

Asset Quality Report As of 31st December 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 December 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	3 742
Loans to developers	
Other loans	
Total	3 742

Counterparty types	Outstanding balance (in M€)
Non-financial companies and individual entrepreneurs	
Individuals	3 742
Other	
Total	3 742

Guarantee types	Outstanding balance (in M€)
Residential mortgage	473
Business mortgage	
Guarantee (<i>cautionnement</i>) granted by a credit institution	3 269
Guarantee (<i>cautionnement</i>) granted by an insurance company	
Guarantee from <i>Fonds de garantie à l'accession sociale à la propriété</i>	
Total	3 742



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 non 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	264	209	473
Guarantee (<i>cautionnement</i>) granted by credit institution	2 132	1 137	3 269
Total	2 396	1 346	3 742

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	17	416	107	2 396
2007	36	988	264	5 495
2008	37	1 021	324	6 747
2009	43	944	440	8 115
2010	46	958	689	11 590
2011	67	1 644	773	14 167
2012	104	2 135	421	7 558
2013	85	1 340	201	3 067
2014	38	628	50	800
Total	435	9 446	3 219	59 935

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	88	1	754
1	1	154	9	1 248
2	4	375	27	2 240
3	6	385	41	2 215
4	7	344	55	2 359
5	11	456	91	3 344
6	12	404	127	3 486
7	20	570	136	3 449
8	30	806	153	3 421
9	23	728	122	2 886
10	17	386	160	3 020
11	23	458	225	3 793
12	33	673	258	4 235
13	37	731	203	3 117
14	25	397	149	2 019
15	15	232	165	2 034
16	19	288	228	2 833
17	23	395	203	2 667
18	27	382	158	1 911
19	30	367	123	1 458
20	16	247	142	1 698
21	16	214	208	2 301
22	22	345	165	1 982
23	24	311	85	1 039
24	27	286	30	352
25	4	49	4	65
26	0	2	0	6
27	0	1	0	3
28	-	-	-	-
29	-	-	-	-
30	-	-	-	-
Total	473	10 074	3 269	59 935

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 ratings of Crédit Logement are Aa3 (Moody's) and AA (DBRS), therefore it benefits from the highest level of credit assessment, according to the French Regulation, hence the weighting assigned to home loans guaranteed by Crédit Logement is 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 and outstanding credit balance of EUR 7 230.97 as of 31st December 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 December 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.

As of 31st December 2014, the market value of the portfolio is EUR 112 164 494. After ECB haircut, the value as replacement assets is EUR 110 204 733.

As of today, this portfolio has not been posted in collateral to the Central Bank.

V - Prepayments

The annualized prepayment rate calculated on the basis of home loan portfolio for the fourth quarter 2014 is 9.08%.

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 amortized over a linear flow on 10 years and the capital investment portfolio replicate this linear amortization 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 2014, the sensitivity 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 1.52 million for a 200 bps move, that is to say 0.73% 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%	-0.81
2%	1.52

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 31st December 2014, the liquidity need over 180 days is null and thus covered.

Paris, 13th February 2015.