



HOME LOAN SFH

## Asset Quality Report As of 31st December 2013

*This translation into English is for information purposes only. Only the French version published in the Bulletin des annonces légales obligatoires (BALO) or on La Banque Postale Home Loan SFH website is authoritative.*

La Banque Postale Home Loan SFH, is a French *Société Anonyme à Directoire et Conseil de Surveillance* under the laws of France, licensed as credit institution (*établissement de crédit*) - *société de financement de l'habitat*.

The assets of La Banque Postale Home Loan SFH consist exclusively of home loans that are eligible for *sociétés de financement de l'habitat*, in terms of the French legal framework.

The present asset quality report of La Banque Postale Home Loan SFH, based on the figures as of 31st December 2013, is in accordance with provisions of Article 13 of *Règlement n°99-10* of *Comité de réglementation bancaire et financière*, related to *sociétés de crédit foncier* and Instruction n°2011-I-07, related to publication, by *sociétés de crédit foncier* and *sociétés de financement à l'habitat*, of information concerning the quality of refinanced assets.

### I – Guaranteed Loans

#### 1) Breakdown of eligible outstanding balance of guaranteed loans by type of counterparties and guarantees:

| Categories of receivables | Outstanding balance (in M€) |
|---------------------------|-----------------------------|
| Commercial receivables    |                             |
| Export credit             |                             |
| Cash credit               |                             |
| Investment loans          |                             |
| Home loans                | 2 251                       |
| Loans to developers       |                             |
| Other loans               |                             |
| <b>Total</b>              | <b>2 251</b>                |

| Counterparty types                                   | Outstanding balance (in M€) |
|--|-----------------------------|
| Non-financial companies and individual entrepreneurs |                             |
| Individuals  | 2 251                       |
| Other  |                             |
| <b>Total</b>   | <b>2 251</b>                |

| Guarantee types  | Outstanding balance (in M€) |
|--|-----------------------------|
| Residential mortgage   | 227                         |
| Business mortgage  |                             |
| Guarantee ( <i>cautionnement</i> ) granted by a credit institution           | 2 024                       |
| Guarantee ( <i>cautionnement</i> ) granted by an insurance company           |                             |
| Guarantee from <i>Fonds de garantie à l'accession sociale à la propriété</i> |                             |
| <b>Total</b>   | <b>2 251</b>                |

The only credit institution that grants guarantees (*cautionnement*) for the home loans in the Cover Pool is Crédit Logement.

There are no performing loans in the Cover Pool.

**2) Breakdown of eligible outstanding balance of loans, guaranteed by a mortgage or credit institution (*cautionnement*), according to the eligible amount for financing by privileged debt:**

| Guarantee types  | Outstanding principal (in M€) | Product of financing portion, as defined under the article R. 515-2 (CMF), and value of financed property | Total        |
|--|-------------------------------|---|--------------|
| Residential mortgage   | 140                           | 87  | 227          |
| Guarantee ( <i>cautionnement</i> ) granted by credit institution | 1 383                         | 640   | 2 024        |
| <b>Total</b>   | <b>1 523</b>                  | <b>727</b>  | <b>2 251</b> |

**3) Breakdown of eligible outstanding balance of guaranteed loans by the year of conclusion of the loan contract:**

| Year of conclusion of the loan contract | Loans secured by residential mortgage |                 | Loans guaranteed ( <i>cautionnement</i> ) by guarantee granted by credit institution |                 |
|---|---------------------------------------|-----------------|--|-----------------|
|   | Outstanding principal (in M€)         | Number of loans | Outstanding principal (in M€)  | Number of loans |
| 2006                                    | 12                                    | 275             | 72   | 1 494           |
| 2007                                    | 25                                    | 667             | 188  | 3 507           |
| 2008                                    | 26                                    | 696             | 241  | 4 461           |
| 2009                                    | 28                                    | 632             | 297  | 5 157           |
| 2010                                    | 27                                    | 539             | 394  | 6 221           |
| 2011                                    | 48                                    | 1 015           | 556  | 8 899           |
| 2012                                    | 56                                    | 1 075           | 256  | 4 238           |
| 2013                                    | 4                                     | 76              | 20   | 287             |
| <b>Total</b>                            | <b>227</b>                            | <b>4 975</b>    | <b>2 024</b>   | <b>34 264</b>   |

**4) Breakdown of eligible outstanding balance of guaranteed loans by loans remaining terms:**

| Remaining term (years) | Loans secured by residential mortgage |                 | Loans guaranteed ( <i>cautionnement</i> ) by guarantee granted by credit institution |                 |
|------------------------|---------------------------------------|-----------------|--|-----------------|
|                        | Outstanding principal (in M€)         | Number of loans | Outstanding principal (in M€)  | Number of loans |
| 0                      | 0                                     | 48              | 0  | 264             |
| 1                      | 0                                     | 48              | 3  | 351             |
| 2                      | 1                                     | 75              | 8  | 598             |
| 3                      | 3                                     | 202             | 20   | 1 125           |
| 4                      | 4                                     | 210             | 27   | 1 145           |
| 5                      | 4                                     | 162             | 33   | 1 171           |
| 6                      | 6                                     | 219             | 51   | 1 584           |
| 7                      | 6                                     | 191             | 69   | 1 714           |
| 8                      | 12                                    | 315             | 82   | 1 921           |
| 9                      | 15                                    | 383             | 86   | 1 803           |
| 10                     | 8                                     | 205             | 65   | 1 425           |
| 11                     | 9                                     | 202             | 98   | 1 769           |
| 12                     | 13                                    | 253             | 130  | 2 114           |
| 13                     | 21                                    | 400             | 173  | 2 701           |
| 14                     | 16                                    | 337             | 114  | 1 711           |
| 15                     | 6                                     | 118             | 72   | 955             |
| 16                     | 8                                     | 131             | 110  | 1 329           |
| 17                     | 12                                    | 194             | 152  | 1 870           |
| 18                     | 16                                    | 272             | 149  | 1 918           |
| 19                     | 13                                    | 197             | 91   | 1 114           |
| 20                     | 6                                     | 99              | 60   | 686             |
| 21                     | 8                                     | 139             | 90   | 1 024           |
| 22                     | 12                                    | 157             | 146  | 1 608           |
| 23                     | 18                                    | 284             | 143  | 1 687           |
| 24                     | 8                                     | 112             | 49   | 611             |
| 25                     | 0                                     | 6               | 2  | 34              |
| 26                     | 0                                     | 9               | 0  | 13              |
| 27                     | 0                                     | 1               | 0  | 4               |
| 28                     | 0                                     | 6               | 0  | 14              |
| 29                     |                                       |                 | 0  | 1               |
| 30                     |                                       |                 |  |                 |
| <b>Total</b>           | <b>227</b>                            | <b>4 975</b>    | <b>2 024</b>   | <b>34 264</b>   |



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**5) Breakdown of eligible outstanding balance of guaranteed loans by location of the financed property by country:**

All properties financed by home loans in the cover pool are located in France.

**6) Breakdown of eligible outstanding balance of guaranteed loans by weighting assigned under the cover ratio between assets and privileged debt:**

Home Loans that are guaranteed by a credit institution (*cautionnement*) are guaranteed by Crédit Logement, the institution that does not take part in the scope of consolidation of La Banque Postale group.

The long-term rating of Crédit Logement is A+ (Standard & Poor's) and Aa3 (Moody's), and therefore higher or equal to A-: the weighting assigned to home loans guaranteed by Crédit Logement is therefore 100%.

Home Loans guaranteed by a first-ranking mortgage are weighted by 100%.

**7) Breakdown of outstanding balance of loans mobilized by promissory notes, under the articles L. 313-42 to L. 313-49 of French Monetary and Financial Code:**

No loans mobilized by promissory notes under the home loans granted as collateral security.

**II - Exposure to public entities**

La Banque Postale Home Loan SFH has no exposure on public entities except for those described in §IV relative to "Replacement Assets" and cash on the current account opened in the books of Banque de France, with an outstanding credit balance of EUR 1 848.40 as of 31st December 2013.

**III - Securitization vehicles and similar entities**

La Banque Postale Home Loan SFH has no exposure on securitization vehicles and similar entities.

**IV - Replacement Assets (*valeurs de remplacement*)**

As of 31st December 2013, La Banque Postale Home Loan SFH holds following replacement assets (*valeurs de remplacement*):

**1) Bonds**

La Banque Postale Home Loan SFH holds an investment portfolio, classified as "Held-to-Maturity", with the exposure on French state only and corresponding to the reinvestment of a part of its capital.

| ISIN Code    | Name of series      | Nominal Amount (Euros) |
|--------------|---------------------|------------------------|
| FR0010061242 | OAT 4.00 25/04/2014 | 11 080 000             |
| FR0010163543 | OAT 3.50 25/04/2015 | 10 900 000             |
| FR0010288357 | OAT 3.25 25/04/2016 | 10 900 000             |
| FR0010415331 | OAT 3.75 25/04/2017 | 10 900 000             |
| FR0010604983 | OAT 4.00 25/04/2018 | 10 900 000             |
| FR0000189151 | OAT 4.25 25/04/2019 | 10 900 000             |
| FR0010854182 | OAT 3.50 25/04/2020 | 10 900 000             |
| FR0010192997 | OAT 3.75 25/04/2021 | 10 900 000             |
| FR0011196856 | OAT 3.00 25/04/2022 | 10 900 000             |
| FR0011486067 | OAT 1.75 25/05/2023 | 10 900 000             |
|              | Total               | 109 180 000            |

This portfolio is ECB eligible.

## 2) Cash

La Banque Postale Home Loan SFH disposes of postal current account opened in the books of La Banque Postale, with and outstanding credit balance of EUR 378 890.54 as of 31st December 2013.

## V - Prepayments

The annualised prepayment rate calculated on the basis of home loan portfolio for the fourth quarter 2013 is 11.39%.

## VI - Interest rate risk

Each covered bond issue is lent to La Banque Postale, by a guaranteed loan with the same principal amount and with a fixed nominal interest rate higher or equal to the fixed nominal rate of the issue, and of the same maturity. The only interest rate risk borne by La Banque Postale Home Loan SFH is the risk generated by the capital re-investment. By ALM norm, the capital is amortised over a linear flow on 10 years and the capital investment portfolio replicate this linear amortisation norm.

In case of a La Banque Postale default, La Banque Postale Home Loan SFH would receive the home loans transferred as a guarantee in the Cover Pool: in such case, La Banque Postale Home Loan SFH would be exposed to interest rate risk, because of the mismatch between its bond issues and the home loan portfolio.

As of 31st December 2013, the sensibility of the net present value of secured issuances and the share of Cover Pool necessary to respect the contractual rate of overcollateralization of 8.1% is EUR 2.23 million for a +200 bps move, that is to say 1.86% of the capital of La Banque Postale Home Loan SFH (taking into account a 5% per year prepayment rate in the Cover Pool).

| Sensitivity to interest rate variation | M€   |
|--|------|
| -2%                                    | 0.73 |
| 2%                                     | 2.23 |

## VII - Coverage of liquidity need

As of 31st December 2013, the liquidity needed over 180 days is covered as following:

- the outstanding interests and principal dues on secured issuances are covered by interests and principal received by La Banque Postale under the collateralised loans.

The liquidity need over 180 days is thus respected.



Paris, 13th February 2014.