transaction, the majority of whom (70%) apply ESG screens. The issue proceeds will serve to finance affordable housing and more specifically PAS loans that meet the criteria defined in France's 2003 Finance Act. The social home ownership loan is granted to people with modest incomes. These loans are only available for the purchase or construction of the borrower's main residence. More than €1.3 billion in loans were identified as eligible as they met specific criteria based on household income and the location of the asset to be financed.

In 19 January 2024, La Banque Postale Home Loan SFH carried out its second green covered bond issue. The €750 million worth of 10-year 3.125% bonds were placed at a final spread of 45 bps above the mid-swap rate. The issue was nearly five times oversubscribed, with the final order book amounting to €3.6 billion. The issue proceeds are being used to finance new build homes complying with the latest RT 2012 or RE 2020 building standards, which reduce the properties' energy use and greenhouse gas emissions.

Including these three thematic issues totalling €2,750 million, sustainable bonds represented 23.5% of La Banque Postale Home Loan SFH's debt issues placed on the market (excluding the retained portion, which amounted to €11,716 million at 29 January 2024).

1.1.1.5 Business activity of La Banque Postale Home Loan SFH in 2023

Concerning the appropriation of net profit after tax for the 2022 financial year, 5% was appropriated to the legal reserve, representing the minimum annual appropriation set in Article L. 232-10 of the French Commercial Code, and the balance was appropriated to retained earnings.

Since the 30 September 2017 period end, La Banque Postale Home Loan SFH has provided information that allows the rating agency Standard & Poor's ("S&P") to publish quarterly surveillance reports in accordance with the European Central Bank's covered bond disclosure requirements.

La Banque Postale Home Loan SFH is a member of the Covered Bond Label Foundation set up in response to a market-wide calls for improved standards and increased transparency in the covered bond market. La Banque Postale Home Loan SFH publishes monthly reports on its website in a format that is harmonised with other issuers' reports.

In 2023, La Banque Postale Home Loan SFH obtained a €750 million loan from La Banque Postale to cover its 180-day liquidity requirement, as mandated by the applicable regulations. The loan covered the period from 29 September 2023 to 15 January 2024 and paid interest at €ster without any spread. The proceeds were used to fund the redemption at maturity, on 15 January 2024, of the €750 million hard-bullet bond issue (ISIN: FRO011688464).

Pending this outflow on 15 January 2024, the cash was placed in La Banque Postale's postal current account (CCP). La Banque Postale Home Loan SFH signed an agreement concerning interest earned on the €750 million deposited in this account.

As part of the programme and pursuant to Article R. 513-16, IV of the French Monetary and Financial Code, the Board of Directors has set the following cap on quarterly debt issuance programmes:

- €9,000 million or euro equivalent of issues in foreign currencies for the 1st quarter of 2023;
- €10,000 million or euro equivalent of issues in foreign currencies for the 2nd quarter of 2023;
- €9,750 million or euro equivalent of issues in foreign currencies for the 3rd quarter of 2023;
- €9,750 million or euro equivalent of issues in foreign currencies for the 4th quarter of 2023.

In 2023, La Banque Postale Home Loan SFH issued €3,250 million worth of covered bonds under the programme, in the form of EMTNs. The total comprised three issues, including two public placements for €1,250 million (series 46) and €1,000 million (series 47), respectively, and a €1,000 million issue (series 48) underwritten by La Banque Postale (replacing retired series 32 and 36 bonds). Details of the issues are given below.

| Series | ISIN | Amount (in € millions) | Settlement date | Maturity | Rate | Hard/soft format | Public Private Retained | Callable | Theme |
|--------|--------------|------------------------|-----------------|------------|-------|------------------|-------------------------------|----------|--------|
| 46 | FR001400FD12 | 1,250 | 31/01/2023 | 31/01/2031 | Fixed | Soft | Public | No | Social |
| 47 | FR001400HF42 | 1,000 | 19/04/2023 | 19/04/2029 | Fixed | Soft | Public | No | |
| 48 | FR001400ILH4 | 1,000 | 20/06/2023 | 20/06/2029 | Fixed | Soft | Retained | No | |

The cover pool was regularly topped up with additional home loans in 2023, in connection with the covered bond issues carried out over the year, in order to maintain coverage rates at the required level. These rates proved to be well above regulatory (105%) and contractual (108.1%) requirements in 2023. The rate resulting from the asset coverage test and the regulatory coverage rate were both greater than 135% at 31 December 2023. They were reported on La Banque Postale Home Loan SFH's website in the European Covered Bond label format.

1.2 Main risks and uncertainties, risk management system

La Banque Postale Home Loan SFH is a specialised credit institution that is wholly owned by La Banque Postale. Its corporate purpose is to refinance secured home loans by issuing Covered Bonds.

The risks presented in this section have been identified as significant and specific to La Banque Postale Home Loan SFH. Occurrence of these risks would have an impact on its business, its financial position or its access to various sources of financing.

The risks have been classified into three categories in order of materiality determined on a net basis:

- Risks relating to La Banque Postale Home Loan SFH ("the Issuer")
- Risks relating to La Banque Postale SA ("the Borrower");
- Risks relating to the Cover Pool.

1.2.1 Risks relating to the Issuer

Liquidity risk

All loans by the Issuer to the Borrower under the Uncommitted Facility Agreement (the "Credit Agreement") have the same maturity (unless they are rolled over) and the same repayment terms as those applicable to the Covered Bonds that finance the loans.

Accordingly, unless an Event of Default (as defined in the Credit Agreement) occurs, the Issuer will not be exposed to any liquidity risk in respect of the Borrower's debt and the Covered Bonds.

If an Event of Default were to occur, leading to a claim under the guarantee, the Issuer's liquidity would be derived from the home loan receivables included in the cover pool and the underlying home loans. There is a risk of a mismatch between the maturities and repayment profiles of the home loan receivables included in the cover pool and the maturities and repayment profiles of the Covered Bonds. Such a mismatch could create a potential need for liquidity at the level of the Issuer.

At 31 December 2023, the cover pool comprised 311,895 loans with an average retention period of 71 months and a weighted average residual term of 181 months. At 31 December 2023, the net principal amount of the Issuer's Covered Bonds was €18,466 million. The bonds mature at various dates up to April 2044.

Although the Issuer is legally required to ensure that its liquidity needs are adequately covered at all times using a number of tools such as, but not limited to, the provision of cash collateral prior to maturity, the legal liquidity reserve, staggered maturities and the sale of all or some of its home loan receivables, there is a residual risk that these mitigating measures may not be sufficient.

If the Issuer is unable to cover its liquidity needs, this could have a negative impact on its ability to fulfil its obligations under the Covered Bonds in a timely manner, especially its interest payment obligations.

In view of the foregoing, the Issuer believes that the probability of such a risk occurring is very low, but that the impact of such risk could be high.

Operating risks linked to compliance with regulatory ratios

La Banque Postale Home Loan SFH does not have any employees, information system or organisational structure to support its operations. It relies entirely on the resources provided by its parent company, La Banque Postale.

The Issuer's ability to make payments of principal and interest in respect of the Covered Bonds depends primarily on the ability of La Banque Postale, in its capacity as the Issuer's debt servicer, service provider, and manager and holder of the Issuer's bank accounts, to fulfil its payment obligations towards the Issuer. The value of the cover pool depends on the ability of the collateral providers to transfer additional home loan receivables to the cover pool provided for in the Collateral Security Agreement up to the amount required to satisfy the asset cover test (the "Asset Cover Test").

The legal framework for home financing companies and the Covered Bond programme documents require implementation of mitigation or substitution measures and/or the provision of cash collateral in the event that certain mechanisms are triggered (in particular the Asset Cover Test and several mechanisms based on La Banque Postale's credit ratings). If the Issuer experienced a delay or was unable to implement these mitigation measures, this could affect its ability to make payments on the Covered Bonds in the required amount and/or on the due date.

In addition, if these mitigation measures proved to be inadequate, the inability of any of the parties to effect a planned payment or transfer on a timely basis could significantly affect the Issuer's ability to make payments of principal and interest on the Covered Bonds.

In view of the foregoing, the Issuer believes that the probability of such a risk occurring is low but that the impact of such risk could be high.

Operational risks relating to the Issuer's dependence on its parent company

La Banque Postale Home Loan SFH does not have any employees, information system or organisational structure to support its operations. It relies entirely on the resources provided by its parent company, La Banque Postale. In the event that La Banque Postale defaulted on its obligations, La Banque Postale Home Loan SFH would become the owner of a portfolio of home loans that it would have to continue to manage in order to make principal and interest payments to the investors that had purchased the Covered Bonds. For La Banque Postale Home Loan SFH, this would mean setting up an appropriate organisation. One obstacle to this would be the fact that only licensed credit institutions and finance companies are authorised to manage loan portfolios.

There is a risk of no suitable successor being found within the necessary timeframe or of the successor not having sufficient experience or capacity to provide the service on the same or similar terms as those provided for in the Covered Bond Programme Documents or on financial terms acceptable to the successor. This could result in delays, additional costs and/or losses related to the recovery of amounts due to the Issuer in respect of its assets, or create operational and administrative difficulties for the Issuer, or have a negative impact on the Issuer's ability to fulfil its obligations in relation to the Covered Bonds.

An internal governance structure has been set up to monitor the Borrower's performance of the services in accordance with the related agreements. The agreements between La Banque Postale Home Loan SFH and La Banque Postale (see section "Degree of dependence of the Issuer on other Group entities") and the Covered Bond programme documents provide for mitigation or substitution measures and/or cash collateral upon occurrence of documented trigger events (such as the asset cover test or a downgrade of the Borrower's credit rating).

In accordance with regulatory requirements, a plan has been drawn up describing the mechanism for transferring monthly home loan repayment streams in the case of a Borrower Event of Default.

If the Issuer experienced a delay or was unable to implement these mitigation measures, this could affect its ability to make payments on the Covered Bonds in the required amount and/or on the due date.

In view of the foregoing, the risk associated with the Borrower's failure to perform activities on behalf of the Issuer is highly probable but its impact would be limited. Nevertheless, although the probability of Borrower default is low, its impact could be significant.

1.2.2 Risks relating to the Borrower

Risks relating to the Borrower's home loan origination capacity

The global economic and financial environment, geopolitical tensions and the environment in which the Borrower operates could affect its business, financial position and results.

During 2023, La Banque Postale Group operated in a context marked by a deteriorated macro-economic environment, with sluggish growth prospects in France, increased volatility on the financial markets, very slow easing of inflation¹¹ and reduced values for some assets. These macro-economic factors were set against a backdrop of heightened geopolitical tensions (ongoing armed conflict between Ukraine and Russia and war between Hamas and Israel since last October).

As of the date of this report, leading financial institutions expect the French economy to grow by between 0.8% and 1.3% in 2024 (assuming inflation continues to decline), and to gather momentum in 2025. Annualized inflation in France (CPI) was 3.7% in December 2023 (compared with average annualized rates of 1.6% in 2021 and 5.2% in 2022), with consensus forecasts of around 2.4% for 2024.

In its latest central scenario, published in December 2023, the ECB downgraded its economic growth forecast for 2024 vs. the previous forecast published in September 2023. This latest scenario puts euro zone growth at around 0.8% in 2024 (vs. 3.4% in 2022 and 0.6% in 2023). This is 0.2-points below the September 2023 forecast, due to recently published economic data and less-than-promising survey results. In the second half of 2023, the euro zone economy was weakened by tougher financing conditions, a loss of confidence and the zone's reduced competitiveness.

ECB estimates put European inflation at 2.7% at the end of 2024 (compared with 8.4% in 2022 and 5.4% in 2023), with the energy component making a significant contribution to this development.

These deteriorating economic conditions in Europe and the volatility of the financial markets could have a significant adverse effect on La Banque Postale Group (including the Borrower) and its customers. In France in particular (La Banque Postale's domestic market which accounted for around 93.7% of its credit exposure at end-December 2023), any worsening of the economic environment would have an impact on:

- the Group's business plan, leading to reduced loan originations;
- the Borrower's solvency, including its retail customers (due to the impact of rising consumer prices) and its corporate customers (impact on their ability to repay their debts due to falling revenues and the limited scope for absorbing higher costs).

In addition, commercial impacts such as pressure on lending margins resulting in particular from the higher cost of liquidity (linked to the transfer of demand deposits to interest-bearing savings accounts and wider refinancing spreads following central bank interest rate hikes) could continue to affect the Borrower's profitability and increase the risk of a slowdown in loan originations.

A decline in home loan originations linked to the economic situation is a real risk that the Issuer needs to take into account in order to fulfil its regulatory obligations on an ongoing basis. The Issuer's privileged liabilities are secured by the Borrower's cover pool of home loans, which shall translate into an overcollateralisation rate of at least 105% of privileged liabilities.

The current overcollateralisation rate (137% at 31 December 2023), the existence of eligible home loans available to top up the cover pool and the possibility for the Issuer to call all or part of the callable issues subscribed by the Borrower itself are

¹¹ The main central banks responded to this inflationary environment by taking measures to increase interest rates, calibrated in each case with their local macroeconomic and budgetary situation. The ECB has raised interest rates ten times in 14 months (between July 2022 and September 2023, to the following levels: 4.50% for the refinancing rate, 4.75% for the marginal lending facility rate and 4% for the deposit facility rate) in order to bring inflation back towards its 2% target in the medium term.

all factors enabling the Issuer to fulfil its commitments to investors. Additional liquidity may be pledged by the Borrower to the Issuer in order to contribute to the minimum cover requirements.

In view of the foregoing, the Issuer believes that this risk could occur, but that its impact could be low.

1.2.3 Risks relating to the Cover Pool

Risks associated with the decline in value of the underlying properties

The value of the properties securing home loans may decline due to a number of factors, including the domestic or international economic environment, local economic or housing market conditions, changes in tax laws, mortgage interest rates, inflation, the availability of financing, returns on alternative investments, increased costs of utilities and other day-to-day expenses, political developments and government policies. As the properties securing the home loans are located in France, their value may fall in the event of a general decline in house prices in the country. At 31 December 2023, 42.4% of the home loans in the cover pool (by value) were secured by mortgages (including 17.6% that were also secured by an additional guarantee from the French State).

A decline in property values could affect the Issuer's ability to obtain sufficient proceeds from the sale of the properties to comply with the regulatory minimum overcollateralisation rate and cover any outstanding amount owed by the underlying homebuyer. As a result, such a decline could affect the Issuer's ability to pay the full amount of principal and interest due on the Covered Bonds.

At 31 December 2023, the cover pool totalled €26,277 million and included 311,895 loans.

The current level of overcollateralisation (last certified at 129% as of 30 September 2023) and the current loan-to-value (LTV) ratio of 55% could reduce the impact of a fall in property values. At 31 December 2023, outstanding loans representing a significant amount could still be pledged by the Borrower to the Issuer in order to mitigate the risk associated with the level of overcollateralisation and the repayment obligations towards bondholders. In addition, the Borrower could pledge additional liquidity to help meet the minimum cover requirement. Finally, some or all of the €5,250 million of Covered Bonds retained by La Banque Postale could be called by the Issuer.

In view of the foregoing, the Issuer believes that the occurrence of this risk is probable but that its impact should be low.

Credit risk related to providers of home loan guarantees

Defaults by homebuyers triggering claims under the collateral guarantee would expose the Issuer to credit risk in relation to the providers of the home loan guarantee (in respect of loans secured by said guarantees). At 31 December 2023, home loans underlying the collateral guarantee included loans secured by mortgages (42.4% of the total by value, including 17.6% also secured by an additional guarantee from the French State), loans secured by a guarantee from Crédit Logement (57.6%), and loans secured by an independent home loan guarantee company licensed to operate as a finance company in France.

If the home loan guarantee provider failed to pay all or part of the amounts due under the guarantee for any reason, or failed to pay such amounts on a timely basis, this could affect the Issuer's ability to make payments of principal and interest on the Covered Bonds.

The Issuer's privileged liabilities are guaranteed by the Borrower, providing a guarantee for a cover pool amounting to €26.3 billion at the end of December 2023. At that date, the latest certified regulatory coverage ratio (30 September 2023) stood at 129%, well above the legal minimum of 105%.

The Issuer ensures at all times that it has a portfolio of home loans secured by 1st ranking mortgages that are eligible for inclusion in the cover pool and could be added to the pool in order to ensure an appropriate level of security for investors.

Finally, the Issuer could also call all or part of the €5.25 billion of retained callable issues in order to have the necessary funds to fulfil its obligations to investors.

In view of the foregoing, the Issuer believes that the probability of such a risk occurring is low, but that the impact of such risk could be moderate.

1.3 Main features of the internal control and risk management procedures

1.3.1 Reference texts on internal control

Internal control at La Banque Postale Home Loan SFH is based on the provisions of the French Monetary and Financial Code, the Government Order of 25 February 2021 amending the Order of 3 November 2014 on internal control and the prudential regulations applicable to credit institutions, as well as the texts specific to home financing companies.

As La Banque Postale Home Loan SFH is part of La Banque Postale Group's internal control system, its regulatory foundations are formally described and supplemented by La Banque Postale Group's internal documents, including the Internal Audit Charter for periodic controls, the Key Control Elements reference note and the Risk Management Policy for permanent controls, and the Compliance Charter.

These documents are in turn broken down into operational control processes and procedures.

In addition, an Outsourcing and Services Provision agreement and specific agreements concerning services classified as important or critical⁽¹⁰⁾ that were entered into between La Banque Postale Home Loan SFH and La Banque Postale Group in 2013 and 2021 respectively:

- describe the terms and conditions of execution by La Banque Postale Group of La Banque Postale Home Loan SFH's regulatory obligations resulting from its status as a specialised credit institution;
- describe the control procedures to be performed by La Banque Postale Home Loan SFH, or where applicable by a third party, over the critical services entrusted to La Banque Postale Group, in accordance with Articles 21 and 231 *et seq.* of the Government Order of 3 November 2014 on the internal control of companies in the banking sector.

1.3.2 Fundamental principles

La Banque Postale Home Loan SFH's internal control and risk management system is aligned with the principles set by La Banque Postale Group, which are applied by each business line and subsidiary to determine their priorities for action and the associated risk management procedures. These fundamental principles are described in the Group's Risk Appetite Statement and Risk Management Policy.

La Banque Postale Home Loan SFH's internal control is based on La Banque Postale Group's internal control system (see the players or structures responsible for control activities below), which is based on:

- the accountability of everyone involved, which is the basis of an effective management and control system;
- the proportionality of the controls in relation to the level of risk to be controlled;
- the completeness of the control scope. All of La Banque Postale Group's activities and its critical outsourced services are covered by the internal control system.

Internal control procedures are performed by La Banque Postale Group. Since the 2019 financial year, coordination and – in some cases – implementation of second-level permanent controls has been taken over by the Risk Management teams of La Banque Postale Group's Corporate and Investment Banking (RM-CIB) business line.

(10) Including any addenda.

1.3.3 Organisation of internal control

The Chief Executive Officer of La Banque Postale Home Loan SFH is responsible for the implementation of internal control, under the oversight of the Board of Directors, based on the work of its Risk Committee. The Chief Executive Officer is assisted in this function by the Company's Chief Risk Officer⁽¹¹⁾ who is also responsible for managing the risks of La Banque Postale's Corporate and Investment Banking business line.

La Banque Postale Home Loan SFH's internal control system is organised around:

- First- and second-level permanent controls. First-level permanent controls are performed by the first line of defence made up of the business lines, which are responsible for their day-to-day activities and the associated operational risks. Second-level permanent controls are performed by the second line of defence, which is independent and reports to the Group Chief Risk Officer. Its role is to ensure that all risks are effectively monitored by the first line of defence and that exposures remain within the limits set by the Group.
- The Risk and Compliance Committee, which meets quarterly and is chaired by the Chief Executive Officer of La Banque Postale Home Loan SFH. The Company's dedicated risk management team is responsible for liaising with the various teams involved in internal control at La Banque Postale. Its responsibilities include reporting the results of controls based on the Company's risk map. It is also responsible for issuing alerts when necessary. The Risk Management Committee:
 - analyses La Banque Postale Home Loan SFH's main risk exposures (all categories combined) and draws up a risk map at least once a year;
 - monitors progress in implementing the permanent control plan and informs Executive Management of the control results;
 - monitors fulfilment of the commitments given by La Banque Postale Group on behalf of La Banque Postale Home Loan SFH following internal and external audits;
 - issues alerts concerning any events or malfunctions that could affect the orderly operation of La Banque Postale Home Loan SFH's business.

The permanent control system covers identified and assessed risks arising from La Banque Postale Home Loan SFH's six business processes, including:

- two that are specific to the business: management of the cover pool and production of regulatory and contractual reports, including the asset quality report;
- four that are integrated into La Banque Postale Group's processes: governance, operational management, financial management and financial intermediation.

The frequency of the controls is determined based on the risk level assessment included in the process review carried out at least once a year.

The results of the asset cover test and regulatory coverage ratio calculations are used to periodically check that the value of the cover pool complies with the contractual and legal overcollateralisation rules.

Prior processing sequences are executed to ensure that the loans provided as collateral meet the legal and contractual eligibility criteria. The value of the assets provided as collateral is also reassessed during this periodic processing.

The controls also aim to provide assurance that the average maturity of the Covered Bond issues is consistent with the average residual maturity of the loans provided as collateral.

The regulatory and contractual reports specific to home financing institutions are prepared in accordance with the expectations and within the timeframe defined by the ACPR, the rating agencies and the Covered Bond label.

First-level permanent controls

The first-level permanent controls are carried out within the business lines by the operational staff (Front Office and the Operations Department which includes the Middle Office, Back Office and the project owner) of La Banque Postale Group's Corporate and Investment Banking business line or by La Banque Postale's other teams as part of the accounting, administrative, regulatory and IT processing operations required for La Banque Postale Home Loan SFH's business. The controls include self-checks, supervisory reviews, cross-checks and programmed controls. They may consist of substantive controls or controls performed using sampling techniques. The results of the first-level controls are presented at the quarterly meetings of the Risk and Compliance Committee. They are also regularly communicated to the members of CIB's Management Committee via the RM-CIB dashboard.

(11) The Head of Risk Management in the Corporate and Investment Banking (CIB) business line reports directly to the Group Chief Risk Officer and on a dotted-line basis to the Managing Director of CIB.

- prepare a report on the results of second-level controls;
- review the main risks of all kinds to which the Company is exposed, any changes made to the risk measurement systems and the results of those changes;
- make any necessary decisions to remedy weaknesses in internal control;
- monitor implementation of the commitments made following internal and external audits;
- decide on corrective measures to address weaknesses identified during audit engagements and in the activity and control reports received by the heads of the control functions or management.

1.3.4 Role of the Board of Directors in the area of internal control

Board of Directors

At the meetings held at least once a quarter, the Chief Executive Officer reports to the Board of Directors on the internal control organisation, activities and results.

In addition, the Board of Directors, which decides on quarterly issuance programmes and authorises the Company to issue bonds, is informed of the main risks incurred by La Banque Postale Home Loan SFH. It is also regularly informed of the levels of use of the issuance programme as well as of the issuance terms and conditions.

At least once a year, and in particular at the Board meeting held to approve the annual financial statements, the Board of Directors reviews permanent and periodic control activities and results, based on the management report and the report on internal control (prepared in accordance with Articles 258 to 266 of the Government Order of 25 February 2021 amending the Order of 3 November 2014 on the internal control of companies in the banking sector).

The significant incident alert threshold, within the meaning of Article 98 of the Government Order of 25 February 2021 on the internal control of companies in the banking sector, is €1,000,000, i.e., 0.5% of Tier 1 capital. This threshold was approved by the Board of Directors on 11 February 2014. In addition to this threshold for reporting to the ACPR, the Board has set an internal incident alert threshold of €50,000. In 2023, the internal control procedures did not reveal any significant incidents.

Lastly, the Specific Controller of La Banque Postale Home Loan SFH, who attends all General Meetings, as well as all meetings of the Board of Directors and the Risk Committee:

- certifies to the Board that the asset coverage ratio is complied with for all quarterly bond issuance programmes and for issuances exceeding €500 million;
- attaches to La Banque Postale Home Loan SFH's annual financial statements an opinion on the procedures for the valuation and revaluation of real estate collateral and on the compliance of the published results with these procedures;
- prepares an annual report on the performance of his or her duties for Executive Management and the Board of Directors.

Role of Executive Management

The Chief Executive Officer is responsible for and directly involved in the organisation and operation of La Banque Postale Home Loan SFH's internal control system. He is assisted by the Chief Operating Officer.

A Management Committee assists the Chief Executive Officer and Chief Operating Officer in making decisions relating to the management of La Banque Postale Home Loan SFH's assets and liabilities. The committee enables the Chief Executive Officer and Chief Operating Officer to monitor changes in the cover pool and all the metrics of the Covered Bond management framework; in particular, it is a source of assurance that the Covered Bond programme's limits are compatible with the level of capital, the level of overcollateralisation and the mismatch between the average maturity of the Covered Bond issues and that of the assets held in the cover pool.

In addition, a Risk and Compliance Committee prepares executive summaries of the results of first-level controls and monitors the action plans concerning the various projects involving La Banque Postale Home Loan SFH. Second-level controls are also carried out by the Group Risk Department. Executive Management is informed of the main weaknesses identified by the internal control system and of the proposed corrective measures.

Control system for information systems and business continuity plans

Under the outsourcing and services provision agreement, La Banque Postale Home Loan SFH's IT security and business continuity procedures are based on La Banque Postale Group's system, as described below.

Emergency and business continuity plan (EBCP)

La Banque Postale Group's emergency and business continuity plan (EBCP) complies with the stipulations of the Government Order of 25 February 2021, amending the Order of 3 November 2014 on the internal control of companies in the banking, payment services and investment services sector subject to supervision by the ACPR.

La Banque Postale Group's EBCP includes crisis management procedures.

A. Reference framework

The EBCP's general policy and governance provide a reference framework by defining the plan's organisation, missions and responsibilities, as well as the principles and rules to be adhered to within the Group.

The EBCP is part of the Group's risk management policy.

The objectives of this policy are to:

- control the impacts arising during the occurrence of major events;
- implement and control the solutions developed to deal with the impacts;
- mobilise all the teams concerned in La Banque Postale Group;
- implement a consistent business continuity governance and management system based on actions that are described in writing, tracked and communicated to management, the Group Risk Department and the Executive Board.

EBCP policy and governance principles are as follows:

- the management of business continuity is an integral part of all banking, non-banking and financial activities of La Banque Postale Group, which includes La Banque Postale, its subsidiaries and La Poste's Financial Services division;
- the policy and governance system set out in the policy document apply to all La Poste Groupe employees acting in the name and on behalf of La Banque Postale Group;
- all partners and service providers, whether or not they are involved in La Banque Postale Group's banking and financial activities, who act in the name and on behalf of the Group, regardless of their location, must commit to business continuity clauses aligned with the policy;
- it is the responsibility of each entity⁽¹²⁾ subject to this policy to deploy the organisation and resources needed to comply with these principles;
- the Group Risk Department sets the framework, issues the rules to be followed, issues an opinion on the business continuity policies specific to certain business lines, provides the necessary assistance to the business lines, monitors the overall effectiveness of the system, and reports on it to the Group Risk Management Committee or the Executive Board as necessary;
- within the Group Risk Department, the EBCP and Safety of People and Property team ensures that the Bank has tested the EBCPs and obtained assurance that they can be activated immediately if required. The network of correspondents that make up the EBCP organisation report to this team on a dotted-line basis.

The Group Risk Department is responsible for managing and overseeing the application of these principles.

B. Scenarios

La Banque Postale Group's EBCP includes several technical responses to Information Systems emergencies, and a comprehensive organisational response, including an organisation, response methods, communication actions, etc.

It aims to cover extreme shocks and is designed to address at least the crisis scenarios used by La Banque Postale Group, classified into five categories:

- lasting unavailability of sites;
- failure of information systems and/or technical systems;
- significant employee absenteeism;

(12) The term "entity" refers to the business lines, business areas and subsidiaries of La Banque Postale Group.

An Information Systems Security Committee, co-chaired by the Information Systems Directors and the Group Chief Risk Officer, meets twice a month to sign off on changes to the security frameworks, oversee their deployment, set operational ISS risk management objectives, and monitor ISS-related events likely to pose a major risk for La Banque Postale Group.

Internal control system covering accounting and financial information

In accordance with the outsourcing and services provision agreement, La Banque Postale Home Loan SFH's accounts are kept by La Banque Postale Group. Consequently, the Accounting Department of La Banque Postale Group is responsible for preparing La Banque Postale Home Loan SFH's financial statements. In this context, the Accounting Department visibly tracks the resources assigned to keeping the accounts of the Group's subsidiaries and other business line accounting activities, in order to ensure that the necessary resources are deployed for the production and analysis of accounting data. It also guarantees continuity of the accounting processes through the multi-disciplinary skills and professionalism of the teams.

La Banque Postale Home Loan SFH's accounting processes are integrated into the processes of the subsidiary and business line accounting department, enabling it to benefit from the segregation of tasks and the accounting control system in place within La Banque Postale Group. In particular, payment tasks are separated from accounting tasks, and the accountants responsible for keeping La Banque Postale Home Loan SFH's accounts do not have access to payment media. In addition, accounting entries are recorded on a daily basis and the financial statements are reviewed every month by the persons responsible for second-level accounting controls, who record the results of their controls in monthly accounting quality dashboard reports, as well as preparing quarterly summaries for the auditors.

The scope of the outsourced accounting activities covers the production of the Company's financial statements, the production of financial statements in accordance with international standards and their integration into the consolidation process of La Banque Postale Group. It also covers regulatory reporting to the ACPR (excluding specific reports for La Banque Postale Home Loan SFH, which are the responsibility of Corporate and Investment Banking) and to Banque de France (Balance of Payments).

In 2023, the Company's Statutory Auditors were KPMG and Mazars (which succeeded PricewaterhouseCoopers Audit).

The Accounting Department has no open permanent control recommendations or recommendations by the external auditors.

Periodic control system

At La Banque Postale Group level, in 2024 risks will be covered by the engagements included in internal audit plans of the Group's various internal audit teams.

At the level of La Banque Postale Home Loan SFH, no specific internal audits have been planned for 2024.

However, the Company may be concerned by internal audits on specific topics carried out at Group level.

1.4.4 Non-tax deductible expenses

In accordance with the provisions of Articles 223 *quater* and 223 *quinquies* of the French General Tax Code, we inform you that during the past financial year the Company did not record any non-tax-deductible expenses and charges referred to in Article 39-4 of the said Code, and no overheads were added back to taxable profit in application of Article 39-5 of the same Code.

1.5 Cover pool

La Banque Postale Home Loan SFH's privileged liabilities are secured by a portfolio of home loans given as collateral by La Banque Postale Group (the "cover pool"). The cover pool loans are recorded off-balance sheet under "Other securities received as collateral" for an amount of €26,277 million at 31 December 2023. The main features of the cover pool are presented below:

- outstanding principal: €26,277 million;
- number of loans: 311,895;
- average outstanding principal: €84.2 thousand.

The breakdown by type of collateral is as follows:

| Type of collateral | Breakdown of number of loans | Breakdown of outstanding amounts |
|---------------------------|------------------------------|----------------------------------|
| First-rank mortgage | 7% | 5.7% |
| Lender's privilege | 35.5% | 36.7% |
| Crédit Logement guarantee | 57.5% | 57.6% |

1.6 Annual return on assets

The annual return on assets calculated by dividing the net income, amounting to €463 thousand, by the balance sheet total, in the amount of €19,620,811 thousand, was 0.0024%.

1.7 Post-balance sheet events

Between 1 January 2024 and the date of the Board of Directors, La Banque Postale Home Loan SFH carried out the following transactions:

- Redemption on 15 January 2024 of the €750 million Series 5 hard bullet issue.
- Repayment on the same day to La Banque Postale of the €750 million loan provided to cover the Company's liquidity requirement, and termination of the agreement on the remuneration of its postal current account deposits.
- Issue on 19 January 2024 of green bonds for a nominal amount of €750 million, maturing in January 2034. The issue proceeds are being used to finance new build homes complying with the latest RT 2012 or RE 2020 building standards, which reduce the properties' energy use and greenhouse gas emissions. Like all issues carried out by La Banque Postale Home Loan SFH since the entry into force of the harmonised European framework for covered bonds (8 July 2022), this issue benefits from the ACPR Premium label (European High-Quality Covered Bond).

1.12 Employee shareholding

In accordance with the provisions of Article L. 225-102 of the French Commercial Code, we hereby inform you that La Banque Postale Home Loan SFH has no employees and, as such, there is no employee shareholding in La Banque Postale Home Loan SFH's share capital.

1.13 Statutory Auditors' fees

The Statutory Auditors' fees for the 2023 financial year (excl. VAT) break down as follows:

- statutory audit of the financial statements: €33,609;
- other engagements: €29,000.

Non-audit services provided by the Statutory Auditors to La Banque Postale Home Loan SFH in 2023 were as follows:

- Mazars: Comfort letter relating to the update of the base prospectus for the La Banque Postale Home Loan SFH issuance programme;
- KPMG Audit SA: Comfort letter relating to the update of the base prospectus for the La Banque Postale Home Loan SFH issuance programme;
- KPMG Audit SA: Agreed-upon procedures and issuance of a report on the data for the *ex ante* calculation of the contribution to the SRF.

1.14 Research and development activities

In accordance with the provisions of Article L. 232-1 of the French Commercial Code, we remind you that La Banque Postale Home Loan SFH does not carry out any research and development activities.

1.15 Injunctions or financial penalties for anti-competitive practices

No injunction or financial penalty for anti-competitive practices has been issued against La Banque Postale Home Loan SFH.

Appendix 1 – Five-year results summary

| <i>(In € thousands)</i> | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|------------|------------|------------|------------|------------|
| FINANCIAL CONDITION | | | | | |
| Share capital | 210,000 | 210,000 | 244,000 | 244,000 | 244,000 |
| Number of shares | 21,000,000 | 21,000,000 | 24,400,000 | 24,400,000 | 24,400,000 |
| COMPREHENSIVE INCOME | | | | | |
| Premium income* | 102,917 | 96,568 | 80,229 | 100,049 | 209,257 |
| Profit before tax, depreciation, amortisation and provisions | 2,355 | 2,623 | 1,276 | 1,424 | 1,005 |
| Income tax | 911 | 1,004 | 803 | 743 | 543 |
| Earnings per share after tax, depreciation, amortisation and provisions | 1,444 | 1,619 | 473 | 667 | 443 |
| Distributed income (proposed) | - | - | - | - | - |
| PER SHARE DATA (IN €) | | | | | |
| Earnings per share after tax, before depreciation, amortisation and provisions | 0.07 | 0.08 | 0.02 | 0.03 | 0.02 |
| Earnings per share after tax, depreciation, amortisation and provisions | 0.07 | 0.08 | 0.02 | 0.03 | 0.02 |
| Distributed income (proposed) | - | - | - | - | - |
| EMPLOYEE DATA | | | | | |
| Average headcount | N/A | N/A | N/A | N/A | N/A |
| Total payroll | N/A | N/A | N/A | N/A | N/A |
| Amounts paid for employee benefits (social security, welfare organisations, etc.) | N/A | N/A | N/A | N/A | N/A |

* Total banking income (including profits or losses from financial transactions for their net amount).

2.

Annual financial statements at 31 December 2023

| | | |
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| <i>(In € thousands)</i> | Notes | 31 Dec. 2023 | 31 Dec. 2022 |
|--|-------|-------------------|-------------------|
| LIABILITIES | | | |
| Interbank transactions | | | |
| ○ Central banks | | - | - |
| ○ Liabilities due to credit institutions | 2.4 | 752,519 | - |
| Customer transactions | | | |
| ○ Regulated savings accounts | | - | - |
| ○ Customer current accounts in credit | | - | - |
| ○ Other liabilities due to customers | | - | - |
| Debt securities | | | |
| | 2.6 | | |
| ○ Short-term notes | | - | - |
| ○ Interbank securities and money market securities | | - | - |
| ○ Bonds | | 18,590,651 | 19,015,882 |
| ○ Other debt securities | | - | - |
| Accruals and other liabilities | | | |
| | 2.7 | | |
| ○ Other liabilities | | 26,770 | 25,969 |
| ○ Accruals | 2.5 | - | - |
| Provisions | | | |
| | | - | - |
| Subordinated debt | | | |
| | | - | - |
| Fund for general banking risks (FGBR) | | | |
| | | - | - |
| Shareholders' equity (excluding FGBR) | | | |
| | 2.8 | | |
| ○ Issued capital | | 244,000 | 244,000 |
| ○ Share premium account | | - | - |
| ○ Reserves | | 588 | 555 |
| ○ Regulated provisions and investment grants | | - | - |
| ○ Retained earnings | | 5,820 | 5,186 |
| ○ Net profit for the period | | 463 | 667 |
| TOTAL | | 19,620,811 | 19,292,260 |

Income statement

| <i>(In € thousands)</i> | Notes | 2023 | 2022 |
|--|-------|-------------------|-------------------|
| Interest income: | 3.1 | 208,806 | 99,598 |
| ○ Cash and interbank transactions | | 208,708 | 99,281 |
| ○ Customer transactions | | - | - |
| ○ Bonds and other fixed-income securities | | 99 | 318 |
| ○ Other interest income | | - | - |
| Interest expense: | 3.1 | (203,759) | (95,059) |
| ○ Cash and interbank transactions | | (7,558) | - |
| ○ Customer transactions | | - | - |
| ○ Bonds and other fixed-income securities | | (196,202) | (95,059) |
| ○ Other interest expense | | - | - |
| Income from variable-income securities | | - | - |
| Fee and commission income | 3.2 | - | - |
| Fee and commission expense | 3.2 | (27) | (49) |
| Gains or losses on trading portfolio transactions | | - | - |
| Gains or losses on available-for-sale portfolio transactions | | - | - |
| Other banking operating income | 3.3 | 450 | 450 |
| Other banking expenses | 3.3 | (40) | (50) |
| Net banking income | | 5,430 | 4,890 |
| General operating expenses: | 3.4 | (4,424) | (3,466) |
| ○ Payroll costs | | - | - |
| ○ Other general operating expenses | | (4,424) | (3,466) |
| ○ Re-invoicing | | - | - |
| Depreciation, amortisation and impairment of property, plant and equipment and intangible assets | | - | - |
| Gross operating profit | | 1,005 | 1,424 |
| Cost of risk | | - | - |
| Operating profit | | 1,005 | 1,424 |
| Gains or losses on non-current assets | | - | - |
| Pre-tax profit | | 1,005 | 1,424 |
| Non-recurring items | | - | - |
| Income tax | 3.5 | (543) | (757) |
| Net allocations to the fund for general banking risks (FBGR) and regulated provisions | | - | - |
| Net profit | | 463 | 667 |
| Earnings per share (in €) | | 0.02 | 0.03 |
| Diluted earnings per share (in €) | | 0.02 | 0.03 |
| Number of shares | | 24,400,000 | 24,400,000 |

2.2 Notes to the financial statements

NOTE 1 ACCOUNTING POLICIES AND MEASUREMENT METHODS

Main the measurement and presentation rules applied in the annual financial statements

The annual financial statements are prepared in accordance with the general principles applicable to credit institutions in France.

La Banque Postale Home Loan SFH is wholly-owned by La Banque Postale Group and is included in its consolidated financial statements. It is also a member of the La Poste Groupe tax group.

Changes in method and comparability

There have been no changes in the methods used to prepare the annual financial statements of La Banque Postale Home Loan SFH.

History

La Banque Postale Home Loan SFH was licensed to operate as a financial company on 18 July 2013. It subsequently opted for the status of specialised credit institution in order to comply with the provisions of the European Capital Requirements Regulation (CRR).

Significant events

Activities in 2023

At 31 December 2023, the home loan bonds issued under the covered bonds programme, in EMTNs or *Namens*, represented a cumulative nominal amount of €18,466 million in La Banque Postale Home Loan SFH's balance sheet. The premiums and expenses related to the issues are spread over the life of the securities issued.

In 2023, La Banque Postale Home Loan SFH issued €3,250 million worth of covered bonds under the programme, in the form of EMTNs. The total comprised three issues, including two public placements for €1,250 million (series 46) and €1,000 million (series 47), respectively, and a €1,000 million issue (series 48) underwritten by La Banque Postale (replacing retired series 32 and 36 bonds). Details of the issues are given below.

| Series | ISIN | Amount (in € millions) | Settlement date | Maturity | Rate | Hard/soft format | Public Private Retained | Callable | Theme |
|--------|--------------|------------------------|-----------------|------------|-------|------------------|-------------------------|----------|--------|
| 46 | FR001400FD12 | 1,250 | 31/01/2023 | 31/01/2031 | Fixed | Soft | Public | No | Social |
| 47 | FR001400HF42 | 1,000 | 19/04/2023 | 19/04/2029 | Fixed | Soft | Public | No | |
| 48 | FR001400ILH4 | 1,000 | 20/06/2023 | 20/06/2029 | Fixed | Soft | Retained | No | |

In 2023, La Banque Postale Home Loan SFH obtained a €750 million loan from La Banque Postale to cover its 180-day liquidity requirement, as mandated by the applicable regulations. The loan covered the period from 29 September 2023

2 – Loans

Loans are recorded under assets at their repayment amount. The corresponding interest is recorded in the income statement on an accruals basis. A loan or advance is classified as non-performing when it is probable that all or part of the amount due will not be recovered in line with the commitment given by the counterparty.

3 – Securities

Securities are recorded in the balance sheet according to their type:

- government paper (treasury bills and equivalents);
- bonds and other fixed-income securities (money market securities and interbank securities);
- Equities and other variable-income securities.

Pursuant to ANC Regulation 2014-07 of 26 November 2014, securities are recognised in the following categories based on the management intent: held-to-maturity, available-for-sale or trading. Securities in each portfolio category are subject to specific measurement rules, as described below. In the event of an incurred credit risk, fixed-income securities held in the “available-for-sale” or “held-to-maturity” portfolios are classified as non-performing according to the same criteria as those applicable to non-performing loans and commitments.

Available-for-sale securities

Available-for-sale securities are securities that do not meet the criteria for classification in the trading or held-to-maturity portfolios. Available-for-sale securities are initially recognised at their acquisition price, excluding transaction costs. They are managed on a “first-in, first-out” basis and valued as follows, by group of securities with similar characteristics, and without offsetting gains or losses against the losses or gains recorded on other categories of securities:

- bonds: unrealised losses compared with market value, calculated on the basis of the closing price, are recorded as an impairment loss;
- Treasury bills, money market securities and interbank securities: impairment losses are recorded depending on the issuers' solvency and market indicators.

Gains on micro-hedging transactions are taken into account when calculating the impairment loss. Any premiums or discounts attached to fixed-income securities are recognised over the remaining life of the securities by the yield to maturity method.

Income from available-for-sale securities is recognised in the income statement under interest income from fixed-income securities and income from variable-income securities.

Realised gains or losses as well as impairment losses and reversals are recorded in the income statement under “Gains or losses on available-for-sale portfolio transactions”.

Available-for-sale securities can be transferred to the “Held-to-maturity” category if:

- an exceptional market situation requires a change in the holding strategy;
- the securities are fixed income securities that can no longer be traded on an active market after their acquisition, and La Banque Postale Home Loan SFH has the ability to hold them for a foreseeable period or until maturity.

The transferred securities are recorded in their new category at their market value on the date of transfer.

In the absence of an active market, the fair value of available-for-sale securities is determined using valuation techniques. These techniques include the prices of recent transactions carried out on arm's length terms. They use recognised valuation methods based on market data, fair values of substantially identical instruments, discounted cash flow models or option pricing models. The aim of these techniques is to establish what the price of an instrument would be under normal market conditions. For example, the fair value of bonds or variable-income securities and futures is determined using quoted prices. Valuation techniques based on market data are used mainly to value over-the-counter derivatives, Negotiable European Commercial Paper (NEU CP) and repo deposits.

Held-to-maturity securities

Held-to-maturity securities consist of fixed-income securities purchased or reclassified from the “Available-for-sale” or “Trading” portfolio, with the clear intention of holding them until maturity. They are initially recognised at their acquisition price excluding transaction costs.

If the carrying amount of the securities is greater than their market price, no impairment loss is recorded for the difference. Conversely, an impairment loss is recognised when it is probable that all or part of the securities' redemption price will not be recovered at maturity. The difference between the acquisition and repayment price of the securities (premium or discount) is amortised by the yield-to-maturity method.

2.2 Financial transactions – Breakdown by category

| | 31 Dec. 2023 | | | | | 31 Dec. 2022 | | | | |
|--|--------------|--------------------|------------------|--------------------|-------|--------------|--------------------|------------------|--------------------|---------------|
| | Securities | | | Portfolio activity | Total | Securities | | | Portfolio activity | Total |
| | Trading | Available-for-sale | Held-to-maturity | | | Trading | Available-for-sale | Held-to-maturity | | |
| <i>(In € thousands)</i> | | | | | | | | | | |
| Government paper and equivalents | | | | | | | | | | |
| Redemption price | | | - | - | | | | 10,900 | | 10,900 |
| Unamortised premiums/discounts | | - | - | - | | | - | (23) | | (23) |
| Accrued interest | | | - | - | | | | 115 | | 115 |
| Loss allowances | | | | - | | | | | | - |
| Net carrying amount | | | - | - | | | | 10,992 | | 10,992 |
| <i>Of which loaned securities</i> | | | | - | | | | | | - |
| <i>Of which listed securities</i> | | | | - | | | | 10,992 | | 10,992 |
| Bonds and other fixed-income securities | | | | | | | | | | |
| Redemption price | | | | - | | | | | | - |
| Unamortised premiums/discounts | | | | - | | | | | | - |
| Accrued interest | | | | - | | | | | | - |
| Loss allowances | | | | - | | | | | | - |
| Net carrying amount | | | | - | | | | | | - |
| <i>Of which loaned securities</i> | | | | | | | | | | |
| <i>Of which listed securities</i> | | | | | | | | | | |
| Equities and other variable-income securities | | | | | | | | | | |
| Gross carrying amount | | | | | | | | | | |
| Accrued income | | | | | | | | | | |
| Loss allowances | | | | | | | | | | |
| Net carrying amount | | | | | | | | | | - |
| <i>Of which loaned securities</i> | | | | | | | | | | |
| <i>Of which listed securities</i> | | | | | | | | | | |
| NET TOTAL BY PORTFOLIO TYPE | - | - | - | - | - | - | - | 10,992 | - | 10,992 |

2.3 Loans and advances to credit institutions

| <i>(In € thousands)</i> | 31 Dec. 2023 | 31 Dec. 2022 |
|--|---------------------|---------------------|
| Current accounts in debit | 775,538 | 26,242 |
| Overnight accounts and loans | | |
| Securities received under collateralised reverse repurchase agreements | | |
| Suspense accounts | | |
| Non-performing loans and advances | | |
| Accrued interest | | |
| GROSS TOTAL | 775,538 | 26,242 |
| LOSS ALLOWANCES | | |
| LOANS AND ADVANCES TO CREDIT INSTITUTIONS REPAYABLE ON DEMAND | 775,538 | 26,242 |
| Term accounts and loans | 18,669,549 | 19,178,519 |
| Securities received under collateralised reverse repurchase agreements | | |
| Subordinated loans | | |
| Non-performing loans and advances | | |
| Accrued interest | 169,881 | 75,703 |
| GROSS TOTAL | 18,839,430 | 19,254,222 |
| LOSS ALLOWANCES | | |
| TERM LOANS AND ADVANCES TO CREDIT INSTITUTIONS | 18,839,430 | 19,254,222 |
| LOANS AND ADVANCES TO CREDIT INSTITUTIONS | 19,614,968 | 19,280,464 |

Contribution to banking resolution mechanisms

The Single Resolution Fund (SRF) is an emergency fund available to be used in the event of a crisis. It is managed by the Single Resolution Board (SRB) and contributes to the stability of the financial system within the Banking Union. One of the principles of the resolution scheme is that shareholders and creditors should bear the cost of resolution. However, the SRF can be used to supplement the measures deployed during the resolution process following the failure of a bank, to finance certain resolution measures (such as asset transfers and seller's warranties) or to compensate shareholders or creditors whose loss in resolution exceeds the loss that would have been incurred in a compulsory liquidation.

The SRF was introduced by Regulation (EU) 806/2014 ("SRMR"), with the aim of establishing uniform resolution funding practices under the Single Resolution Mechanism (SRM).

In France, credit institutions headquartered in mainland France (excluding overseas countries and territories) are the main contributors to the SRF. The largest investment firms are the other contributors to the SRF. Entities subject to the resolution mechanism but not covered by the SRF contribute to France's national resolution fund (FGDR), which can also be used to help fund a resolution.

The two funds' target for 2024 is to cover at least 1% of the total guaranteed deposits of the member institutions. A certain percentage of the annual contribution may be settled in the form of irrevocable payment commitments (IPCs).

The SRF/FGDR is financed by annual contributions paid by all participating institutions within the Banking Union.

In 2023, contributions to the SRF/FGDR were settled as follows:

- 77.5% in the form of a cash contribution of €1.157 million, which is not tax-deductible in France and is recognised in the income statement under general operating expenses.
- 22.5% in the form of an irrevocable payment commitment secured by a €0.336 million cash deposit recorded as an asset on the balance sheet under "Accruals and other assets".

In 2022, these amounts were respectively €1.594 million in cash contributions recorded in general operating expenses (85%) and €0.281 million (15%) in the form of irrevocable payment commitments.

At 31 December 2023, the cash deposit held by the SRF totalled €1.090 million (vs. €0.754 million at 31 December 2022).

2.6 Debt securities

| <i>(In € thousands)</i> | 31 Dec. 2023 | 31 Dec. 2022 |
|---|---------------------|---------------------|
| Short-term notes | - | - |
| Accrued interest | - | - |
| SAVINGS CERTIFICATES | - | - |
| Interbank securities | - | - |
| Certificates of deposit | - | - |
| BMTN medium-term notes and TCN money markets | - | - |
| Accrued interest | - | - |
| INTERBANK SECURITIES AND MONEY MARKET SECURITIES | - | - |
| Bonds | 18,466,000 | 18,966,000 |
| Issue premiums | (40,100) | (23,148) |
| Accrued interest | 164,750 | 73,030 |
| BONDS | 18,590,651 | 19,015,882 |
| Other debt securities | - | - |
| Accrued interest | - | - |
| OTHER DEBT SECURITIES | - | - |
| DEBT SECURITIES | 18,590,651 | 19,015,882 |

2.8 Shareholders' equity

| <i>(In € thousands)</i> | Fund for general banking risks | Share capital | Additional paid-in capital | Legal reserves | Other reserves and retained earnings | Net profit | Total shareholders' equity |
|--|--------------------------------|---------------|----------------------------|----------------|--------------------------------------|------------|----------------------------|
| EQUITY AT 31 DECEMBER 2021 | 244,000 | | | 531 | 4,737 | 473 | 249,741 |
| Appropriation of 2021 net profit/(loss) | | | | 24 | 449 | (473) | |
| 2020 dividend | | | | | | | |
| Capital increase/decrease (x) | | | | | | | |
| Charge to/Reversal of regulated provisions | | | | | | | |
| 2022 net profit | | | | | | 667 | 667 |
| Other movements | | | | | | | |
| EQUITY AT 31 DECEMBER 2022 | 244,000 | | | 555 | 5,186 | 667 | 250,408 |
| Appropriation of 2022 net profit/(loss) | | | | 33 | 634 | (667) | |
| 2021 dividend | | | | | | | |
| Capital increase/decrease (x) | | | | | | | |
| Charge to/Reversal of regulated provisions | | | | | | | |
| 2023 net profit | | | | | | 463 | 463 |
| Other movements | | | | | | | |
| EQUITY AT 31 DECEMBER 2023 | 244,000 | | | 588 | 5,820 | 463 | 250,871 |

La Banque Postale Home Loan SFH's share capital is two hundred forty four million euros (244,000,000), divided into twenty-four million four hundred thousand (24,400,000) shares with a par value of €10 each.

31 December 2023

Net profit for the 2023 financial year amounted to €462,601.67.

3.2 Fees and commissions

| <i>(In € thousands)</i> | 2023 | | 2022 | |
|---|----------|-------------|----------|-------------|
| | Income | Expenses | Income | Expenses |
| Cash and interbank transactions | - | (8) | - | (31) |
| ○ Customer transactions | - | - | - | - |
| ○ Securities transactions | - | (19) | - | (18) |
| ○ Transactions on forward financial instruments | - | - | - | - |
| ○ Provision of financial services | - | - | - | - |
| ○ Foreign exchange transactions | - | - | - | - |
| ○ Other fees and commissions | - | - | - | - |
| FEES AND COMMISSIONS | - | (27) | - | (49) |

3.5 Tax expense

| (In € thousands) | 2023 | 2022 |
|---------------------------|--------------|--------------|
| Income tax | (543) | (757) |
| Tax credit | | |
| INCOME TAX EXPENSE | (543) | (757) |
| Tax loss carryforwards | | |

Type of differences

| (In € thousands) | 2023 | 2022 |
|--|--------------|--------------|
| Temporary | | |
| Loans and deposits | | |
| Home loan provision option | | |
| Company social solidarity contribution | (87) | (77) |
| UCITS | | |
| Financial instruments | | |
| Other temporary differences | | |
| Definitive | | |
| Parent-subsidiary regime | | |
| Tax credit | | |
| SRF contribution | 1,157 | 1,594 |
| Fines | | |
| DIFFERENCES | 1,070 | 1,517 |

Statutory audit fees

| (In € thousands, excluding taxes) | KPMG | | Mazars* | |
|--|-----------|-------------|-----------|-------------|
| | Amount | % | Amount | % |
| Statutory audit of the Company financial statements and certifications | 18 | 50% | 15 | 58% |
| Services other than the audit of the financial statements | 18 | 50% | 11 | 42% |
| TOTAL | 36 | 100% | 26 | 100% |

* Provisions.

Independence

We conducted our audit engagement in compliance with the independence rules provided for in the French Commercial Code (*Code de commerce*) and the French Code of Ethics (*Code de déontologie*) for Statutory Auditors for the period from 1 January 2023 to the date of our report, and, in particular, we did not provide any non-audit services prohibited by Article 5(1) of Regulation (EU) No 537/2014.

Justification of assessments – Key audit matters

In accordance with the requirements of Articles L. 821-53 and R. 821-180 of the French Commercial Code relating to the justification of our assessments, we inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgement, were the most significant in our audit of the financial statements, as well as how we addressed those risks.

We determined that there were no key audit matters to disclose in our report.

Specific verifications

In accordance with professional standards applicable in France, we have also performed the specific verifications required by French legal and regulatory provisions.

Information given in the management report and in the other documents provided to the shareholders with respect to the Company's financial position and the financial statements

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the Board of Directors' management report and in the other documents provided to the shareholders with respect to the Company's financial position and the financial statements, with the exception of the item described below.

Concerning the fair presentation and the consistency with the financial statements of the disclosures provided in relation to the payment terms referred to in Article D. 441-6 of the French Commercial Code, we have the following matter to report: as indicated in the management report, these disclosures do not include banking and related transactions as the Company considers that such disclosures are not within the scope of disclosures to be provided.

Report on corporate governance

We attest that the Board of Directors' report on corporate governance sets out the information required by Articles L. 225-37-4 and L. 22-10-10 of the French Commercial Code.

Other verifications and information pursuant to legal and regulatory requirements

Presentation of the financial statements to be included in the annual financial report

In accordance with professional standards applicable to the Statutory Auditors' procedures for annual and consolidated financial statements presented according to the European single electronic reporting format, we have verified that the presentation of the financial statements to be included in the annual financial report referred to in paragraph I of Article L. 451-1-2 of the French Monetary and Financial Code (*Code monétaire et financier*) and prepared under the Chief Executive Officer's responsibility, complies with this format, as defined by European Delegated Regulation No 2019/815 of 17 December 2018.

On the basis of our work, we conclude that the presentation of the financial statements to be included in the annual financial report complies, in all material respects, with the European single electronic reporting format.

- obtain an understanding of the internal control procedures 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 internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the financial statements;
- assess 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. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;
- evaluate the overall presentation of the financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Financial Statements Committee

We submit a report to the Financial Statements Committee which includes, in particular, a description of the scope of the audit and the audit programme implemented, as well as the results of our audit. We also report any significant deficiencies in internal control that we have identified regarding the accounting and financial reporting procedures.

Our report to the Financial Statements Committee includes the risks of material misstatement that, in our professional judgement, were the most significant for the audit of the financial statements and which constitute the key audit matters that we are required to describe in this report.

We also provide the Financial Statements Committee with the declaration provided for in Article 6 of Regulation (EU) No 537-2014, confirming our independence within the meaning of the rules applicable in France as defined in particular in Articles L. 821-27 to L. 821-34 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Financial Statements Committee.

The Statutory Auditors

Paris La Défense, 27 March 2024

Courbevoie, 27 March 2024

KPMG SA

Mazars

Xavier de Coninck
Partner

p.p. Nicolas de Luze
Partner

Charles de Boisriou
Partner

To the shareholders

In accordance with the provisions of Article L. 225-37 of the French Commercial Code, this report on corporate governance appended to the management report (the "**Report**"), includes information relating to executive remuneration, La Banque Postale Home Loan SFH's governance and factors likely to have an impact in the event of a public tender offer.

4.1 Governance

4.1.1 Executive management of La Banque Postale Home Loan SFH

The positions of Chairman/Chairwoman of the Board of Directors and Chief Executive Officer are separated in accordance with banking regulations. The Chief Executive Officer and Chief Operating Officer, neither of whom are members of the Board of Directors, are responsible for the executive management of La Banque Postale Home Loan SFH.

4.1.2 Membership of the Board

In accordance with its Articles of Association, the Board of Directors comprises three to 18 members.

At 31 December 2023, the Board of Directors comprised six directors, including two women and four men:

- four employees of La Banque Postale, the majority shareholder, chosen mainly in light of their functions within the Group: Tiphaine du Bois de Gaudusson (director since 17 September 2018 and Chairwoman since 13 May 2022), Stéphane Derouvroy (director since 18 December 2021), Vincent Menvielle and François-Louis Ricard (directors since 14 December 2023);
- one director who is not a member of La Banque Postale Group: Stéphane Magnan, director since 16 December 2021;
- one corporate director: La Banque Postale (director since 27 September 2017), represented by Sylvie Braun, also an employee of La Banque Postale who was designated in a letter sent to the Company by the Chairman of La Banque Postale's Executive Board on 1 December 2020.

Directors are elected for a six-year term and may be re-elected.

The directors are not required to hold a minimum number of shares.

The number of directors who have reached the age of 70 may not exceed one third of the directors in office. If this limit is reached, the oldest director is automatically deemed to have resigned at the end of the next General Meeting. This provision also applies to the permanent representatives of corporate directors.

4.1.3 Changes in the membership of the Board of Directors and the Committees of the Board

4.1.3.1 Directors

On 14 December 2023, the Board of Directors appointed François-Louis Ricard and Vincent Menvielle as directors for the duration of their predecessors' terms of office. Their appointments are subject to ratification by the forthcoming Annual General Meeting.

4.1.3.2 Members of the Committees of the Board

At its meeting on 14 December 2023, the Board of Directors decided to appoint François-Louis Ricard as member and Chairman of the Nominations Committee to replace Serge Bayard, who had resigned. François-Louis Ricard has the expertise required to fulfil the remit of the Nominations Committee.

4.1.5 Periodic assessment of the Board of Directors and its members and assessment of the practices of the Board of Directors and its Committees by the Nominations Committee

In accordance with the applicable regulations, the Nominations Committee led a self-assessment of the Board of Directors and its members and of the practices of the Board and its Committees. It also conducted an annual review of the balance, structure, size and composition of the Board of Directors and of the diversity of knowledge, skills and experience of its members.

As two directors were appointed by the Board of Directors on 14 December 2023, the Committee based this review in part on the information provided to the banking supervisor on the fit & proper forms.

The Committee noted that the members of the Board included the Head of Structuring and Syndication and the Head of Financial Management in La Banque Postale Group's CIB business line, La Banque Postale's Legal Director in charge of the General Secretariat, the Group Chief Accountant and La Banque Postale's Marketing Director. The members also include the Chief Financial Officer of the Caisse des Dépôts et Consignations savings fund, who has experience of running La Banque Postale Home Loan SFH and also contributes to the Board his external vision of the Group. The Committee also examined the skills map (skills, main areas of expertise or training received) of the members based on the twelve items in the fit & proper assessments, i.e. banking and financial markets, legal requirements and regulatory framework, ALM-CFT, strategic planning and grasp of the business strategy or business plan and its implementation, risk management, climate and environmental risks, assessment of the effectiveness of the Company's systems for ensuring effective governance, monitoring and control effectiveness, interpretation of financial information, accounting and auditing, IT, human resources and insurance.

The Committee noted that all the skill requirements are covered collectively by the directors; all the directors possess seven of the skills and a third of directors possess the less well represented skills (IT and insurance). In the light of these factors, the Committee considered that the Board had the skills it needed to function properly.

As indicated on the fit & proper forms, the Committee has estimated the time to be devoted to the duties of director and/or member of the Board committee at two days per body. On this basis, it assessed the members' availability to perform their duties and other responsibilities, as well as their attendance rate at Board meetings and meetings of the Committees of the Board, as applicable.

The Committee noted that the Board met four times in 2023. The Board is assisted in its work by three committees:

- the Risk Committee, which has three members and met four times in 2023;
- the Financial Statements Committee, which also has three members and met three times in 2023;
- the Nominations Committee, which has two members and met once in 2023.

The Committee examined each member's individual attendance rate at meetings. It noted that the overall rate was a high 95.8% for the 2023 financial year, with a participation rate of 83.33% at Board meetings and 100% at meetings of each of the three Committees.

In conclusion, the Committee considered that the structure, size and composition of the Board enabled it to carry out its duties effectively. It also considered that the knowledge, experience and skills of the members of the Board, both individually and collectively, enabled it to carry out the tasks entrusted to it in good conditions.

4.1.6 Balanced representation of women and men on the Board

La Banque Postale Home Loan SFH is not subject to Article L. 225-18-1 of the French Commercial Code, which sets gender balance rules to be complied with by large companies. However, in accordance with Article L. 225-17 of the French Commercial Code, the Board of Directors must strive to achieve a balanced representation of women and men. In addition, in accordance with Article L 511-99 of the French Monetary and Financial Code, the Nominations Committee sets a target for the balanced representation of women and men on the Board of Directors and has developed a policy to achieve this target.

The Committee noted that following changes in the composition of the Board of Directors, of the six Board members, two were women, representing 33.33%. It also noted that the percentage of women on the Committees was unchanged

In accordance with the provisions of Article L. 225-1 of the French Commercial Code, a second shareholder holds one share in La Banque Postale Home Loan SFH.

La Banque Postale Home Loan SFH's Articles of Association do not contain any provisions that would have the effect of delaying, deferring or hindering a change of control. There are no other factors likely to have an impact in the event of a public tender or exchange offer.

The Board of Directors

Stéphane Derouvroy, Director, Chairman of the Financial Statements Committee, Chairman of the Risk Committee:

- ▶ Head of Structuring and Syndication within the Markets and Financing Department of the Corporate and Investment Banking business line of La Banque Postale (SA with an Executive Board and Supervisory Board);
- ▶ Director, Chairman of the Financial Statements Committee, Chairman of the Risk Committee of La Banque Postale Home Loan SFH (SA with a Board of Directors).

Sylvie Braun, permanent representative of La Banque Postale, Director

- ▶ Chief Accountant of La Banque Postale (SA with an Executive Board and a Supervisory Board).
- ▶ Permanent representative of La Banque Postale on the Board of Directors of La Banque Postale Home Loan SFH (SA with a Board of Directors).

Francois-Louis Ricard, Director and Chairman of the Nominations Committee since 14 December 2023:

- ▶ Head of Financial Management in the Finance Department of La Banque Postale (SA with an Executive Board and a Supervisory Board).
- ▶ Director, Chairman of the Nominations Committee of La Banque Postale Home Loan SFH (SA with a Board of Directors).

Vincent Menvielle, Director since 14 December 2023:

- ▶ Head of Marketing in the Retail Banking business line of La Banque Postale (SA with an Executive Board and a Supervisory Board).
- ▶ Member of the Supervisory Board of La Banque Postale Asset Management (SA with an Executive Board and a Supervisory Board).
- ▶ Director, member of the Audit and Risks Committee of La Financière de l'Echiquier (SA with a Board of Directors);
- ▶ Director, Chairman of the Audit and Compliance Committee of Tocqueville Finance (SA with a Board of Directors);
- ▶ Chairman of the Board of Directors of EasyBourse (SAS);
- ▶ Director of La Banque Postale Home Loan SFH (SA with a Board of Directors)

DIRECTORS WHOSE TERMS OF OFFICE EXPIRED IN 2023

Mr Serge Bayard, Director and Chairman of the Nominations Committee, stepped down from the Board effective 14 December 2023.

Mrs Frédérique Maufay Coutarel, Director, stepped down from the Board effective 14 December 2023.

Agreements already approved by the General Meeting

We were not informed of any agreements already approved by the General Meeting which were implemented during the year.

The Statutory Auditors

Paris La Défense, 27 March 2024

KPMG SA

Xavier de Coninck
Partner

p.p. Nicolas de Luze
Partner

Courbevoie, 27 March 2024

Mazars

Charles de Boisriou
Partner

7.

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| 3.13. Stock options granted to and held by corporate officers | Article L. 225-185 of the French Commercial Code Article L. 22-10-57 of the French Commercial Code | N/A |
| 3.14. Free shares granted to and held by executive corporate officers | Articles L. 225-197-1 and L. 22-10-59 of the French Commercial Code | N/A |
| 3.15. List of all terms of office and functions exercised in any company by each director during the financial year | Article L. 225-37-4, 1° of the French Commercial Code | Appendix 1 (chapter 4) |
| 3.16. Agreements between an executive officer or a significant shareholder and a subsidiary | Article L. 225-37-4, 2° of the French Commercial Code | 4.2 |
| 3.17. Summary table of delegations granted by the General Meeting that are still valid regarding capital increases | Article L. 225-37-4, 3° of the French Commercial Code | 4.3 |
| 3.18. Executive Management procedures | Article L. 225-37-4, 4° of the French Commercial Code | 4.11 |
| 4. SHAREHOLDINGS AND CAPITAL | | |
| 4.1. Structure, changes in the Company's capital and threshold crossings | Article L. 233-13 of the French Commercial Code | 1.10 |
| 4.2. Purchase and sale of treasury stock | Article L. 225-102, paragraph 1 of the French Commercial Code | N/A |
| 4.3. Employee share ownership at the period end (proportion of share capital represented) | Article L. 225-102, paragraph 1 of the French Commercial Code | N/A |
| 4.4. Any adjustments made to securities giving rights to share capital in the event of share buybacks or financial transactions | Articles R. 228-90 and R. 228-91 of the French Commercial Code | N/A |
| 4.5. Information on transactions by executive corporate officers and related persons in the Company's shares | Article L. 621-18-2 of the French Monetary and Financial Code; | N/A |
| 4.6. Dividends paid during the last three financial years | Article 243 bis of the French General Tax Code (Code général des impôts) | 1.4.3 |
| 5. NON-FINANCIAL STATEMENT (NFS) | | N/A |
| 6. OTHER INFORMATION | | |
| 6.1. Additional tax information | Articles 223c and 223d of the French General Tax Code | 1.4.4 |
| 6.2. Injunctions or financial penalties for anti-competitive practices | Article L. 464-2 of the French Commercial Code | 1.15 |