

## Asset Quality Report As of 30th June 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 30th June 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	3 788
Loans to developers	
Other loans	
<b>Total</b>	<b>3 788</b>

Counterparty types	Outstanding balance (in M€)
Non-financial companies and individual entrepreneurs	
Individuals	3 788
Other	
<b>Total</b>	<b>3 788</b>

Guarantee types	Outstanding balance (in M€)
Residential mortgage	397
Business mortgage	
Guarantee ( <i>cautionnement</i> ) granted by a credit institution	3 391
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>3 788</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	232	165	397
Guarantee ( <i>cautionnement</i> ) granted by credit institution	2 216	1 175	3 391
<b>Total</b>	<b>2 448</b>	<b>1 340</b>	<b>3 788</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	19	437	121	2 557
2007	40	1 051	295	5 844
2008	41	1 075	362	7 174
2009	48	1 006	492	8 793
2010	51	1 004	749	12 176
2011	73	1 740	841	14 913
2012	111	2 195	451	7 790
2013	15	271	80	1 237
2014	-	-	0	3
<b>Total</b>	<b>397</b>	<b>8 779</b>	<b>3 391</b>	<b>60 487</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	51	1	476
1	1	110	8	1 012
2	3	246	23	1 797
3	7	445	43	2 365
4	7	320	54	2 271
5	9	414	78	2 969
6	12	394	120	3 446
7	16	478	145	3 567
8	30	747	164	3 680
9	18	502	129	2 874
10	16	376	134	2 736
11	20	388	194	3 327
12	29	566	284	4 587
13	42	811	244	3 840
14	17	320	151	2 127
15	13	205	138	1 739
16	16	247	213	2 545
17	21	352	240	3 044
18	26	400	197	2 434
19	13	202	116	1 380
20	13	211	123	1 441
21	14	191	188	2 080
22	20	300	226	2 581
23	25	364	127	1 546
24	8	111	45	536
25	1	19	3	59
26	0	6	1	23
27	0	3	0	5
28	-	-	-	-
29	-	-	-	-
30	-	-	-	-
<b>Total</b>	<b>397</b>	<b>8 779</b>	<b>3 391</b>	<b>60 487</b>



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 1 635.60 as of 30th June 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 30th June 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)
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	98 100 000

This portfolio is ECB eligible.

### V - Prepayments

The annualised prepayment rate calculated on the basis of home loan portfolio for the second quarter 2014 is 5.23%.

### 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 30<sup>th</sup> June 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 16.90 million for a +200 bps move, that is to say 8.05% 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%	-16.81
2%	16.90

### VII – Coverage of liquidity need

Pursuant to article R. 515-7-1 of the *French Code Monétaire et Financier*, the liquidity need is computed over a 180 days period in “transparency” ; i.e.

The cash-flows of the home loans received in collateral are recorded as inflows rather than the cash-flows of the “Credit Facility” guaranteed by the Home loans.

As of June 30<sup>th</sup> 2014, the liquidity need over 180 days is null and thus respected.



HOME LOAN SFH

Paris, 13th August 2014.