



**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.

Second-level permanent controls

The second-level permanent controls bring together, under the responsibility of La Banque Postale Home Loan SFH, the controls carried out independently by:

- the Group Risk Department which (i) ensures the reliability of the information communicated in La Banque Postale Home Loan SFH's specific regulatory and prudential reports, and (ii) integrates La Banque Postale Home Loan SFH's financial, interest rate and liquidity risks into its risk monitoring processes;
- other internal cross-business units at La Banque Postale Group, in particular:
 - the Accounting Department for accounting supervision and regulatory reporting to the ACPR (excluding ratios specific to SFHs),
 - the Compliance Department, which covers compliance risks related to investment advisory services and financial crime, money laundering and terrorist financing risks.

The second-level permanent controls include the following components:

- remote, on-site and desk-based checks;
- thematic reviews;
- analysis of the quality and results of the permanent controls, based on reports sent by department managers, and monitoring of action plans to address the most significant or recurring anomalies.

The results of the controls performed by La Banque Postale Group's departments in charge of the second-level permanent controls are consolidated in a quarterly dashboard. Each control topic is subject to a risk rating based on the latest results and the corrective measures implemented. The results are commented on if necessary and the recommendations are specified.

The permanent control dashboard is communicated to Executive Management and analysed at meetings of the Risk and Compliance Committee. This body, which is chaired by the Chief Executive Officer (see above), decides and monitors action plans aimed at remedying any malfunction in the implementation of compliance obligations. The results of the controls and the monitoring of the action plans are examined by the Risk Committee of La Banque Postale Home Loan SFH using the dashboard.

Periodic controls

As La Banque Postale Home Loan SFH is classed as an auditable structure within the Commercial Collateral Division of the Corporate and Investment Banking business line, periodic controls are performed by La Banque Postale's internal audit team. The fundamental principles governing the Internal Audit function are presented in La Banque Postale Group's Periodic Control Charter. The Internal Audit function's general objectives are to:

- carry out periodic controls within the meaning of the Government Order of 3 November 2014;
- provide reasonable assurance to the Executive Board and Supervisory Board of La Banque Postale Group and to the Board of Directors and Executive Management of La Banque Postale Home Loan SFH on the degree of risk control and on the regularity and compliance of transactions within the Company;
- monitor the implementation, within a reasonable timeframe, of the action plans drawn up following the findings of the various internal or external audit teams;
- assess the operational efficiency and productivity of the Company in relation to its objectives and evaluate the system to maintain and continuously improve customer service quality.

Internal control governance committees

The Board of Directors has set up a Risk Committee and a Financial Statements Committee responsible for verifying the clarity of the information provided and assessing the relevance of the accounting methods adopted by La Banque Postale Group and the quality of internal control.

La Banque Postale Home Loan SFH has also set up a Risk and Compliance Committee. This committee is made up of the Chief Executive Officer and the managers in charge of internal control, ensuring the consistency and effectiveness of risk and compliance management processes. The Risk and Compliance committee meets before each meeting of the Risk Committee to:

- review internal control procedures and the control system;

- 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.

1.3.5 Overview of the internal control and risk management system

Risk measurement and monitoring

As a specialised credit institution and a member of La Banque Postale Group, La Banque Postale Home Loan SFH's internal control system complies with the principles laid down by the Government Order of 25 February 2021, amending the Order of 3 November 2014 on the internal control of companies in the banking sector, and the principles applied by La Banque Postale Group. The system takes into account La Banque Postale Home Loan SFH's legal form as a limited company with a Board of Directors, and the fact that it does not have its own human, material or technical resources.

La Banque Postale Home Loan SFH's regulatory obligations as a specialised credit institution are fulfilled by La Banque Postale Group in accordance with the terms and conditions of the outsourcing and services provision agreement. Outsourcing of mission-critical services within the meaning of Article 10 of the Government Order of 25 February 2021 on the internal control of companies in the banking sector complies with Articles 21 and 231 *et seq.* of the Order. In 2021 and 2022, the agreement and its annexes were aligned with the requirements of the European Banking Authority. Under the revised agreement, La Banque Postale Home Loan SFH has sole legal responsibility towards the competent authorities for the tasks outsourced to its mission-critical service provider, La Banque Postale Group, and, more generally, for its compliance with the applicable regulations.

To this end, La Banque Postale Home Loan SFH exercises control over the proper execution of the outsourced services. Its activities are fully integrated into La Banque Postale Group's control process and their treatment does not differ in this respect from that which would apply to an entity of the parent company.

As a result, La Banque Postale Group applies to La Banque Postale Home Loan SFH risk measurement, monitoring and management processes and systems (credit, counterparty, market, settlement, overall interest rate, liquidity, accounting and operational risks) that are aligned with La Banque Postale Home Loan SFH's business. These processes and systems are integrated in La Banque Postale Group's internal control system.

The main risk factors to which La Banque Postale Home Loan SFH is exposed, namely credit risk, interest rate risk, liquidity risk, accounting risk, and operational risks, are subject to special monitoring. An operational risk map is kept up to date to take into account changes observed at both La Banque Postale Group and La Banque Postale Home Loan SFH (control results, progress of risk management plans, changes in the regulatory framework, etc.). Detailed information on risk measurement and monitoring is presented in the management report.

Permanent control system

Under the terms of the outsourcing and services provision agreement, La Banque Postale performs control tasks on behalf of La Banque Postale Home Loan SFH as part of the permanent control system implemented by La Banque Postale Group.

The first-level permanent controls are carried out by the operational entities (Front Office and the Operations Department, which includes the Middle Office, Back Office and project owner) of La Banque Postale's Corporate and Investment Banking business line. They relate in particular to compliance with the limits and powers granted to the Chief Executive Officer by the Board of Directors (compliance with the authorised budget and the financial terms of the issues), validation of transactions in accordance with the rules and procedures and their correct settlement, etc.; the second-level permanent controls are performed by the Company's Risk Manager. The results of the permanent controls are sent to La Banque Postale Home Loan SFH.

Compliance risk control system

The Compliance team of La Banque Postale Home Loan SFH controls the risks of the Company failing to comply with the laws, regulations and internal standards applicable to it. An intra-group agreement between La Banque Postale Group and La Banque Postale Home Loan SFH was signed in December 2021, covering KYC procedures for customers introduced by third parties, financial sanction screening services and embargo management services.

The agreement enables La Banque Postale Home Loan SFH to benefit from La Banque Postale Group's management and surveillance resources, including staff training, regulatory watch systems, controls over compliance with written internal rules dealing with such issues as the Code of Ethics, whistleblowing rights, prevention and management of conflicts of interest, barriers to information, the fight against money laundering and the financing of terrorism.

In 2023, no malfunction was identified in the implementation of the compliance obligations.

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.

- unavailability of critical or important service providers;
- malicious attack on information systems and/or technical systems;

The scenarios include eight scenarios selected by the banking sector as a whole:

- General transport strike;
- Once-in-a-100-years flood;
- Pandemic;
- Multiple bombing attacks;
- Electrical blackout;
- Nuclear, radiological, biological and/or chemical accident or attack;
- Failure of a market provider of mission-critical services;
- Cyberattack.

C. Organisation

La Banque Postale Home Loan SFH is included in La Banque Postale Group's Corporate and Investment Banking (CIB) business line for organisational purposes, to ensure that the EBCP is kept in operational condition.

For La Banque Postale Home Loan SFH, the organisation is based on:

- An EBCP correspondent (CIB C-EBCP), who is responsible for rolling down La Banque Postale's EBCP to CIB, and for its monitoring and the associated reporting;
- The Business Continuity Relay (BCR SFH), which is the CIB C-EBCP's liaison within La Banque Postale Home Loan SFH. The BCR collects information on critical activities and ensures that the EBCP is implemented.

The CIB C-EBCP is the guarantor of an organisation dedicated to crisis management and provides assurance that any event that puts critical activities at risk, including at La Banque Postale Home Loan SFH, is classified as a crisis. The decision-making unit has a procedure and tools enabling it to inform and bring together all members of the crisis management team if necessary.

Information systems security

Information systems security is defined as a comprehensive risk coverage system that ensures an appropriate level of protection of data and information system assets, in order to guarantee:

- availability, so that authorised users have access to the information and related resources when they need them;
- integrity, so that data and data processing methods are accurate and reliable;
- confidentiality, so that only authorised persons can access data; and
- traceability, so that it is possible to determine who has accessed the data and when they did so.

In June 2014, the Group Risk Management Committee approved a governance system which places the information systems security process under the responsibility of the business lines and gives the Group Head of Information Systems Security overall responsibility for managing the process, which covers information systems security across all of La Banque Postale Group's businesses.

The process covers four main aspects:

- definition of La Banque Postale Group's ISS strategy, resulting from the risk management policy. It is composed of the general information systems security policy, thematic policies, technical security directives, operational procedures and IT charters;
- monitoring of the strategy's operational roll-out and issuing of alerts in the event of deviations from the strategy;
- supporting the business lines, in compliance with the ISS strategy, in their approach to mitigating ISS risks, in particular by:
 - challenging their analyses of these risks,
 - raising employee awareness of changes in ISS risks;
 - preparing overviews of La Banque Postale Group's ISS risk exposures in order to inform the Group Risk Department, which in turn informs the Executive Management bodies of the risk exposure.

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 Earnings – Appropriation – Dividend history

1.4.1 Presentation of the annual financial statements

The annual financial statements for the financial year ended on 31 December 2023 that we submit for your approval have been prepared in accordance with the presentation rules and valuation methods provided for by the regulations in force.

The collateralised loans granted by La Banque Postale Home Loan SFH to La Banque Postale Group are matched in terms of nominal amount and maturity to preferred debt: a fixed margin is applied to the fixed rate of the loans intended to cover La Banque Postale Home Loan SFH's fixed costs based on an issue programme totalling €35 billion. The primary and secondary costs associated with the covered bonds are passed on to the collateralised loans.

The services provided by La Banque Postale Group on behalf of La Banque Postale Home Loan SFH are re-billed at cost to La Banque Postale Home Loan SFH.

The gross operating profit for the 2023 financial year amounted to €1,005 thousand and was the result of:

- net banking income of €5,430 thousand;
- general operating expenses of €4,424 thousand.

Pre-tax profit was equivalent to gross operating profit. Income tax amounted to €543 thousand. Taking these items into account, net profit for the period amounted to €463 thousand. At 31 December 2023, La Banque Postale Home Loan SFH had total assets of €19,620,811 thousand and equity of €250,871 thousand (taking into account the inclusion of profit for 2022 in retained earnings).

The table of results provided for in Article R. 225-102 of the French Commercial Code is presented in Appendix 1.

1.4.2 Proposed appropriation of earnings

Shareholders will be asked to allocate the distributable profit for the financial year ended on 31 December 2023, amounting to €6,259,267.44, as follows:

Net profit for the year	462,601.67
- Allocation to the legal reserve	23,130.08
+ Retained earnings brought forward from prior year	5,819,795.85
Distributable income	6,259,267.44
Appropriation:	
- to the payment of a dividend	0
- to retained earnings	6,259,267.44

1.4.3 Dividends paid in prior years

In accordance with Article 243 bis of the French General Tax Code, we remind you that no dividends were distributed in the last three financial years.

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.

1.4.5 Information on supplier and customer payment terms

In accordance with the provisions of Articles L. 441-14 and D. 441-6 of the French Commercial Code, you will find below information on payment terms for suppliers and customers of La Banque Postale Home Loan SFH:

	Article O. 441-1-1: Invoices received but not paid at the closing date of the financial year whose term has expired						Article O. 441-1-2: Invoices issued but not paid at the reporting date					
	0 days (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total	0 days (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total
(A) Overdue tranches												
Number of invoices concerned	26	30	1	3	2	62						
Total amount of invoices concerned (incl. tax)	1,552,026.99	906,789.70	30,466.80	12,486	61,268	2,533,037.49						0.00
Percentage of total purchases for the financial year (incl. tax)	60.09%	35.80%	1.20%	0.49%	2.42%	100%						
Percentage of revenue for the financial year (incl. tax)							0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
(B) Invoices excluded from (A) relating to disputed or unrecognised payables and receivables												
Number of invoices												

This information does not include banking and related transactions.

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).

1.8 Foreseeable changes and outlook for the 2024 financial year

During the 2024 financial year, La Banque Postale Home Loan SFH may issue up to €13 billion in privileged resources, in the form of Euro Medium Term Notes (EMTN) and Namens.

1.9 Branches – Information on investments

1.9.1 Existing branches

La Banque Postale Home Loan SFH does not have any branches.

1.9.2 Equity interests

In accordance with the law, La Banque Postale Home Loan SFH does not hold any equity interests.

1.9.3 Disposal of cross-shareholdings

We hereby inform you, in accordance with the provisions of Article R. 233-19 of the French Commercial Code, that La Banque Postale Home Loan SFH has not carried out any disposals governed by the provisions of Article L. 233-29 of the said Code.

1.10 Ownership structure

At 31 December 2023, La Banque Postale Group held 24,399,999 shares out of the 24,400,000 shares comprising the share capital of La Banque Postale Home Loan SFH, i.e. 99.99% of the share capital. 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.

1.11 Issues of securities giving access to the share capital

We hereby inform you, in accordance with the provisions of Article R. 228-90 of the French Commercial Code, that La Banque Postale Home Loan SFH has not issued any securities giving access to the share capital.

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.

1.16 Social and environmental information

La Banque Postale Group is responsible for managing La Banque Postale Home Loan SFH and is therefore also responsible for related social, environmental and societal issues involving the Company.

Furthermore, La Banque Postale Home Loan SFH has no employees, suppliers or subcontractors other than the usual providers of services related to its Covered Bond issues, partnerships or philanthropic activities, or its dialogue with stakeholders other than the other La Banque Postale entities.

1.16.1 Social information

La Banque Postale Home Loan SFH does not have any employees.

1.16.2 Environmental information

La Banque Postale Home Loan SFH does not have any premises. Furthermore, its business does not involve any polluting activities or activities classified as giving rise to an environmental risk, and it does not finance any polluting activities. Lastly, La Banque Postale Home Loan SFH is not involved in any environmental litigation.

For all the reasons mentioned in the paragraph above, La Banque Postale Home Loan SFH's business activities have no direct impact on climate change. The indirect impact of La Banque Postale Home Loan SFH's products and services on climate change is clarified in the section "Integrating ESG issues into the bancassurance business" in Chapter 2 of La Banque Postale Group's 2023 Universal Registration Document.

1.16.3 Societal information

In terms of fair practices, La Banque Postale Group's ethical standards and anti-corruption and integrity systems, including dedicated training sessions, applies to the operations carried out on behalf of La Banque Postale Home Loan SFH. More information is available in the "Other risks" section of Chapter 6 of La Banque Postale Group's Universal Registration Document at 31 December 2023 and in the "Ethics and professional standards" section of Chapter 2 of La Banque Postale Group's 2023 Universal Registration Document.

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).

Appendix 2 – Glossary

Term	Definition
ACPR (Autorité de Contrôle Prudentiel et de Résolution)	French banking and insurance supervisor
AMF (Autorité des Marchés Financiers)	French securities regulator.
ANC (Autorité des Normes Comptables)	French accounting standards authority.
Asset Cover Test	Test to determine whether the assets in the cover pool exceed the value of the loans granted to La Banque Postale Group.
COFRAC (Comité Français d'Accréditation)	French Accreditation Committee.
Collateralised loans	Loans granted by La Banque Postale Home Loan SFH to La Banque Postale that are secured by a portfolio of home loans (the cover pool).
Coverage ratio	Ratio of assets eligible for refinancing to privileged liabilities (Articles L. 513-12 and R. 513-8 of the French Monetary and Financial Code).
Covered bonds	Loans backed by a separate group of assets (the cover pool)
Cover pool	Portfolio of home loans pledged as collateral by La Banque Postale Group to its subsidiary La Banque Postale Home Loan SFH.
CMF (Code Monétaire et Financier)	French Monetary and Financial Code.
CRD	Capital Requirements Directive.
CRR	Capital Requirements Regulation.
EBA	European Banking Authority.
MTN/EMTN	(Euro) Medium Term Notes.
Namen (Namensschuldverschreibung)	Private issues under German law.
Obligations de financement de l'habitat (home loan bonds)	Bonds issued by home financing companies that benefit from the privilege defined in Article L. 513-11 of the French Monetary and Financial Code, to finance transactions referred to in Article L. 513-29 of the said Code.
Overcollateralisation rate	Ratio between the outstanding amount of the home loans eligible for refinancing and pledged as collateral (cover pool) and the outstanding covered bonds
Privileged liabilities	Liabilities benefiting from the privilege defined in Article L. 513-11 of the French Monetary and Financial Code (privileged resources).
Secured issue	Issuance of home loan bonds (" <i>obligations de financement de l'habitat</i> ") benefiting from the legal privilege provided for in Article L. 513-11 of the French Monetary and Financial Code).
SFH (Société de Financement de l'Habitat)	Home financing company.
SURFI (Système Unifié de Reporting Financier)	Unified Financial Reporting System corresponding to the regulatory reports submitted to the ACPR.

2.

Annual financial statements at 31 December 2023

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2.1 Presentation of the annual financial statements

Condensed balance sheet

<i>(In € thousands)</i>	Notes	31 Dec. 2023	31 Dec. 2022
ASSETS			
Interbank transactions			
○ Cash, central banks	2.1	1,396	7
○ Government paper and equivalents	2.2	-	10,992
○ Loans and advances to credit institutions	2.3	19,614,968	19,280,464
Customer transactions			
○ Current accounts in debit		-	-
○ Trade receivables		-	-
○ Other customer loans and lease receivables		-	-
Bonds, equities and other fixed- and variable-income securities			
○ Bonds and other fixed-income securities		-	-
Equities and other variable-income securities		-	-
Long-term equity interests, investments in related companies and other long-term securities			
○ Equity investments and other long-term securities		-	-
○ Investments in subsidiaries and associates		-	-
Property, plant and equipment, and intangible assets			
○ Intangible assets		-	-
○ Property, plant and equipment		-	-
Accruals and other assets			
○ Other assets	2.5	1,775	772
○ Accruals	2.5	2,671	25
TOTAL		19,620,811	19,292,260

<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

Parent company off-balance sheet items

<i>(In € thousands)</i>	31 Dec. 2023	31 Dec. 2022
Financing commitments, financial guarantees and securities commitments given	-	-
Financing commitments		
○ To credit institutions	-	-
○ To customers	-	-
Financial guarantees		
○ To credit institutions	-	-
○ To customers	-	-
Securities commitments		
○ Securities to be delivered	-	-
Financing commitments, financial guarantees and securities commitments received	-	-
Financing commitments		
○ From credit institutions	-	-
○ From customers	-	-
Financial guarantees		
○ From credit institutions	-	-
○ From customers	-	-
Securities commitments		
○ Securities to be received	-	-
Other commitments given	1090	754
Other commitments received	(26,277,143)	(25,276,658)

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

Statement of cash flows

The statement of cash flows is presented using the indirect method.

- **Cash flows from investing activities** represent cash flows from the acquisition and disposal of equity interests, securities, property, plant and equipment and intangible assets.
- **Cash flows from financing activities** correspond to cash flows from structural financial transactions involving equity and subordinated debt.
- **Cash flows from operating activities** consist of all cash flows that fall outside the above two categories.

Net cash includes cash in hand, receivables and debts with central banks, as well as current accounts (assets and liabilities) with credit institutions. Adjustments have been made to the breakdown between cash, central banks, accounts with credit institutions and overnight loans and borrowings.

<i>(In € thousands)</i>	2023	2022
Pre-tax profit	1,006	1,424
+/- Net depreciation and amortisation of property, plant and equipment and intangible assets		
+/- Net changes in provisions and impairment charges		
+/- Net losses/gains on investing activities		
+/- Net losses/gains on financing activities		
+/- Other movements	(16,797)	(18,921)
= Total of non-cash items included in pre-tax profit and other adjustments	(16,797)	(18,921)
+/- Net cash from/used in transactions with credit institutions	1,261,489	(1,761,679)
+/- Net cash from/used in customer transactions		
+/- Net cash from/used in other transactions impacting financial assets or liabilities	(489,123)	1,760,876
+/- Net cash from/used in other transactions impacting non-financial assets or liabilities	(5,132)	(110)
- Taxes paid	(757)	(612)
= Net increase/decrease in assets and liabilities from operating activities	766,478	(1,525)
Net cash from/used in operating activities (A)	750,686	(19,022)
+/- Net cash from/used in sales and purchases of financial assets and equity investments		
+/- Net cash from/used in sales and purchases of investment property		
+/- Net cash from/used in sales and purchases of property, plant and equipment and intangible assets		
Net cash from/used in investing activities (B)	-	-
+/- Net cash from/used in transactions with owners		
+/- Other net cash from/used in financing activities		
Net cash from/used in financing activities (C)	-	-
Effect of changes in exchange rates on cash and cash equivalents (D)		
Net increase (decrease) in cash and cash equivalents (A+B+C+D)	750,686	(19,022)
Net cash from/used in operating activities (A)	750,686	(19,022)
Net cash from/used in investing activities (B)	-	-
Net cash from/used in financing activities (C)	-	-
Effect of changes in exchange rates on cash and cash equivalents (D)	-	-
Opening cash and cash equivalents	26,249	45,271
Cash, central banks (assets and liabilities)	7	1,084
Accounts (assets and liabilities) with credit institutions and interbank overnight loans and borrowings	26,242	44,187
Closing cash and cash equivalents	776,935	26,249
Cash, central banks (assets and liabilities)	1,396	7
Accounts (assets and liabilities) with credit institutions and interbank overnight loans and borrowings	775,538	26,242
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	750,686	(19,022)

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

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 has signed a remuneration agreement for deposits on its postal current account amounting to €750 million.

La Banque Postale Home Loan SFH's privileged liabilities are secured by home loans given as collateral by La Banque Postale Group (the cover pool). The size of the cover pool has evolved as follows over the last five years:

- €15.8 billion at the end of December 2019;
- €21.7 billion at the end of December 2020;
- €23.8 billion at the end of December 2021;
- €25.3 billion at the end of December 2022;
- €26.3 billion at the end of December 2023;

The collateralised loans granted by La Banque Postale Home Loan SFH to La Banque Postale Group are matched in terms of nominal amount and maturity to preferred debt: a fixed margin is applied to the fixed rate of the loans intended to cover La Banque Postale Home Loan SFH's fixed costs based on an issue programme. The costs associated with the covered bonds are passed on to the loans.

On 9 December 2016, La Banque Postale Home Loan SFH entered into a cash deposit agreement with La Banque Postale Group for an amount of €25 million for a period of one year, which has since been automatically renewed for an identical duration, as this agreement aims to cover 180-day cash requirements, in accordance with the applicable regulations, in the absence of repayment of the principal of the issues.

Subsequent events

Between 1 January 2024 and the date of the Board of Directors meeting, 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 the Banque Postale of the €750 million loan to cover La Banque Postale Home Loan SFH's liquidity requirement, and termination of the agreement on the remuneration of La Banque Postale Home Loan SFH's 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).

Presentation and measurement policies

The Company applies the rules and principles of ANC Regulation 2014-07 of 26 November 2014 on the presentation of the financial statements of banking institutions. This regulation defines the methods for recognising all banking-related transactions (loans and advances to credit institutions and customers, fixed-income securities, signature commitments and financial instruments) and for managing the related credit risk. The credit risk for a given counterparty is the risk of a loss being incurred in the event that the counterparty defaults on its obligations.

1 – Loans and advances to credit institutions and customers – Signature commitments

Loans and advances to credit institutions are analysed by initial maturity or by type: demand (current accounts and overnight transactions) and term for credit institutions.

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.

Interest on held-to-maturity securities is recognised in the income statement under "Interest income on bonds and other fixed-income securities". Impairment losses or reversals are recognised in the income statement under "Cost of risk".

In the event of disposal or transfer to another category of held-to-maturity securities representing a significant amount in relation to the total value of the "Held-to-maturity" portfolio, no securities may be classified in this category during the remainder of the accounting period or in the following two years. In addition, all the remaining securities in the "Held-to-maturity" portfolio are reclassified immediately to the "Available-for-sale" portfolio. When trading and available-for-sale securities are transferred to the "Held-to-maturity" portfolio due to exceptional market situations requiring a change of strategy, if the transferred securities are sold before maturity because they can once more be traded on an active market, this does not lead to the automatic reclassification of the other securities in the portfolio.

4 – Debt securities

The debt securities consist of issues carried out under La Banque Postale Home Loan SFH's €30 billion EMTN programme.

Accrued interest on the securities is recorded in an accrued interest sub-account and in the income statement. The issue costs and premiums are spread over the term of the debt.

NOTE 2 BALANCE SHEET – BREAKDOWN BY CATEGORY

2.1 Cash, central banks

<i>(In € thousands)</i>	31 Dec. 2023	31 Dec. 2022
Cash		
Central banks	1,396	7
Accrued interest		
CASH, CENTRAL BANKS	1,396	7

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

2.2.1 Market value of financial transactions

	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										
Net carrying amount ⁽¹⁾			-					10,992		
Market value			-	-				-	10,986	
Bonds and other fixed-income securities										
Net carrying amount ⁽¹⁾					-					-
Market value					-					-
Equities and other variable-income securities										
Net carrying amount ⁽¹⁾										
Market value										
NET TOTAL BY PORTFOLIO TYPE	-	-	-	-	-	-	-	10,986	-	-

(1) Impairment losses are calculated taking into account unrealised gains and losses on any financial instruments designated as hedges of available-for-sale securities.

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

2.4 Liabilities due to credit institutions

<i>(In € thousands)</i>	31 Dec. 2023	31 Dec. 2022
Liabilities due to credit institutions	750,000	
Liabilities due to credit institutions under term loans	2,519	
LIABILITIES DUE TO CREDIT INSTITUTIONS	752,519	

2.5 Accruals and other assets

<i>(In € thousands)</i>	31 Dec. 2023	31 Dec. 2022
Prepaid expenses	21	25
Accrued income from derivatives	-	-
Other accrued income	-	-
Revaluation of derivatives and foreign exchange instruments	-	-
Collection accounts	-	-
Other accruals	2,650	-
ACCRUALS	2,671	25
Purchased options	-	-
Collective management of <i>Livrets de Développement Durable</i>	-	-
Guarantee deposits paid	4	4
Taxes other than on income	-	-
Securities settlement accounts	-	-
Accrued interest	-	-
Other assets	1,771	768
Loss allowances	-	-
OTHER ASSETS	1,775	772
ACCRUALS AND OTHER ASSETS	4,446	797

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).

Breakdown of transactions with credit institutions and customers by remaining term

<i>(In € thousands)</i>	Accrued interest	Less than 3 months	3 months to 1 year	1 to 5 years	More than 5 years	31 Dec. 2023
ASSETS	169,881	1,530,733	507,702	7,648,649	9,758,003	19,614,968
Loans and advances to credit institutions	169,881	1,530,733	507,702	7,648,649	9,758,003	19,614,968
Loans and advances to customers						-
Security portfolios (trading, available-for-sale, held-to-maturity)						-
Government paper and equivalents	-	-				-
Bonds and other fixed-income securities						-
LIABILITIES	164,750	1,592,492	500,695	7,553,626	9,621,607	19,343,170
Liabilities due to credit institutions		752,519				752,519
Customer deposits		-				-
Debt securities	164,750	749,973	500,695	7,553,626	9,621,607	18,590,651
Bonds		-				-
Interbank securities and money market securities		-				-
Other debt securities		-				-
Subordinated debt		-				-
OFF-BALANCE SHEET		-				-
Financing commitments given		-				-
Guarantee commitments given		-				-

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

2.7 Accruals and other liabilities

<i>(In € thousands)</i>	31 Dec. 2023	31 Dec. 2022
Deferred income	-	-
Accrued expenses	-	-
Revaluation of derivatives and foreign exchange instruments	-	-
Other accruals	-	-
ACCRUALS	-	-
Written options	-	-
Securities-related liabilities	-	-
Suppliers	6	532
Taxes other than on income	-	-
Other payables	26,764	25,437
Securities settlement accounts	-	-
Accrued interest	-	-
OTHER LIABILITIES	26,770	25,969
ACCRUALS AND OTHER LIABILITIES	26,770	25,969

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.

NOTE 3 FINANCIAL TRANSACTIONS – BREAKDOWN BY CATEGORY

3.1 Interest on cash and interbank transactions and fixed-income securities

<i>(In € thousands)</i>	2023	2022
Interest income from interbank transactions	208,708	99,281
◦ Interest on current accounts in debit	7,570	
◦ Interest on accounts and loans	201,225	99,368
◦ Negative income on accounts and loans ⁽¹⁾	(88)	(88)
◦ Interest on assets received under reverse repurchase agreements		
◦ Interest on securities received under collateralised reverse repurchase agreements		
◦ Income on swap points		
◦ Other interest income		
Interest income from customer transactions	-	-
Interest income from bonds and other fixed-income securities	99	318
◦ Interest income on available-for-sale securities		
◦ Interest income on held-to-maturity securities	99	318
◦ Other interest income		
Interest income from investments in subordinated debt		
Other interest income		
INTEREST INCOME	208,806	99,598
Interest expense on interbank transactions	-	-
◦ Interest on current accounts in credit		
◦ Interest on demand and term borrowings	(7,558)	
◦ Interest on securities sold under collateralised repurchase agreements		
◦ Other interest expense		
Interest expense on customer transactions	-	-
Interest expense on bonds and other fixed-income securities	(196,202)	(95,058)
◦ Interest on negotiable certificates of deposit and BMTNs		
◦ Interest and expenses on bond issues	(192,181)	(105,611)
◦ Amortisation of bond premiums	(4,019)	10,553
◦ Other interest expense		
Interest expense on subordinated debt		
Other interest expense	-	-
INTEREST EXPENSE	(203,759)	(95,058)

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)

3.3 Other banking income and expenses

(In € thousands)	2023		2022	
	Income	Expenses	Income	Expenses
o Re-invoiced expenses, retroceded income, and transfers of expenses	-	-	-	-
o Other operating income and expenses	450	(40)	450	(50)
o Provisions/reversals recorded in other operating income and expenses	-	-	-	-
Other banking income and expenses	450	(40)	450	(50)
NET BANKING INCOME AND EXPENSES	410		400	

3.4 General operating expenses

(In € thousands)	2023	2022
Wages and salaries	-	-
Pensions	-	-
Payroll taxes	-	-
Discretionary and statutory profit sharing	-	-
Payroll-based taxes	-	-
Other expenses	-	-
PAYROLL COSTS	-	-
Amount of attendance fees paid to directors	-	-
Taxes other than on income	265	230
Lease payments	-	-
Rents and rental expenses	-	-
Fees	725	558
Other operating expenses	3,434	2,678
OTHER GENERAL OPERATING EXPENSES	4,424	3,466
GENERAL OPERATING EXPENSES	4,424	3,466

3.5 Tax expense

<i>(In € thousands)</i>	2023	2022
Income tax	(543)	(757)
Tax credit		
INCOME TAX EXPENSE	(543)	(757)
Tax loss carryforwards		

Type of differences

<i>(In € thousands)</i>	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

<i>(In € thousands, excluding taxes)</i>	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.

3.

Statutory Auditors' report on the financial statements

STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

La Banque Postale Home Loan SFH
115, rue de Sèvres – 75275 Paris Cedex 06, France

Year ended 31 December 2023

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report includes information specifically required by European regulations or French law, such as information about the appointment of Statutory Auditors. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

Opinion

In compliance with the engagement entrusted to us by your General Meeting, we have audited the accompanying financial statements of La Banque Postale Home Loan SFH for the year ended 31 December 2023.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company at 31 December 2023 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Financial Statements Committee.

Basis for opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under these standards are further described in the "Responsibilities of the Statutory Auditors relating to the audit of the financial statements" section of our report.

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.

It is not our responsibility to ensure that the financial statements to be included by the Company in the annual financial report filed with the AMF correspond to those on which we carried out our work.

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of La Banque Postale Home Loan SFH by the General Meetings of Shareholders held on 21 May 2013 for KPMG SA and on 31 May 2022 for Mazars.

At 31 December 2023, KPMG SA as successor to KPMG Audit FSI, was in the 11th consecutive year of its engagement, including 10 years since the Company's securities were admitted to trading on a regulated market, and Mazars was in the second year.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for preparing financial statements giving a true and fair view in accordance with French accounting principles, and for implementing the internal control procedures it deems necessary for the preparation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting, unless it expects to liquidate the Company or to cease operations.

The Financial Statements Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems, as well as, where applicable, any internal audit systems relating to accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

Responsibilities of the Statutory Auditors relating to the audit of the financial statements

Objective and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions taken by users on the basis of these financial statements.

As specified in Article L. 821-55 of the French Commercial Code, our audit does not include assurance on the viability or quality of the Company's management.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgement throughout the audit. They also:

- identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- 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

4.

Board of Directors' corporate governance report

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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.

The Nominations Committee now comprises the following two members: François-Louis Ricard and Stéphane Magnan. The Financial Statements Committee and the Risk Committee currently each have the following three members: Stéphane Derouvroy (Chairman), Stéphane Magnan and Tiphaine du Bois de Gaudusson.

4.1.3 List of directorships and positions

In accordance with the provisions of Article L.225-37-4 of the French Commercial Code, we present in Appendix 1 to this report a list of all the directorships and positions held in any company by each director and corporate officer during the year.

4.1.4 Conditions for the preparation and organisation of the Board's work

The Board of Directors meets at least four times a year, or as often as La Banque Postale Home Loan SFH's interests require. The meetings are called by the Chairman.

However, (i) if the Board has not met for more than two months, at least one third of the members of the Board of Directors may require the Chairman to call a Board meeting to discuss the agenda presented by these directors, and (ii) provided that the Chief Executive Officer does not also serve as Chairman of the Board of Directors, as indicated in Article 18 of the Articles of Association, the Chief Executive Officer may ask the Chairman to call a Board meeting to discuss the agenda specified in the Chief Executive Officer's request.

In the event of failure by the Chairman, and as an exception to Article 12 of Government Order 2014-948 of 20 August 2014, the group of directors or the Chief Executive Officer that has asked for the Board meeting to be called will be competent to call the Board meeting and to set the agenda.

Meetings of the Board of Directors may also be called by more than one third of its members with an agenda and at a place determined in the notice of meeting.

Notice of meeting may be given to the directors by any appropriate method. The notice of meeting shall contain the date, place and agenda identifying the matters to be discussed during the meeting. Briefing documents covering the agenda items are also sent to the members of the Board.

The Specific Controller is invited to attend each meeting of the Board of Directors in the same way as the directors, and the Statutory Auditors are invited to all Board meetings at which the annual or interim financial statements are examined.

The Chairman chairs Board meetings. The Board may, if it deems it useful, appoint a Vice-Chairman to chair the meetings in the absence of the Chairman. In the event of the absence or incapacity of the Chairman and in the absence of a Vice-Chairman, the meeting will be chaired by the director specially elected for this purpose by the members of the Board present at the meeting; in the event of a tie, the oldest candidate chairs the meeting.

A director may give proxy to another director to represent him or her. Each director may hold only one proxy at a given meeting.

The Board's deliberations are recorded in minutes drawn up in accordance with the applicable legal provisions and signed by the Chairman of the meeting and by one director or, if the Chairman of the meeting is unable to sign, by two directors.

The directors and any other person invited to attend Board meetings are required to treat the information disclosed during the meeting as strictly confidential.

The Board of Directors has drawn up internal rules that specify the Board's missions and the rules governing its meetings. The internal rules also provide for the possibility for the directors to participate in the Board by videoconference or any other direct and simultaneous means of telecommunication allowing their identification and guaranteeing their effective participation under the legal conditions. This option is not available for meetings at which the annual financial statements are examined and the management report is prepared.

Internal rules have also been drawn up by the Committees of the Board of Directors in order to specify their duties and procedures.

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

and that the representation of women and men was balanced on the Financial Statements Committee and the Risk Committee, given the uneven number of members. These committees comprise three members, two men and one woman.

In view of these ratios, the Committee has set the objective, as far as possible, of improving gender equality on the Board when new directors are appointed or elected, and of ensuring that at least one of the three members of the Financial Statements and Risk Committees is a woman.

4.1.7 Corporate Governance Code

La Banque Postale Home Loan SFH does not refer to any corporate governance code insofar as it has no employees and does not pay any remuneration to its corporate officers, who are mainly chosen in consideration of their position within La Banque Postale Group, which sits on the Board of La Banque Postale Home Loan SFH, owns 99.99% of its capital, and complies with the AFEP-MEDEF Corporate Governance Code.

4.1.8 Shareholder participation in the General Meeting

In accordance with La Banque Postale Home Loan SFH's Articles of Association, any shareholder, regardless of the number of shares held, has the right to attend General Meetings and to take part in deliberations in person or by proxy or to take part in voting by mail under the applicable legal and regulatory conditions.

Any shareholder may be represented by their spouse, civil partner or another shareholder.

Any shareholder may vote by mail under the legal and regulatory conditions.

4.2 Agreements referred to in Article L. 225-38 of the French Commercial Code

All relevant information has been sent to La Banque Postale Home Loan SFH's Statutory Auditors to enable them to prepare their special report on the related party agreements referred to in Article L. 225-38 of the French Commercial Code. No new regulated agreements were authorised during the 2023 financial year.

There were no agreements governed by Article L. 225-37-4 of the French Commercial Code.

4.3 Authorisations to issue shares

In accordance with the provisions of Article L. 225-37-4 (3) of the French Commercial Code, we hereby inform you that there are no delegations of power and/or authorisations granted by the General Meeting to the Board of Directors to issue shares pursuant to the provisions of Articles L. 225-129-1 and L. 225-129-2 of the said Code.

4.4 Factors likely to have an impact in the event of a public tender or exchange offer (Article L. 22-10-11 of the French Commercial Code)

At 31 December 2023, La Banque Postale held 24,399,999 shares out of the 24,400,000 shares comprising the share capital of La Banque Postale Home Loan SFH, i.e. 99.99% of the share capital.

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

Appendix 1 – List of directorships and positions held in any company by each corporate officer at 31 December 2023

Executive Management

Patrick Peaucelle, Chief Executive Officer:

- ▶ Head of Commercial Collateral in 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);
- ▶ Chief Executive Officer of La Banque Postale Home Loan SFH (SA with a Board of Directors).

Dominique Heckel, Chief Operating Officer:

- ▶ Head of Long-Term Financing in the Trading Room 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);
- ▶ Chief Operating Officer of La Banque Postale Home Loan SFH (SA with a Board of Directors).

Board of Directors

Tiphaine du Bois de Gaudusson, Chairwoman of the Board of Directors, member of the Financial Statements Committee, member of the Risk Committee:

- ▶ Legal Director in charge of the General Secretariat of La Banque Postale (SA with an Executive Board and a Supervisory Board).
- ▶ Director, member of the Risk Committee, member of the Financial Statements Committee of La Banque Postale Home Loan SFH (SA with a Board of Directors);
- ▶ Member of the Board of Directors of KissKissBankBank & Co (SAS).
- ▶ Permanent representative of La Banque Postale on the Board of Directors of Ma French Bank (SA with a Board of Directors).

Stéphane Magnan, Director, member of the Financial Statements Committee, member of the Risk Committee, member of the Nominations Committee:

- ▶ Chief Financial Officer of the Savings Fund-Directorate of Savings Funds at the Caisse des Dépôts et Consignations (special establishment);
- ▶ Director, member of the Financial Statements Committee, member of the Risk Committee, member of the Nominations Committee of La Banque Postale Home Loan SFH (SA with a 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.

5.

Statutory Auditors' special report on related-party agreements

STATUTORY AUDITORS' SPECIAL REPORT ON RELATED-PARTY AGREEMENTS

La Banque Postale Home Loan SFH
115, rue de Sèvres – 75275 Paris Cedex 06, France

General Meeting for the approval of the financial statements for the year ended 31 December 2023

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report includes information specifically required by European regulations or French law, such as information about the appointment of Statutory Auditors. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In our capacity as Statutory Auditors of La Banque Postale Home Loan SFH, we hereby report to you on related-party agreements.

It is our responsibility to report to shareholders, based on the information provided to us, on the main terms and conditions of agreements that have been disclosed to us or that we may have identified as part of our engagement, as well as the reasons given as to why they are beneficial for the Company, without commenting on their relevance or substance or identifying any undisclosed agreements. Under the provisions of Article R. 225-31 of the French Commercial Code (*Code de commerce*), it is the responsibility of the shareholders to determine whether the agreements are appropriate and should be approved.

Where applicable, it is also our responsibility to provide shareholders with the information required by Article R. 225-31 of the French Commercial Code in relation to the implementation during the year of agreements already approved by the General Meeting.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France to such engagements.

Agreements to be submitted for the approval of the General Meeting

We were not informed of any agreements authorised and entered into during the year to be submitted for the approval of the General Meeting pursuant to the provisions of Article L. 225-38 of the French Commercial Code.

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

6.

Responsibility for the annual financial report

PERSON RESPONSIBLE FOR THE ANNUAL FINANCIAL REPORT

Patrick Peaucelle

Chief Executive Officer

La Banque Postale Home Loan SFH

STATEMENT BY THE PERSON RESPONSIBLE FOR THE ANNUAL FINANCIAL REPORT

I hereby certify, to the best of my knowledge, that the financial statements have been prepared in accordance with the applicable accounting standards and give a true and fair view of the Company's assets, financial position and results, and that the attached management report presents a true and fair view of the development of the Company's business, results and financial position and describes the main risks and uncertainties to which it is exposed.

Paris, 27 March 2024

Patrick Peaucelle

Chief Executive Officer

La Banque Postale Home Loan SFH

7.

Cross-reference tables

ANNUAL FINANCIAL REPORT

	PAGE NUMBER
1. PARENT COMPANY FINANCIAL STATEMENTS	34-56
2. MANAGEMENT REPORT	<i>See the cross-reference table below</i>
3. DECLARATION BY THE PERSONS RESPONSIBLE FOR THE ANNUAL FINANCIAL REPORT	71
4. STATUTORY AUDITORS' REVIEW REPORT ON THE ANNUAL FINANCIAL STATEMENTS	57

MANAGEMENT REPORT

Required items	Legislative framework	SECTION NUMBER
1. POSITION AND ACTIVITY OF THE GROUP		
1.1. Position of the Company over the year and objective and comprehensive analysis of the changes in business, results and financial position of the Company and the Group, in particular its debt situation, in relation to the volume and complexity of its business	Articles L. 225-100-1, I, 1°, L. 232-1, II, L. 233-6 and L. 233-26 of the French Commercial Code	1.5
1.2. Key financial performance indicators	Article L. 225-100-1, I, 2° of the French Commercial Code	1.4.1
1.3. Key non-financial performance indicators relating to the Company's and the Group's specific operations, including information on environmental and personnel issues	Article L. 225-100-1, I, 2° of the French Commercial Code	1.16
1.4. Material events arising between the end of the reporting period and the date of the Management report	Articles L. 232-1, II. and L. 233-26 of the French Commercial Code	1.7
1.5. Names of the major shareholders and holders of voting rights at General Meetings, and changes during the year	Article L. 233-13 of the French Commercial Code	1.10
1.6. Existing branches	Article L. 232-1, II of the French Commercial Code	1.9.1
1.7. Significant shareholdings in companies with their registered office in France	Article L. 233-6, paragraph 1 of the French Commercial Code	1.9.2
1.8. Disposals of cross-shareholdings	Articles L. 233-29, L. 233-30 and R. 233-19 of the French Commercial Code	1.9.3
1.9. Foreseeable company and group trends and outlooks	Articles L. 232-1, II and L. 233-26 of the French Commercial Code	1.8
1.10. Research and development activities	Articles L. 232-1, II and L. 233-26 of the French Commercial Code	1.14
1.11. Table of the Company's financial results over each of the last five years	Article R. 225-102 of the French Commercial Code	Appendix 1 (Chapter 1)
1.12. Information on payment deadlines for suppliers and clients	Article D. 441-4 of the French Commercial Code	1.4.5
1.13. Amount of inter-company loans granted and the Statutory Auditor's statement	Articles L. 511-6 and R. 511-2-1-3 of the French Monetary and Financial Code;	N/A
2. INTERNAL CONTROL AND RISK MANAGEMENT		
2.1. Description of the main risks and contingencies to which the Company is exposed	Article L. 225-100-1, I, 3° of the French Commercial Code	1.2
2.4. Information on the objectives and policy regarding the hedging of each major category of transactions and the exposure to price, credit, liquidity and cash risks, including the use of financial instruments	Article L. 225-100-1, 4° of the French Commercial Code	1.2
2.5. Anti-bribery and corruption system	Law no. 2016-1691 of 9 December 2016 (Sapin II law)	1.16.3
2.6. Duty of care plan and report on its effective implementation	Article L. 225-102-4 of the French Commercial Code	1.16.3

Required items	Legislative framework	SECTION NUMBER
3. REPORT ON CORPORATE GOVERNANCE		
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