

Asset Quality Report As of 31st March 2014

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* under the laws of France, licensed as credit institution with the status of *établissement de crédit spécialisé - 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 March 2014, 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	3 751
Loans to developers	
Other loans	
Total	3 751

Counterparty types	Outstanding balance (in M€)
Non-financial companies and individual entrepreneurs	
Individuals	3 751
Other	
Total	3 751

Guarantee types	Outstanding balance (in M€)
Residential mortgage	393
Business mortgage	
Guarantee (<i>cautionnement</i>) granted by a credit institution	3 358
Guarantee (<i>cautionnement</i>) granted by an insurance company	
Guarantee from <i>Fonds de garantie à l'accession sociale à la propriété</i>	
Total	3 751



HOME LOAN SFH

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	241	152	393
Guarantee (<i>cautionnement</i>) granted by credit institution	2 277	1 082	3 358
Total	2 517	1 234	3 751

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	19	424	119	2 474
2007	40	1 011	289	5 600
2008	42	1 069	367	7 050
2009	48	997	495	8 589
2010	51	977	732	11 642
2011	73	1 659	841	14 462
2012	108	2 081	444	7 486
2013	13	234	72	1 073
Total	393	8 452	3 358	58 376

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	41	0	369
1	1	96	6	789
2	3	202	20	1 466
3	6	386	40	2 274
4	7	337	52	2 149
5	9	365	70	2 561
6	11	388	109	3 284
7	15	424	142	3 425
8	26	657	152	3 430
9	22	570	137	2 930
10	15	373	120	2 555
11	18	342	181	3 128
12	26	495	263	4 163
13	38	734	254	3 984
14	23	449	173	2 473
15	11	191	128	1 621
16	14	208	188	2 246
17	22	331	250	3 041
18	25	407	199	2 506
19	17	244	134	1 565
20	13	193	114	1 308
21	13	195	168	1 865
22	18	244	234	2 564
23	25	371	153	1 812
24	13	174	64	759
25	1	20	4	73
26	0	11	1	28
27	0	3	0	7
28	0	1	0	1
29	-	-	-	-
30	-	-	-	-
Total	393	8 452	3 358	58 376



HOME LOAN SFH

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 1 892.80 as of 31st March 2014.

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 March 2014, 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 287 503 as of 31st March 2014.

V - Prepayments

The annualised prepayment rate calculated on the basis of home loan portfolio for the first quarter 2014 is 6.50%.

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 March 2014, 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 25.11 million for a +200 bps move, that is to say 11.96% 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%	-25.11
2%	23.43

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 May 2014.