



HOME LOAN SFH

LA BANQUE POSTALE HOME LOAN SFH

Annual financial Report

31 december 2014

The English language version of this report is a free translation from the original, which was prepared in French. All possible care has been taken to ensure that the translation is an accurate presentation of the original. However, in all matters of interpretation, views or opinion expressed in the original language version of the document in French take precedence over the translation.

**Annual financial Report
31 december 2014**

1. Management report

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Management report

1. THE COMPANY'S POSITION AND BUSINESS DURING THE 2014 FINANCIAL YEAR

➤ *Presentation of the Company*

The Company was founded on 26 April 2010 in the form of a share-based simplified limited company under the name Galliéni SF2-3 and, by a decision taken at the Extraordinary General Meeting of the shareholders, was changed into a public limited company on 7 February 2013.

The Company filed with the *Autorité de Contrôle Prudentiel* (French Prudential Control Authority) an application for approval to carry on a business as a housing finance company and received final approval from the French Prudential Control and Resolution Authority on 18 July 2013. Then, after the Capital Requirements Regulation (CRR) European Regulation came into force, the Company acquired the status of a specialised credit institution as from 1 January 2014.

On 10 January 2014, the Company's capital was increased to 90 million euros, thereby rising from 120 million to 210 million euros, divided into 9 million shares each with a par value of 10 euros.

On 12 May 2014, Ms Florence Lustman was co-opted to the position of director to replace Mr Yves Brassart, who resigned, and appointed as Chairman of the Board of Directors for her term of office as director. On this same date, Mr Sarrus was appointed Deputy CEO by the Board of Directors, on the proposal of the CEO, to replace Mr Yves Brassart, employee director in the meaning of the provisions of Article L. 511-13 of the French Monetary and Financial Code.

➤ *The Company's business in 2014*

The funds deriving from the capital increase of 90 million euros made on 10 January 2014 were replaced with La Banque Postale in the form of collateralised loans, the characteristics of which are as follows:

Loan identifier	Currency	Nominal amount	Settlement date	Maturity	Rate
AK1	EUR	9,000,000	10/01/2014	10/01/2015	0.45%
AK2	EUR	9,000,000	10/01/2014	10/01/2016	0.52%
AK3	EUR	9,000,000	10/01/2014	10/01/2017	0.71%
AK4	EUR	9,000,000	10/01/2014	10/01/2018	1.01%
AK5	EUR	9,000,000	10/01/2014	10/01/2019	1.30%
AK6	EUR	9,000,000	10/01/2014	10/01/2020	1.57%
AK7	EUR	9,000,000	10/01/2014	10/01/2021	1.86%
AK8	EUR	9,000,000	10/01/2014	10/01/2022	2.07%
AK9	EUR	9,000,000	10/01/2014	10/01/2023	2.25%
AK10	EUR	9,000,000	10/01/2014	10/01/2024	2.44%
Total		90,000,000			

The net after-tax earnings for the 2013 financial year, retained, and the funds deriving from the repayment of the OAT 25 April 2014 (*Obligation Assimilable du Trésor*, a bond issued by the State) and the portion of the interest paid on the bond portfolio held by the Company not used to fund the

Company's working capital requirements were replaced with La Banque Postale in the form of collateralised loans, the characteristics of which are as follows:

Loan identifier	Currency	Nominal amount	Settlement date	Maturity	Rate
AK11	EUR	288,000	25/04/2014	10/12/2014	0.49%
AK12	EUR	288,000	25/04/2014	10/01/2016	0.52%
AK13	EUR	288,000	25/04/2014	10/01/2017	0.64%
AK14	EUR	288,000	25/04/2014	10/01/2018	0.84%
AK15	EUR	288,000	25/04/2014	10/01/2019	1.07%
AK16	EUR	288,000	25/04/2014	10/01/2020	1.28%
AK17	EUR	288,000	25/04/2014	10/01/2021	1.52%
AK18	EUR	288,000	25/04/2014	10/01/2022	1.72%
AK19	EUR	288,000	25/04/2014	10/01/2023	1.89%
AK20	EUR	12,018,000	25/04/2014	10/01/2024	2.06%
Total		14,610,000			

Over 2014, the end-of-months balances in sight deposit accounts are the following:

Date	Post office account (POA) (in €)	BdF current account (in €)
31/12/2013	378,890.54	1,848.40
31/01/2014	338,208.34	2,196.80
28/02/2014	316,557.40	2,043.60
31/03/2014	287,503.00	1,892.80
30/04/2014	273,921.51	1,941.20
31/05/2014	36,583.42	1,788.80
30/06/2014	(15,356.69)	1,635.60
31/07/2014	(309,484.29)	1,483.87
31/08/2014	(319,569.01)	1,332.12
30/09/2014	(5,735.70)	1,679.61
31/10/2014	(49,579.66)	18,335.79
30/11/2014	(295,880.34)	7,385.59
31/12/2014	(273,400.12)	7,230.97

The Company therefore regularly used the authorised overdraft (limited to -500,000 euros) on its POA account to fund its working capital requirements, in return for the strict management of its financial risks.

On 10 June 2014, the Company obtained certificate No. 14-286 from the Financial Markets Authority on the updated basic prospectus concerning an EMTN and Namens issue programme of 10 billion euros. It should be noted that this new basic prospectus will henceforth be in retail format so as to meet the requirements arising from the CRR/CRD IV relating to credit institutions and to funds repayable from the public.

With regard to the legal obligations arising from the use of a retail format, the Company published its half-yearly financial statements in French and in IFRS with the publication of a supplement to the basic prospectus that received certificate No. 14-503.

At the end of 2013, the Company obtained the renewal of the Covered Bond Label from the European Covered Bond Council (ECBC) for 2014, and therefore renewed its membership of the "the Covered Bond Label Foundation", the aim of which is to promote standards of quality and transparency on the European market for covered bonds.

Within the scope of the programme and pursuant to Article R. 515-13, IV of the French Monetary and Financial Code, the Board of Directors decided on the maximum amount of quarterly issuance programmes as follows:

- 1.5 billion euros or the euro counter-value of issues in foreign currencies for the first quarter of 2014;
- 1.2 billion euros or the euro counter-value of issues in foreign currencies for the second quarter of 2014;
- 1.15 billion euros or the euro counter-value of issues in foreign currencies for the third quarter of 2014;
- 1.125 billion euros or the euro counter-value of issues in foreign currencies for the fourth quarter of 2014.

During the first quarter of 2014, 750 million euros of the programme were used by a public issue on 8 January 2014 for 750 million euros for ten years at a fixed rate.

During the third quarter of 2014, 160 million euros of the programme were used by five equity funds put on the market at a fixed rate:

- a 15-year issue for 25 million euros in Namens format;
- a 17-year issue for 10 million euros in Namens format;
- a 25-year issue for 50 million euros in Namens format;
- a 12-year issue for 10 million euros in Namens format;
- a 22-year issue for 65 million euros in EMTN format.

During the fourth quarter of 2014, 200 million euros of the programme were used by a private equity fund put on the market at a fixed rate for 200 million euros for 12 years in EMTN format.

In all, for 2014, the Company issued 1 billion 110 million euros as part of its Covered Bonds programme:

Range	Tranche	ISIN	Currency	Amount (euros)	Settlement date	Maturity	Term (in years)	Coupon
5	1	FR0011688464	EUR	750,000,000	15/01/2014	15/01/2024	10	2.375%
RCB1		NSVS001	EUR	25,000,000	08/09/2014	10/09/2029	15	1.650%
RCB2		NSVS002	EUR	10,000,000	12/09/2014	12/09/2031	17	1.895%
RCB3		NSVS003	EUR	50,000,000	19/09/2014	19/09/2039	25	2.126%
RCB4		NSVS003	EUR	10,000,000	23/09/2014	23/09/2026	12	1.515%
6	1	FR0012174399	EUR	65,000,000	26/09/2014	26/09/2036	22	2.103%
7	1	FR0012348969	EUR	200,000,000	28/11/2014	19/01/2026	12	1.000%
Total				1,110,000,000			11.93	

2. MAIN RISKS AND UNCERTAINTIES AND RISK MANAGEMENT SYSTEM

1.1 Market risk:

In accordance with its articles of association that prohibit any activity which does not strictly correspond to its corporate purpose, La Banque Postale Home Loan SFH has no market activity. It has no trading portfolio, neither through its main business (issuing special resources) nor through managing

its residual cash. Finally, it has no foreign exchange risk and, as consequently, the banking portfolio market risk is also non-existent.

1.2 Interest rate and liquidity risk:

By construction, the preferential liabilities of La Banque Postale Home Loan SFH are fully secured by its assets, made up of collateralised loans granted to La Banque Postale.

The rate and liquidity risks of La Banque Postale Home Loan SFH are limited to replacing the equity. This risk is currently low. In fact, the Company has adopted an equity depreciation convention which is reflected in fixed-rate investments corresponding to the replacement of the company's equity.

Apart from this residual exposure, the company is not exposed to any rate and liquidity risk.

3. RESEARCH AND DEVELOPMENT ACTIVITIES

In accordance with the provisions of Article L. 232-1 of the French Commercial Code, we remind you that our Company has no activity in the field of research and development.

4. RESULTS – APPROPRIATION

4.1. Presentation of the Company's financial statements

The annual financial statements for the financial year ended on 31 December 2014 that we are submitting for your approval were drawn up in compliance with the rules on presentation and the assessment methods laid down by the regulations in force.

The collateralised loans granted by the Company to La Banque Postale are backed in nominal and maturity terms by preferential resources: a fixed margin is applied to the fixed rate of the loans aimed at covering the Company's fixed expenses on the basis of a 10 billion euro issue programme. The primary and secondary expenses attached to the secured issues are reflected on the collateralised loans.

The services provided by La Banque Postale on behalf of the Company are re-invoiced to the Company on the basis of their cost price.

The gross operating income for the 2014 financial year came to 1,963,000 euros and basically arises from:

- 2,761,000 euros from the interest derived from capital replacement;
- 574,000 euros from the net interest derived from secured issues and collateralised loans;
- 1,330,000 euros from general operating expenses.

Pre-tax earnings are at the same level as the gross operating income in the absence of any provision.

Income tax came to 666,000 euros.

In view of these elements, net earnings for the financial year were a profit of 1,297,000 euros.

At 31 December 2014, the Company's balance sheet total came to 2,452,189,000 euros and equity to 211,479,000 euros.

The income statement stipulated by Article R. 225-102 of the French Commercial Code is attached to this report as Appendix 1.

4.2. Proposed appropriation of the earnings.

We propose the appropriation of earnings for the financial year ended on 31 December 2014, which come to 1,297,199.68 euros, and break down as follows:

Profit for the financial year	€1,297,199.68
Allocation to the legal reserve	€64,859.98
Retained earnings	€172,786.96
Total for distribution	€1,405,126.66
Appropriation:	
- as dividends	€0
- the balance of the line item "Retained earnings"	€1,405,126.66

4.3. Reminder of the dividends previously paid

In compliance with Article 243(a) of the French General Tax Code, we would remind you that no dividends were paid for the past three financial years.

4.4. Non-deductible expenditures

In accordance with the provisions of Articles 223 quater and 223 quinquies of the French General Tax Code, we stress that, during the past financial year, there were no tax-deductible expenses and charges as laid down in Article 39-4 of the said Code nor were any overheads reintegrated pursuant to Article 39-5 of the French General Tax Code.

4.5. Information on our suppliers' payment deadlines

In compliance with Article D. 441-4 of the French Commercial Code, the breakdown by due date of the balance of trade payables at closure of the financial year and at closure of the previous financial year is given hereafter:

(€ '000s)	-30 days		Between 30 and 60 days		More than 60 days		Total incl. tax	
	2014	2013	2014	2013	2014	2013	2014	2013
Balance of trade payables	13	62	0	0	0	0	13	62

4.6. Cover pool

The preferential liabilities of La Banque Postale Home Loan SFH are secured by La Banque Postale providing a home loan pool as guarantee, the Cover Pool.

The Cover Pool is recorded off-balance sheet in "other securities received as pledges" in an amount of 3,995,551,000 euros.

The following are the main characteristics of the Cover Pool:

Capital outstanding: 3,995 million euros
Number of loans: 70,009
Average outstanding capital: 57,071 euros

Breakdown by pledge:

Type of pledge	Breakdown by number	Breakdown by outstanding
First mortgage	3.2%	2.3%
First Lender's Lien	11.2%	10.4%
Home Loan Guarantee	85.6%	87.3%

4.7. Annual return on assets

The annual returns on assets, calculated by dividing net earnings (1,297,000 euros) by the balance sheet total (2,452 million euros), is 0.05%.

5. SIGNIFICANT EVENTS WHICH HAVE OCCURRED SINCE THE END OF THE YEAR

There was no significant event to report after the end of the year.

6. FORESEEABLE CHANGES AND OUTLOOK FOR THE 2015 FINANCIAL YEAR

For the 2015 financial year, the Company is contemplating issuing up to 1.5 billion euros of preferential resources, in the form of Euro Medium Term Notes (EMTN) and Namens.

7. SUBSIDIARIES, PURCHASE AND SALE OF SHAREHOLDINGS

In compliance with the provisions of the law, the Company does not hold any shares.

8. INFORMATION ON ESTABLISHMENTS AND BUSINESS (INFORMATION IN RESPECT OF ARTICLES L. 511-45 AND R. 511-16-2 OF THE FRENCH MONETARY AND FINANCIAL CODE)

The sole business of La Banque Postale Home Loan SFH is the refinancing of La Banque Postale's home loans.

The Company's business is carried out exclusively in France. The Company has no direct business in other countries.

Table 1 - Establishment by country	
Name of establishments	La Banque Postale Home Loan SFH
Nature of the business	Refinancing of home loans
Geographic location	FRANCE: 115 rue de Sèvres – 75275 Paris Cedex 06

Table 2 - Establishment by country (2014 financial year)	
State	France
GNP	€3,293,000
Workforce	0
Pre-tax profit (corporation tax and other operating taxes)	€2,147,000
Amount of corporation tax – Current taxes	€668,000
Public subsidies received	None

9. DELEGATIONS WITH REGARD TO CAPITAL INCREASES

In accordance with the provisions of Article L. 225-100, sub-paragraph 7 of the French Commercial Code, we would inform you that the General Meeting did not delegate any powers and/or grant any competences to the Board of Directors with regard to capital increases pursuant to the provisions of Articles L. 225-129-1 and L. 225-129-2 of the said code, currently in force.

10. CAPITAL OWNERSHIP (INFORMATION IN RESPECT OF ARTICLE L. 225-100-3 OF THE FRENCH COMMERCIAL CODE)

At 31 December 2014, La Banque Postale held 20,999,994 shares out of the 21,000,000 shares making up the Company's share capital, i.e. 99.99% of the share capital. Six natural persons each hold one share.

There is no other element likely to have an effect in the event of a public offering pursuant to Article L. 225-100-3 of the French Commercial Code.

11. TRANSACTIONS CARRIED OUT BY THE COMPANY ON ITS OWN SHARES

We inform you that, pursuant to the provisions of Article L. 225-211 of the French Commercial Code, the Company did not carry out any of the transactions referred to in Articles L. 225-208 and L. 225-209 of said Code.

12. REGULARISATION OF CROSS SHAREHOLDINGS

We inform you that, pursuant to the provisions of Article R. 233-19 of the French Commercial Code, the Company did not carry out any regularisation falling within the provisions of Articles L. 233-29 and L. 233-29 of said Code.

13. ISSUE OF TRANSFERABLE SECURITIES GIVING ACCESS TO THE CAPITAL

We inform you that, pursuant to the provisions of Article R. 228-90 of the French Commercial Code, the Company did not issue any transferable Securities giving access to the capital.

14. EMPLOYEE SHAREHOLDING

As the Company does not have any employees, there is no employee shareholding.

15. AGREEMENTS REFERRED TO IN ARTICLE L. 225-38 OF THE FRENCH COMMERCIAL CODE

We have given the Statutory Auditors all information of use to them to enable them to present their special report on the agreements referred to in Article L. 225-38 of the French Commercial Code.

We also inform you that, in accordance with ordinance 2014-863 dated 31 July 2014, the Board of Directors, at its meeting of 3 December 2014, noted that the agreements entered into by the Company and La Banque Postale and authorised by the Board on 4 July 2013 will henceforth be excluded from the field of application of the agreements referred to in Article L. 225-38 of the French Commercial Code and decided not to re-examine these agreements.

16. SITUATION REGARDING THE DIRECTOR'S TERMS OF OFFICE

We remind you that the Board of Directors at its meeting of 15 October 2014 decided to co-opt Ms Sophie Renaudie, as well as Messrs Serge Bayard and Mathieu Cheula to the position of director to replace, respectively, Messrs Pierre-Manuel Sroczynski, François Géronde and Yann Coupris, who resigned. Consequently, you are asked to kindly ratify these decisions.

In accordance with the provisions of Article L. 225-102-1 of the French Commercial Code, we remind you that Appendix 2 of this report gives the list of the corporate appointments and terms of office of each director during the preceding financial year.

17. INFORMATION ON THE REMUNERATION OF THE CORPORATE OFFICERS

In accordance with the provisions of Article L. 225-102-1 of the French Commercial Code, we are obliged to report on the total remuneration (fixed, variable and exceptional elements) including in the form of the allocation of capital securities, debt securities or securities giving access to the capital or to the allocation of debt securities and benefits of any nature paid during the preceding financial year to each corporate officer holding at least one corporate appointment in a company whose securities are accepted for trading on a regulated market, as well as the criteria according to which they were calculated or the circumstances by virtue of which they were established.

We are also obliged to report on commitments of any nature made by the Company to the benefit of its corporate officers holding at least one corporate appointment in a company whose securities are accepted for trading on a regulated market, corresponding to the remuneration elements, allowances or benefits due or likely to become due as a result of taking up, ceasing or changing these duties or subsequent to them, as well as the methods for determining these commitments.

As such, we would inform you that La Banque Postale Home Loan SFH has paid neither remuneration, nor benefits in kind, nor attendance fees to its corporate officers during the 2014 financial year.

No share purchase or subscription plan was set up within the Company.

The corporate officers carry out their main activity as an employee or corporate officer of La Banque Postale, the company which controls La Banque Postale Home Loan SFH and, as such, are paid a remuneration and, if appropriate, benefits.

Mr Yves Brassart (director and Chairman of the Board of Directors of the Company until 12 May 2014) and member of the Management Board of La Banque Postale until 7 April 2014 and Mr Marc Batave, member of the Management Board of La Banque Postale, were paid the following remuneration in 2014:

- Marc Batave: a fixed remuneration of 265,000 euros plus a variable portion of 90,755 euros;
- Yves Brassart: a fixed remuneration of 81,667 euros plus a variable portion of 65,415 euros.

Furthermore, they benefitted from being affiliated to a health and provident insurance scheme and had a company car.

18. STATUTORY AUDITORS' FEES

The fees paid to the Statutory Auditors for the 2014 financial year (excluding tax) break down as follows:

- for the legal accounts auditing mission: 35,000 euros;
- for other missions: 26,000 euros.

19. INJUNCTIONS OR FINANCIAL PENALTIES FOR ANTI-COMPETITIVE PRACTICES

NA

20. SOCIAL AND ENVIRONMENTAL INFORMATION

As a company issuing bonds admitted for trading on the Paris Euronext regulated market, La Banque Postale Home Loan SFH S.A. is subject to the corporate social and environmental responsibility disclosure and verification obligations for the financial year ended on 31 December 2014, set out in Articles L.225-102-1, R.225-104, R.225-105-1 of the French Commercial Code and L.511-35 of the French Monetary and Financial Code.

In addition you are informed that the Company does not refer in this report to a national or international set of social and environmental reporting guidelines, due to the nature of its business of issuing bonds to finance sheltered housing.

As an authorised representative, La Banque Postale's departments are entrusted with management of the Company. Accordingly, its social, environmental and community issues, as applicable under the regulations, are completely under the control of this entity and are presented in its management report.

➤ ***Social information***

The Company does not have any employees. Consequently, the social responsibility disclosures referred to in Article R.225-105-1 of the French Commercial Code do not apply.

➤ ***Environmental information***

The Company does not have any premises. Furthermore, the Company is not engaged in any activities that may generate pollution, are classified as risky or that may lead to the financing of pollution-generating activities. The Company is not engaged in any dispute with regard to the environment. Consequently, the environmental responsibility disclosures referred to in Article R.225-105-1 of the French Commercial Code do not apply.

➤ ***Community information***

With regard to fair practices, La Banque Postale's business ethics, anti-corruption and integrity measures, including dedicated training sessions, apply to transactions carried out on the Company's behalf. Further information is available in the "Management of extra-financial risks" section of La Banque Postale's management report.

As the Company has no employees, suppliers or sub-contractors other than the usual service providers operating within the scope of issues, partnerships or sponsorships, or again dialogue with stakeholders other than La Banque Postale entities, the other community responsibility disclosures referred to in Article R.225-105-1 of the French Commercial Code do not apply.

21. AMENDMENTS TO THE ARTICLES OF ASSOCIATION

It is suggested that you amend the Company's articles of association to take into account that the different texts transposing CRD IV have come into force, and have led to a change in the provisions of the French Monetary and Financial Code applicable to the Company. As regulation 97-02 has been revoked and replaced by the decision of 3 November 2014 on the internal control of companies in the banking sector, payment services and investment services subject to the French Prudential Control and Resolution Authority, the articles of association should also be amended.

These amendments to the articles of association also make it possible to clarify certain statutory provisions by supplementing them or by adapting them in order for the Company to function better. Some amendments are also proposed as a mere formality.

We hope that you will approve the foregoing proposals and that you will be kind enough to vote on the resolutions submitted to you.

The Board of Directors

APPENDIX 1

SUMMARY OF THE LAST FIVE FINANCIAL YEARS

(€ '000)	2010	2011	2012	2013	2014
Financial position					
Share capital	40	40	40	120,000	210,000
Number of shares	4,000	4,000	4,000	12,000,000	21,000,000
Comprehensive income					
Revenue	-	-	-	7,567	45,717
Earnings before charges, corporation tax, provisions for depreciation and amortisation and net provisions	(2)	(2)	(3)	278	1,963
Income tax				(96)	(666)
Earnings before charges, corporation tax, provisions for depreciation and amortisation and provisions	(2)	(2)	(3)	182	1,297
Distributed profits (proposal)					
Earnings reduced to one share					
Earnings after charges, corporation tax, before provisions for depreciation and amortisation and provisions	(0.00058)	(0.00060)	(0.00071)	0.00002	0.00009
Earnings after charges, corporation tax, provisions for depreciation and amortisation and provisions	(0.00058)	(0.00060)	(0.00071)	0.00002	0.00009
Distributed profits (proposal)					
Employees					
Average workforce	-	-	-	-	-
Amount of the payroll	-	-	-	-	-
Amount of the sums paid as social benefits (social welfare, charitable works, etc.)	-	-	-	-	-

APPENDIX 2

LIST OF CORPORATE APPOINTMENTS AND TERMS OF OFFICE OF THE CORPORATE OFFICERS DURING THE FINANCIAL YEAR CLOSED ON 31 DECEMBER 2014

Ms Florence Lustman, Chairman of the Board of Directors, since 12 May 2014:

- Financial Director of La Banque Postale (public limited company with a management board).
- Member of the Supervisory Board and the Audit Committee of La Banque Postale Asset Management (public limited company with a management board) since 28 May 2014.
- Director and member of the Audit Committee of La Banque Postale Assurance IARD (public limited company) since 3 June 2014.
- Member of the Supervisory Board and the Audit Committee of La Banque Postale Financement (public limited company with a management board) since 24 July 2014.
- Director since 28 May 2014 and CEO of SF2 (public limited company) since 27 June 2014.
- Permanent representative of SF2, director since 7 May 2014, Chairman of the Audit Committee and member of the Finance Committee of La Banque Postale Prévoyance (public limited company) since 19 June 2014.

Mr Stéphane Magnan, CEO:

- Financial Operations Director of La Banque Postale (public limited company with a management board).
- Member of the Supervisory Board of La Banque Postale Structured Asset Management (simplified limited company).

Mr Olivier Sarrus, Deputy CEO, since 12 May 2014:

- Manager of cross-divisional activities in the Financial Operations Division of La Banque Postale (public limited company with a management board).

Mr Marc Batave, permanent representative of La Banque Postale, director:

- General Secretary and member of the Management Board of La Banque Postale (public limited company with a management board).
- Chairman of the Administration Committee and Chairman of the Audit and Risk Committee of the Banque Postale Crédit Entreprises (simplified limited company).
- Member of the Supervisory Board and the Remunerations Committee of La Banque Postale Gestion Privée (public limited company with a management board).
- Director and Chairman of the Financial Committee of La Banque Postale Assurances IARD (public limited company).
- Director of La Banque Postale Collectivités locales (public limited company).
- Member of the Supervisory Board of La Banque Postale Financement (public limited company with a management board).
- Deputy Chairman of the Board of Transactis (simplified limited company).
- Chairman of the Administration Committee of Titres Cadeaux (simplified limited company).
- Permanent representative of SF2 on the Board of Directors of Tocqueville Finance Holding (simplified limited company).
- Permanent representative of La Banque Postale on the Supervisory Board of XAnge Private Equity (public limited company with a management board).
- Permanent representative of La Banque Postale on the Board of Directors, Chairman of the Audit and Risks Committee and member of the Remunerations and Nomination Committee of BPE (public limited company).

- Chairman of the Supervisory Board and member of the Remunerations Committee of SOFIAP (public limited company with a management board).
- Permanent representative of La Banque Postale on the Board of OCBF (association) and the Committee of L'adresse Musée de La Poste (association).
- Member of the Supervisory Board of the Fonds de Garantie des Dépôts, Fonds de Garantie.

Mr Serge Bayard, director and Chairman of the Audit Committee since 15 October 2014:

- Director of Companies and Regional Development at La Banque Postale (public limited company with a management board).
- Chairman of La Banque Postale Crédit Entreprises (simplified limited company).
- Chairman of the Board of Directors of La Banque Postale Collectivités locales (public limited company).

Mr Mathieu Cheula, director since 15 October 2014:

- Director of Management Control at La Banque Postale (public limited company with a management board).
- Director and Treasurer of L'Envol, the La Banque Postale campus (association).
- Permanent representative of SF2, director, at La Banque Postale Conseil en Assurances (public limited company).
- Member of the Audit Committee of Transactis (simplified limited company).
- Member of the Administration Committee of La Banque Postale Crédit Entreprises (simplified limited company).

Mr Yann Coupris, director until 2 October 2014:

- Accounting Director of La Banque Postale (public limited company with a management board).
- Permanent representative of La Banque Postale, director of SF2 until 9 October 2014 (public limited company).

Mr François Géronde, director and Chairman of the Audit Committee until 1 October 2014:

- Risk Director of La Banque Postale (public limited company with a management board).

Ms Sophie Renaudie, director and member of the Audit Committee since 15 October 2014:

- Balance Sheet Management Director of La Banque Postale (public limited company with a management board).
- Director and Chairman of the Audit and Compliance committee of Tocqueville Finance SA (public limited company).
- Director of Tocqueville Finance Holding (simplified limited company).
- Member of the Administration Committee of La Banque Postale Immobilier Conseil (simplified limited company).
- Director and Deputy CEO of SF2 (public limited company).
- Director and member of the Audit and Risks Committee of BPE (public limited company).
- Permanent representative of La Banque Postale, member of the Supervisory Board of La Banque Postale Gestion Privée (public limited company with a management board).
- Chairman of Galliéni SF2-5 (simplified limited company) until 24 June 2014.
- Chairman of Galliéni SF2-6 (simplified limited company) since 17 April 2014.
- Chairman of Issy LBP (simplified limited company) since 24 June 2014.

Mr Dominique Rouquayrol de Boisse, director and member of the Audit Committee:

- Legal Director of La Banque Postale (public limited company with a management board).

Mr Pierre-Manuel Sroczynski, director and member of the Audit Committee until 1 October 2014:

- Director of Compliance and Permanent Control of La Banque Postale (public limited company with a management board).
- Chairman of the Supervisory Board of AM LAB (SCA) until 25 June 2014.

LA BANQUE POSTALE HOME LOAN SFH

ANNUAL FINANCIAL STATEMENTS IFRS

31 December 2014

Balance sheet

(€ '000s)	Notes	31/12/2014	31/12/2013
<u>ASSETS</u>			
Cash and central banks	2.1	7	2
Financial assets at fair value through profit and loss			
Hedging derivatives			
Financial assets available for sale			
Loans and receivables - credit institutions	2.2	2 345 480	1 118 502
Loans and receivables - customers			
Revaluation differences on interest rate risk hedged portfolios			
Financial assets held to maturity	2.3	106 694	120 243
Current tax assets			
Deferred tax assets			
Accruals and other assets	2.4	4	
Non-current assets held for sale			
Deferred profit-sharing			
Investments in associates			
Investment properties			
Property, plant and equipment			
Intangible assets		4	
Total		2 452 189	1 238 747
<u>LIABILITIES</u>			
Central banks			
Financial liabilities at fair value through profit and loss			
Hedging derivatives			
Payables - credit institutions	2.5	273	
Payables - customers			
Debt represented by a security	2.6	2 239 476	1 117 960
Revaluation differences on interest rate risk hedged portfolios			
Current tax liabilities	2.7	574	96
Deferred tax liabilities			
Debts linked to non-current assets held for sale			
Accruals and other liabilities	2.8	386	510
Provisions			
Subordinated debt			
EQUITY		211 479	120 182
Equity capital		210 000	120 000
Issue and transfer premiums			
Legal		9	
Retained earnings		173	
Gains and losses recognised directly in equity			
Profit (loss) for the period		1 297	182
Total		2 452 189	1 238 747

Net profit

(€ '000s)	Notes	31/12/2014	31/12/2013
Interest and similar income	3.1	45 718	7 567
Interest and similar expense	3.1	(42 383)	(6 779)
Commissions (income)			
Commissions (expenses)	3.2	(3)	(1)
Net gains or losses on financial instruments at fair value through profit and loss			
Net gains and losses on assets available for sale			
Income from other activities	3.3	5	
Expenses from other activities	3.3	(43)	(22)
NET BANKING INCOME		3 293	765
General operating expenses	3.4	(1 330)	(487)
Net depreciation, amortisation and impairments of tangible and intangible non-current assets			
GROSS OPERATING INCOME		1 963	278
Cost of risk			
OPERATING PROFIT		1 963	278
Net gains and losses on other assets			
PROFIT BEFORE TAX		1 963	278
Income tax	3.5	(666)	(96)
NET INCOME		1 297	182
<i>BASIC EARNINGS PER ORDINARY SHARE (in euros)</i>		<i>0.06</i>	<i>0.02</i>
<i>DILUTED EARNINGS PER ORDINARY SHARE (in euros)</i>		<i>0.06</i>	<i>0.02</i>

Statement of net profit and gains and losses recognised directly in equity

(€ '000s)	31/12/2014	31/12/2013
NET INCOME	1 297	182
Recyclable items under net profit		
Translation differences		
Revaluation of financial assets available for sale		
<i>Change in revaluation reserves</i>		
<i>Reclassification under net profit</i>		
<i>Deferred tax</i>		
Revaluation of hedging derivatives		
<i>Change in reserves</i>		
<i>Recycling under net profit</i>		
<i>Deferred tax</i>		
Non-recyclable items under net profit		
Actuarial differences under defined schemes		
Other changes		
Deferred tax		
TOTAL GAINS AND LOSSES RECOGNISED DIRECTLY IN EQUITY NET OF TAXES	1 297	182

Statement of changes in equity capital

	Capital ⁽¹⁾	Issue premium	Legal reserves, retained earnings and other reserves	Gains or losses, net of tax, recognised directly in equity		Net profit	Equity
				Actuarial differences	Translation reserves, Change in fair value of financial instruments		
(€ '000s)							
Equity capital as at 31 December 2012 (N-2)	40	4	(1)			(3)	40
Capital increase	119 960						119 960
Allocation of N-2 net profit		(4)	1			3	
Dividend N-1 paid for N-2 net profit							
Sub-total of movements linked to relations with shareholders	119 960	(4)	1	-	-	3	119 960
Changes in gains and losses recognised directly in equity							
Net profit 31.12.2013 (N-1)						182	182
Sub-total	-	-	-	-	-	182	182
Other changes	-	-	-	-	-	-	-
Equity capital as at 31 December 2013 (N-1)	120 000	0	-	-	-	182	120 182
Capital increase	90 000						90 000
Allocation of N-1 net profit			182			(182)	-
Dividend N paid for N-1 net profit							-
Sub-total of movements linked to relations with shareholders	90 000	-	182	-	-	(182)	90 000
Changes in gains and losses recognised directly in equity							
Net profit 31/12/2014 (N)						1 297	1 297
Sub-total	-	-	-	-	-	1 297	1 297
Other changes	-	-	-	-	-	-	-
Equity capital as at 31/12/2014	210 000	0	182	-	-	1 297	211 479

As at 31 December 2014 the equity capital of La Banque Postale Home Loan SFH was made up of 21,000,000 shares with a par value of €10.

Cash flow statement

The cash flow statement is presented according to the indirect method model.

Investment activities represent cash flows for the acquisition and disposal of financial assets held to maturity and tangible and intangible assets.

Financing activities result from changes associated with financial structure transactions involving equity and subordinated debt.

Operating activities include those cash flows that fall outside the two previous categories.

The concept of net cash includes cash, receivables and payables to central banks, as well as demand deposit accounts (assets and liabilities) held by credit institutions.

(€ '000s)	31/12/2014
Profit before tax	1 963
+/- Net depreciation and amortisation of tangible and intangible non-current assets	
+/- Net provisions and impairment charges	
+/- Net losses or gains on investment activities	
+/- Net losses or gains on financing activities	
+/- Other movements	(8 359)
= Total non-cash items included in net pre-tax profit and other adjustments	(8 359)
+/- Cash flows relating to transactions with credit institutions	(1 207 607)
+/- Cash flows relating to customer transactions	
+/- Cash flows relating to other transactions that have an impact on financial assets or liabilities	1 123 244
+/- Cash flows relating to other transactions that have an impact on non-financial assets or liabilities	316
- Taxes paid	(200)
= Net decrease/increase in assets and liabilities arising from operating activities	(84 247)
TOTAL NET CASH FLOWS GENERATED BY OPERATING ACTIVITIES (A)	(90 643)
+/- Flows linked to financial assets and investments	(4)
+/- Flows linked to investment properties	
+/- Flows linked to tangible and intangible non-current assets	
TOTAL NET CASH FLOWS GENERATED BY INVESTMENT ACTIVITIES (B)	(4)
+/- Cash flows from or to shareholders	90 000
+/- Other net cash flows from financing activities	
TOTAL NET CASH FLOWS GENERATED BY FINANCING ACTIVITIES (C)	90 000
IMPACT OF CHANGES IN EXCHANGE RATES ON CASH AND CASH EQUIVALENTS (D)	
Net increase (decrease) in cash and cash equivalents (A+B+C+D)	(647)
Net cash flows generated by operating activities (A)	(90 643)
Net cash flows generated by investment activities (B)	(4)
Net cash flows generated by financing activities (C)	90 000
Impact of changes in exchange rates and methods on cash and cash equivalents (D)	
Opening cash and cash equivalents	381
Cash and central banks (assets and liabilities)	2

Current accounts (assets and liabilities) and overnight loans with credit institutions	379
<i>Current accounts and overnight loans with credit institutions - ASSETS</i>	379
<i>Current accounts and overnight loans with credit institutions - LIABILITIES</i>	
Opening cash and cash equivalents	(266)
Cash and central banks (assets and liabilities)	7
Current accounts (assets and liabilities) and overnight loans with credit institutions	(273)
CHANGE IN NET CASH	(647)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

LEGAL AND FINANCIAL FRAMEWORK

2 Founding of La Banque Postale Home Loan SFH

A wholly-owned subsidiary of La Banque Postale, the Company was established on 26 April 2010 in the form of a simplified joint-stock company named Galliéni SF2-3.

In July 2013, the Company was renamed La Banque Postale Home Loan SFH (LBP Home Loan SFH). It was accredited by the French Prudential Control Authority on 18 July 2013 as a financial company able to operate as a home loans company.

3 Highlights of the period

Regulations

Once the European Capital Requirements Regulation (CRR) took effect, home loans companies acquired the status of specialised credit institutions as of 1 January 2014.

Governance

The Board of Directors meeting on 12 May 2014 appointed Ms Florence Lustman as Chairperson of the Board of Directors, replacing Mr Yves Brassart, who resigned from his duties. On this same date, the Board of Directors, on the proposal of the Chief Executive Officer, appointed Mr Olivier Sarrus as Executive Director of La Banque Postale Home Loan SFH, and designated him as an accountable director.

The Board of Directors meeting on 15 October 2014 co-opted Ms Sophie Renaudie to the position of director, along with Mr Serge Bayard and Mr Mathieu Cheula, replacing, respectively, Mr Pierre-Manuel Sroczynski, Mr François Géronde and Mr Yann Coupris, who resigned.

Business

On 10 January 2014, the equity capital of La Banque Postale Home Loan SFH was increased to €210 million through a €90 million contribution corresponding to 9,000,000 shares for an amount of €10 each. The funds from the capital increase were replaced with La Banque Postale in the form of loans collateralised by home loans.

On 8 January 2014, La Banque Postale Home Loan SFH performed an issue for an amount of €750 million at a fixed rate over ten years.

In total as at this date, the company has issued the equivalent of €2,230 million under its Covered Bonds programme, in EMTN or Namens format.

For accounting purposes, the premiums and costs related to the issues are spread over the term of the securities issued.

The priority liabilities of La Banque Postale Home Loan SFH are secured by collateral provided by La Banque Postale through a home loans pool, the cover pool: the cover pool increased from €2.4 billion at the end of December 2013 to almost €4 billion at the end of December 2014.

The collateralised loans granted by the company to La Banque Postale are backed up at par value and on maturity by priority resources: a fixed margin is applied to the fixed rate for loans intended to cover the Company's fixed costs based on a €10 billion issues programme. Costs related to secured issues are reflected in the loans.

Base Prospectus update

The Base Prospectus was put in Retail format to enable SFH to issue securities with a value of less than €100,000. The prudential regulations applicable to home loans companies were amended by the decree of 23 May 2014. These amendments were reflected in the Base Prospectus.

The Agency Agreement was amended in order to enable SFH to issue covered bonds registered in Germany (Gedekte Namensschuldverschreibungen), which will benefit from the priority right of payment under Article L. 513-11 of the French Monetary and Financial Code. The Base Prospectus mentions this new product.

Furthermore, the Base Prospectus has been amended in order to indicate SFH's intention to implement in future a 2013 French Banking Federation (FBF) framework agreement allowing SFH to hedge its interest rate and exchange rate risks.

AMF approval for the new Base Prospectus was obtained on 10 June 2014.

4 Post-balance sheet events

There were no significant post-balance sheet events.

5 Publication context

La Banque Postale Home Loan SFH decided to publish a set of separate financial statements in accordance with the IFRS guidelines.

This publication is voluntary as the accounting basis for the preparation of the financial statements is, in accordance with the legislation applicable in France, the French accounting basis.

NOTE 1 PRINCIPAL VALUATION AND PRESENTATION RULES APPLYING TO THE FINANCIAL STATEMENTS

1.1 REGULATORY FRAMEWORK

As of 1 January 2014, La Banque Postale Home Loan SFH decided to apply the IAS and IFRS guidelines adopted by the European Commission.

Presentation of the financial statements

In the absence of any model imposed by IFRS guidelines, the Company has used the summary statement format suggested in Recommendation No. 2013-04 of 7 November 2013 issued by the French National Accounting Authority.

The financial statements are presented in thousands of euro. They are prepared under the responsibility of the Board of Directors meeting of 11 February 2015.

1.2 STANDARDS AND INTERPRETATIONS APPLICABLE AS OF 1 JANUARY 2014

Standards applicable as at 31 December 2013:

Standards or Interpretations	Date of adoption by the EU
Amendments to IAS 1 - Presentation of items of other comprehensive income	5 June 2012
Amendments to IAS 19 - Employee benefits	5 June 2012
Amendments to IFRS 7-Disclosure - Offsetting Financial Assets and Financial Liabilities	13 December 2012
IFRS13 - Fair Value Measurement	11 December 2012
Annual IFRS improvement - 2009-2011 cycle	27 March 2013
IFRIC 20 - Stripping costs in the production phase of a surface mine	11 December 2012
Amendments to IAS 12 - Recovery of underlying assets	11 December 2012
Amendments to IFRS 1 - Severe hyperinflation and removal of fixed dates for first-time adopters	11 December 2012
Amendments to IFRS 1 - Public loans	4 March 2013

New standards applicable as at 1 January 2014:

Standards or Interpretations	Date of adoption by the EU
IAS 27 - Separate Financial Statements	11 December 2012
Amendments to IFRS 10, IFRS 11 and IFRS 12 - Transitional arrangements	4 April 2013
IAS 32 Amendments - Offsetting financial assets and financial liabilities	13 December 2012
Amendments to IAS 39-Novation of derivatives and continuation of hedge accounting	19 December 2013
Amendments to IAS 36 - Recoverable amount disclosures for non-financial assets	19 December 2013

1.3 PRESENTATION AND VALUATION RULES

1.3.1 Foreign currency transactions

La Banque Postale Home Loan SFH has not performed any foreign currency transactions since it was established.

1.3.2 Financial assets and liabilities

When initially recognised, financial assets and liabilities are valued at fair value, net of acquisition expenses that are directly related to the acquisition (except for financial instruments recognised at fair value through profit and loss).

Financial assets and liabilities are classified in the following categories:

1.3.2.1 Loans and receivables

Loans and receivables are non-derivative financial assets that are not listed on an active market and for which returns are fixed or can be determined. They include credit institution and customer loans and receivables. Following their initial recognition, they are recognised at amortised cost using the effective interest rate method and may be subject to impairment, if required.

The effective interest rate is the exact rate used for discounting future cash flows at the initial fair value of the loan. It includes transaction costs and ancillary revenues (application fees, commitment fees when drawdown is deemed more likely than not, or participation fees) directly related to the issuance of loans, considered to be an integral part of returns on lending.

Financing commitments

Financing commitments that are not viewed as derivative instruments are not shown on the balance sheet.

1.3.2.2 Financial assets and liabilities at fair value through profit and loss

La Banque Postale Home Loan SFH does not hold held-for-trading assets, and does not use the option of designation of fair value through profit or loss.

1.3.2.3 Financial assets held to maturity

Financial assets held to maturity are listed financial assets with a fixed or determinable income and maturity that the company intends and is able to hold until maturity, and that it has not chosen to classify as financial instruments at fair value through profit and loss, or as financial instruments available for sale.

With a few limited exceptions, IAS 39 prohibits the sale or transfer of these securities before they mature. Infringing this rule may result in the Group being prohibited from classifying securities in this category for two financial years.

Interest-rate risk hedging transactions on this category of securities are not eligible for hedge accounting as defined by IAS 39.

At year-end, the securities are valued at amortised cost according to the effective interest rate method, which includes amortisation of the premiums and discounts that correspond to the difference between their acquisition and repayment values.

Income received in respect of these securities is shown in "Interest and similar income" in the profit and loss statement.

Where there is objective evidence of impairment, a provision is recorded to represent the difference between book value and estimated recovery value, discounted at the original effective interest rate. This impairment charge is offset against the cost of risk. In the event of a subsequent improvement, the excess provision, which is redundant, is written back.

1.3.2.4 Financial assets available for sale

La Banque Postale Home Loan SFH does not hold assets available for sale.

1.3.2.5 Date of entry

Securities are recorded on the balance sheet at their date of settlement and delivery. Loans and receivables are recorded on the balance sheet at their payment date.

1.3.2.6 Debt

Debt that is not classified in financial liabilities at fair value is initially recorded at cost, which corresponds to the fair value of the amounts borrowed net of transaction costs. At year-end, the debt is valued at amortised cost according to the effective interest rate and recorded in the balance sheet under "Debt payable to credit institutions", "Debt payable to customers", "Debt represented by a security" or "Subordinated debt", except in cases where it has been hedged at fair value.

Payables - credit institutions

Debt payable to credit institutions is broken down according to its initial term or its type: overnight debt (overnight deposits, ordinary accounts) or long-term debt (special scheme savings accounts).

Debt represented by a security

Financial instruments are classified as debt instruments if the issuer is required to remit cash or other financial assets or to exchange instruments under potentially unfavourable conditions. Debt represented by a security is made up, for La Banque Postale Home Loan SFH, of issues carried out as part of the Covered Bonds programme (home loan bonds), in EMTN or Namens format.

The debt is initially recognised at face value and is then valued at amortised cost using the effective interest rate method at subsequent year-ends.

1.3.2.7 Financial derivatives and hedging instruments

La Banque Postale Home Loan SFH does not enter into derivative transactions and has not set up any hedging relationship.

1.3.2.8 Guarantees commitments

Financial guarantees

According to IAS 39, a contract meets the definition of a financial guarantee if it includes an indemnity clause, according to which the issuer shall compensate the beneficiary for losses that the latter has suffered due to the default of a debtor who was specifically designated to make a payment on a debt instrument.

La Banque Postale Home Loan SFH has not entered into any guarantee agreement.

1.3.2.9 Determining fair value or market value

IFRS 13 defines fair value as the price received for the sale of an asset or paid for the transfer of a liability in a standard transaction between market participants on the valuation date.

When an instrument is initially recognised, its fair value is generally the transaction price.

IFRS 13 recommends using a price quoted on an active market in the first instance to determine the fair value of a financial asset or liability. A market is considered to be active if prices are easily and regularly available from a stock exchange, a broker (multiple inputs), an intermediary or a regulatory agency, and if those prices represent actual transactions (volume and price range) under normal competition conditions. In the absence of an active market, the fair value must be determined using valuation techniques. These techniques include the use of recent transactions performed in a normal competition environment. They are based on market data, on the fair value of substantially identical instruments, or on cash flow or option valuation discount models, and involve recognised valuation methods. The aim of a valuation technique is to establish what the price of an instrument would be under normal market conditions.

The price quoted for an asset held or a liability to be issued is usually the bid price, and it is the offer price for a liability held or an asset to be acquired.

The fair value of financial instruments recognised in the balance sheet at amortised cost is presented in the notes to the financial statements.

1.3.2.10 Derecognition of financial assets or liabilities

Financial assets are derecognised when the contractual rights to the cash flows attached to the financial asset expire or when such rights and virtually all the risks and benefits associated with ownership have been transferred to a third party.

When certain risks and advantages have been transferred and while control of the financial asset is retained, that asset remains on the balance sheet so as to reflect the ongoing involvement in the asset concerned.

A gain or loss on disposal is then recorded in the profit and loss statement, at an amount equal to the difference between the book value of the asset and the amount received in exchange.

Financial liabilities are derecognised when the contractual obligation is extinguished, cancelled, or expires.

1.3.2.11 Offsetting of financial assets and liabilities

A financial asset and liability are offset and a net balance is shown on the balance sheet only if the company has a legally enforceable right to offset the amounts recognised, and if it has the intention either to settle the net amount or to realise the asset and settle the liability simultaneously.

La Banque Postale Home Loan SFH has not carried out any transactions subject to offsetting in the balance sheet.

1.3.3 Interest income and expense

Interest income and expense are recognised in the profit and loss statement for all financial instruments valued at amortised cost using the effective interest rate.

The effective interest rate is the rate that discounts future cash outflows or inflows exactly over the expected life of the financial instrument, so as to arrive at the net book value of the financial asset or liability. The calculation of this rate factors in commissions received or paid, which are by nature an integral part of the effective contract rate.

1.3.4 Commission income and expenses

The Company recognises commissions in profit and loss depending on the services supplied and the way in which the financial instruments to which that service relates are recognised:

Commissions paid for ongoing services are recognised in profit and loss over the length of the service.

Commissions paid for one-off services or for a major transaction are recognised in profit and loss in full when the service is provided or the transaction performed (commissions on transfers, etc.).

Commissions treated as additional interest are an integral part of the effective interest rate.

1.3.5 Cost of risk

La Banque Postale Home Loan SFH did not record any cost-of-risk transactions.

1.3.6 Income tax

Tax payable

La Banque Postale Home Loan SFH is part of Le Groupe La Poste's scope of fiscal integration. The tax rate is 33.33%.

1.3.7 Use of estimates in the preparation of the financial statements

The preparation of the financial statements involves making assumptions and estimates that may or may not prove accurate in the future. These estimates, which are based on the information available at year-end, call upon the judgement of managers and the parties involved in preparing the financial statements, particularly where assessing the fair value of financial instruments is concerned.

Future achievements depend on many factors: fluctuations in interest and foreign exchange rates, the economic environment, changes in regulations or legislation, etc., which means that the final outcome of the transactions concerned may differ from these estimates and have an impact on the financial statements.

The valuation of financial instruments not listed on organised markets involves the use of models based on observable market data for most OTC instruments. The determination of the value of certain complex instruments that are not traded on an active market is based on valuation techniques which, in certain cases, rely on parameters that are deemed to be non-observable.

Information on the fair value of the financial assets and liabilities recognised at cost is provided in the notes to the financial statements.

1.3.8 Segment information

The sole business line of La Banque Postale Home Loan SFH is refinancing home loans for La Banque Postale. The Company's business is carried out exclusively in Paris. The Company has no direct business in other countries.

NOTE 2 BALANCE SHEET NOTES

2.1 CASH AND CENTRAL BANKS

(€ '000s)	31/12/2014	31/12/2013
Cash		
Central banks	7	2
Cash and central banks	7	2

2.2 LOANS AND RECEIVABLES - CREDIT INSTITUTIONS

(€ '000s)	31/12/2014	31/12/2013
Current accounts in debit		379
Deposits and loans	2 345 480	1 118 123
Securities received under repo agreements		
Subordinated and participating loans		
Impairment		
Accounts and loans - credit institutions	2 345 480	1 118 502
Securities equivalent to loans and receivables		
Securities equivalent to loans and receivables	-	-
Loans and receivables - credit institutions	2 345 480	1 118 502

2.3 FINANCIAL ASSETS HELD TO MATURITY

en K€	31/12/14	31/12/13
Effets publics et valeurs assimilées	106 694	120 243
Obligations et autres titres à revenu fixe		
Actifs financiers détenus jusqu'à l'échéance	106 694	120 243

2.4 ACCRUALS AND SUNDRY ASSETS

(€ '000s)	31/12/2014	31/12/2013
Prepaid expenses and income receivable		
Collection accounts		
Other accruals		
Accruals	0	-
Sundry debtors	4	
Securities transaction settlement accounts		
Impairment		
Sundry assets	4	-
Accruals and other assets	4	-

2.5 PAYABLES - CREDIT INSTITUTIONS

(€ '000s)	31/12/2014	31/12/2013
Current accounts in credit	273	
Accounts and loans		
Securities assigned under repo agreements		
Other amounts payable		
Payables - Credit institutions	273	-

2.6 DEBT REPRESENTED BY A SECURITY

(€ '000s)	31/12/2014	31/12/2013
Certificates of deposit		
Bond borrowings	2 239 476	1 117 960
Other debt represented by a security		
Debt represented by a security	2 239 476	1 117 960

2.7 CURRENT AND DEFERRED TAX ASSETS AND LIABILITIES

(€ '000s)	31/12/2014	31/12/2013
Deferred tax assets		
Other tax receivables		
Tax assets	-	-
Deferred tax liabilities		

Other tax payables	574	96
Tax liabilities	574	96

2.8 ACCRUALS AND SUNDRY LIABILITIES

(€ '000s)	31/12/2014	31/12/2013
Expenses payable & Advances		
Other accruals		430
Accruals	-	430
Securities-related payables		
Guarantee deposits received		
Sundry payables	386	80
Securities transaction settlement accounts		
Sundry liabilities	386	80
Accruals and other liabilities	386	510

N.B.: Expenses relating to invoices not yet received are shown on the lines "Other accruals in 2013" and "Sundry payables in 2014".

2.9 BALANCE SHEET ITEMS BY REMAINING PERIODS TO MATURITY

en K€	Moins de 3 mois	3 mois à 1 an	1 à 5 ans	plus de 5 ans	Indéterminée	TOTAL
actif						
Caisse, banques centrales	7					7
Actifs financiers détenus à des fins de transactions						-
Actifs financiers à la juste valeur sur option						-
Instruments dérivés de couverture - actif						-
Actifs financiers disponibles à la vente						-
Prêts et créances sur les établissements de crédit	27 475	7 813	37 152	2 273 040		2 345 480
Prêts et créances sur la clientèle						-
Actif						-
Actifs financiers détenus jusqu'à l'échéance		13 302	47 169	46 223		106 694
Total	27 482	21 115	84 321	2 319 263	-	2 452 181
passif						
Banques centrales						-
Passifs financiers détenus à des fins de transaction						-
Passifs financiers à la JV sur option						-
Instruments dérivés de couverture - Passif						-
Dettes envers les établissements de crédit	273					273
Dettes envers la clientèle						-
Dettes représentées par un titre	17 129	7 474		2 214 873		2 239 476
Dettes subordonnées						-
Passif						-
Total	17 403	7 474	-	2 214 873	-	2 239 749

NOTE 3 NOTES TO THE PROFIT AND LOSS STATEMENT

3.1 Interest income and expense, and similar items

(€ '000s)	31/12/2014		31/12/2013	
	Income	Expenses	Income	Expenses
Interest and similar income on cash and inter-bank transactions	44 392		6 921	
Interest and similar income on customer transactions				
Interest on hedged transactions				
Interest on assets available for sale and held to maturity	1 326		646	
Interest on debt represented by a security		(42 383)		(6 779)
Interest income and expense	45 718	(42 383)	7 567	(6 779)
Net interest income and expense	3 335		788	

3.2 Commissions

(€ '000s)	31/12/2014		31/12/2013	
	Income	Expenses	Income	Expenses
Commissions on cash and inter-bank transactions		(3)		(1)
Commissions on customer transactions				
Commissions on financial services supplied				
Commissions on securities transactions				
Commissions on insurance services supplied				
Commissions on financial instruments				
Other commissions				
Commission income and expenses	-	(3)	-	(1)
Net commissions	(3)		(1)	

3.3 Income and expenses from other activities

(€ '000s)	31/12/2014		31/12/2013	
	Income	Expenses	Income	Expenses
Income paid-out, re-invoiced expenses and transfers of expenses				

Other sundry operating income and expenses	5	(43)		(22)
Provisions and other operating expenses				
Income and expenses from other activities	5	(43)	-	(22)
Net income and expense from other activities	(38)		(22)	

3.4 General operating expenses

(€ '000s)	31/12/2014	31/12/2013
Employee benefits expense	-	-
Taxes and duties	(184)	(34)
External services		(157)
Other expenses	(1 145)	(296)
Other general operating expenses	(1 329)	(487)
General operating expenses	(1 329)	(487)

3.5 Income tax and deferred taxes

(€ '000s)	31/12/2014	31/12/2013
Current tax	(666)	(96)
Taxes	(666)	(96)

Breakdown of the tax charge

(€'000)	31/12/2014		31/12/2013	
Net profit	1 297		182	
Income tax expense	(666)		(96)	
Accounting result before tax	1 963	33.33%	278	33.33%
Theoretical income tax expense	(654)		(93)	
Impact of permanent timing differences				
Impact of tax rates				
Impact of dividend taxation				
Other impacts	(12)			
Recognised income tax expense	(666)	33.93%	(96)	34.51%

NOTE 4 COMMITMENTS GIVEN AND RECEIVED

(€ '000s)	31/12/2014	31/12/2013
FINANCING COMMITMENTS		
To credit institutions		
To customers		
Total financing commitments given	-	-
From credit institutions		
From customers		
Total financing commitments received	-	-
GUARANTEES		
To credit institutions		
To customers ⁽¹⁾		
Total guarantees given	-	-
From credit institutions		
From customers		
Total guarantees received	-	-
COMMITMENTS ON SECURITIES		
Deliverable securities		
Total commitments given on securities	-	-
Securities receivable		
Total commitments received on securities	-	-
OTHER COMMITMENTS		
Other commitments given		
Total other commitments given	-	-
Other commitments received	3 995 551	2 369 680
Total other commitments received	3 995 551	2 369 680

Other commitments received correspond to the sum of the capital still owed for loans included in the cover pool as at 31 December 2014.

NOTE 5 FAIR VALUE OF BALANCE SHEET ITEMS

(€ '000s)	31/12/2014		31/12/2013	
	Carrying amount	Fair value	Carrying amount	Fair value
<u>ASSETS</u>				
Loans and receivables - credit institutions	2 345 480	2 620 169	1 118 502	1 164 775
Loans and receivables - credit customers				
Financial assets held to maturity	106 694	112 551	120 243	119 960
<u>LIABILITIES</u>				
Payables - credit institutions	273	273		
Payables - customers				
Debt represented by a security	2 239 476	2 486 322	1 117 960	1 125 355
Subordinated debt				

Securities held and public or private issues are valued at their price. Collateralised loans are valued based on the covered issue spread curve.

NOTE 6 INFORMATION ON THE AUDIT OF THE FINANCIAL STATEMENTS

		Fees recognised in 2013 in euros (excluding tax)		
(€ '000s) - Amount excluding tax				
	Legal auditors	Audit of the financial statements	Other assignments	Total
	PricewaterhouseCoopers Audit	17	13	30
	KPMG Audit FS1	17	13	30

Audit Report by the Statutory Auditors on the parent company IFRS financial statements

(Financial year ending 31 December 2014)

Mr Chairman
La Banque Postale Home Loan SFH
115, rue de Sèvres
75006 Paris

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. The Statutory Auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the financial statements and includes an explanatory paragraph discussing the Auditors' assessments of certain significant accounting and auditing matters.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Mr Chairman

In our capacity as Statutory Auditors, to the company La Banque Postale Home Loan SFH and in reply to your request, we have carried out an audit of the parent company financial statements of La Banque Postale Home Loan SFH, drawn up in accordance with the IFRS standards as adopted in the European Union and relating to the financial year ended on 31 December 2014 (hereafter "the Financial Statements"), as appended to this report.

These Financial Statements were drawn up under the responsibility of the management and, as it is not intended to submit them to the shareholders, they were not closed by the Board of Directors. Our role is to issue an opinion on those Financial Statements, based on our audit.

We carried out our audit in accordance with the professional standards applicable in France. These standards require diligence in order to provide reasonable assurance that there are no significant anomalies in the Financial Statements. An audit involves examining, by means of spot checks and other selection methods, the evidence supporting the amounts and disclosures shown in the Financial Statements. It also involves assessing the accounting principles used, the significant estimates made and the overall presentation of the Financial Statements. We believe that the evidence gathered in order to form our opinion is sufficient and relevant.

In our opinion, the Financial Statements, in all material respects and with regard to the IFRS standards adopted in the European Union, show the company's financial situation honestly at 31 December 2014, as well as the revenue from its operations for the previous financial year.

This report is governed by French law. The French courts have jurisdiction only to rule on any dispute, complaint or disagreement that may arise from our letter of mission or this report, or any related question. Each party irrevocably waives its rights to oppose legal action taken before these courts, to claim that the action was lodged with a court without jurisdiction, or that these courts do not have jurisdiction.

Neuilly-sur-Seine and Paris La Défense, 7 March 2015

The Statutory Auditors

PricewaterhouseCoopers Audit KPMG Audit FS1

Agnès Husscherr
Partner

Isabelle Goalec
Partner

