

## Asset Quality Report As of 31<sup>st</sup> March 2015

*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 31<sup>st</sup> March 2015, 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	4 869
Loans to developers	
Other loans	
<b>Total</b>	<b>4 869</b>

Counterparty types	Outstanding balance (in M€)
Non-financial companies and individual entrepreneurs	
Individuals	4 869
Other	
<b>Total</b>	<b>4 869</b>

Guarantee types	Outstanding balance (in M€)
Residential mortgage	911
Business mortgage	
Guarantee ( <i>cautionnement</i> ) granted by a credit institution	3 958
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>4 869</b>

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	451	460	911
Guarantee ( <i>cautionnement</i> ) granted by credit institution	2 424	1 534	3 958
<b>Total</b>	<b>2 875</b>	<b>1 995</b>	<b>4 869</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	17	419	103	2 384
2007	35	987	258	5 504
2008	38	1 054	322	6 784
2009	43	950	438	8 167
2010	47	986	689	11 776
2011	67	1 704	773	14 499
2012	110	2 314	451	8 294
2013	316	4 948	641	9 798
2014	239	3 841	285	4 357
<b>Total</b>	<b>911</b>	<b>17 203</b>	<b>3 958</b>	<b>71 563</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	175	1	1 280
1	1	221	11	1 519
2	5	432	29	2 367
3	8	461	47	2 474
4	12	558	68	2 949
5	12	481	103	3 560
6	15	525	137	3 748
7	31	824	155	3 791
8	41	1 202	184	4 097
9	54	1 977	198	4 551
10	20	450	183	3 382
11	35	711	269	4 505
12	41	821	249	4 111
13	65	1 100	271	3 886
14	86	1 297	283	3 815
15	18	280	191	2 408
16	26	405	240	3 066
17	32	493	196	2 560
18	58	717	190	2 321
19	104	1 228	241	2 800
20	17	255	165	1 927
21	20	287	211	2 396
22	28	395	133	1 656
23	66	695	106	1 234
24	112	1 160	94	1 080
25	4	50	5	71
26	0	2	0	8
27	0	1	0	1
28	-	-	-	-
29	-	-	-	-
30	-	-	-	-
<b>Total</b>	<b>911</b>	<b>17 203</b>	<b>3 958</b>	<b>71 563</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 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 an outstanding credit balance of EUR 15 962 as of 31<sup>st</sup> March 2015.

**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 31<sup>st</sup> March 2015, 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 31<sup>st</sup> March 2015, the market value of the portfolio is EUR 113 566 882. After ECB haircut, the value as replacement assets is EUR 111 575 098.

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

## 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 112 947 as of 31<sup>st</sup> March 2015.

## V - Prepayments

The annualized prepayment rate calculated on the basis of home loan portfolio for the first quarter 2015 is 12.78%.

## 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 31<sup>st</sup> March 2015, 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 0.85 million for a 200 bps move, that is to say 0.40% of the capital of La Banque Postale Home Loan SFH (taking into account a 5% per year prepayment rate in the Cover Pool).

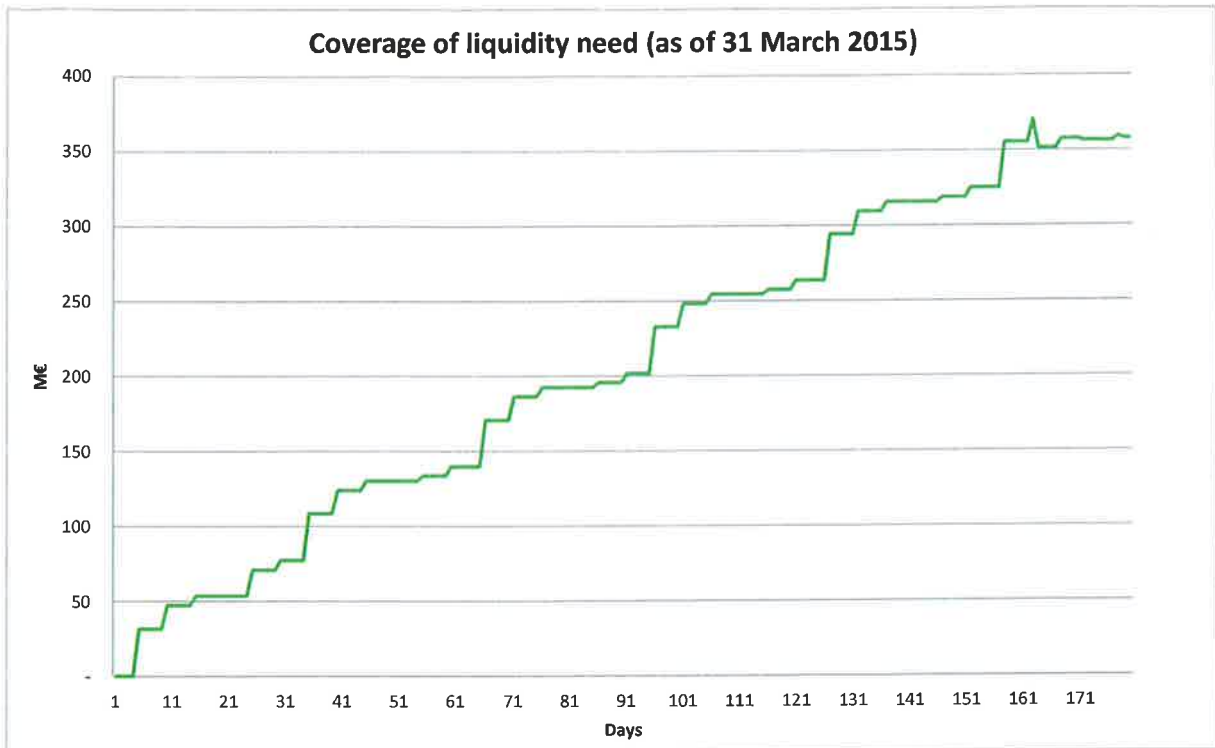
Sensitivity to interest rate variation	M€
-2%	-0.36
2%	0.85

## 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 31<sup>st</sup> March 2015, the liquidity need over 180 days is null and thus covered.



Paris, 13<sup>th</sup> May 2015.