



HOME LOAN SFH

LA BANQUE POSTALE HOME LOAN SFH

Financial statements French GAAP accounts

31 December 2015

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 on accurate presentation of this 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.

Balance Sheet

In K€	Notes	31/12/2015	31/12/2014
<u>ASSETS</u>			
Cash and inter-bank transaction			
- Cash and central banks	1	69	7
- Government paper and similar securities	3,1	93 728	106 694
- Receivables from credit institutions and similar	2	3 187 233	2 345 480
Receivables - Customer transactions			
- Current accounts in debit			
- Commercial receivables			
- Lease transactions and similar			
Bonds, Equities and other variable-income securities			
- Bonds and other fixed-income securities			
- Equities and other variable-income securities			
Equity investments, holdings in related companies and other long-term securities			
- Equity investments and other long-term securities	4	8	4
- Holdings in related companies			
Tangible and intangible assets			
- Intangible assets			
- Property, plant and equipment			
Accruals and others assets			
- Other assets	5	20	4
- Accruals		208	
TOTAL		3 281 266	2 452 189
<u>LIABILITIES</u>			
inter-bank transactions and similar			
- Central Banks			
- Liabilities due to credit institutions	6	62	273
Customer transactions			
- Special scheme savings accounts			
- Current accounts in credit – customers			
- Other liabilities to customers			
Debt securities			
- Short term securities			
- Inter-bank market securities			
- Bond borrowings and similar	7	3 047 629	2 239 476
- Other debt securities			
Accruals and other liabilities	8	20 466	960
- Other liabilities			
- Accruals			
Provisions			
Subordinated bedt			
General banking risk fund			
Parent company shareholders' equity	10		
- Subscribed capital		210 000	210 000
- Issue and transfer premiums			
- Reserves		74	9
- Regulated provisions and capital grants			
- Retained earnings		1 405	173
- Profit/(loss) for the period		1 630	1 297
TOTAL		3 281 266	2 452 189

Parent company off balance sheet statement

in K€	31/12/2015	31/12/2014
Financing and guarantee commitments and commitments on securities given		
Financing commitments		
to credit institutions		
to customers		
Guarantees		
to credit institutions		
to customer		
Commitments on securities		
deliverable securities		
Financing and guarantee commitments and commitments on securities received		
Financing commitments		
from credit institutions		
from customers		
Guarantees		
from credit institutions		
from customers		
Commitments on securities		
securities receivable		
Other commitments given and received		
Other commitments given		
Other commitments received	5 691 764	3 995 551

Parent company results

in K€	Notes	31/12/2015	31/12/2014
Interest and similar income :			
- Cash and inter-bank transactions	11	52 220	44 392
- Receivables – Customer transactions			
- Bonds and other fixed-income securities	12	1 286	1 326
- Other interest and similar income			
Interest and similar expenses: :			
-Cash and inter-bank transactions			
- Receivables – Customer transactions			
- Bonds and other fixed-income securities	12	-49 912	-42 383
- Other interest and similar expenses			
Income from variable-income securities			
Commissions (income)			
Commissions (expenses)	13	-10	-3
Gains or losses on trading portfolio transactions			
Gains or losses on investment portfolio transactions and similar			
Other bank operating income	14	23	5
Other bank operating expenses	14	-68	-43
Net banking income		3 539	3 293
General operating expenses :			
- Employee benefits expenses			
- Other general operating expenses	15	-1 051	-1 330
- Re-invoicing			
Depreciation, amortisation and impairment charges on tangible, and intangible non-current assets			
Gross operating income		2 488	1 963
Cost of risk			
Operating income		2 488	1 963
Gains or losses on non-current assets			
Pre-tax profit		2 488	1 963
Non-recurring items			
Income tax	16	-858	-666
Net allocations to the GBRF and regulated provisions			
Parent company net income		1 630	1 297
Parent company net earnings per share (in Keuros)		0,00008	0,00006

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 equity investments and holdings as well as tangible and intangible assets.

Financing activities represent changes linked to structural financial transactions involving equity and subordinated debt.

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

Cash flow statement

In K€	31/12/15
Pre tax income	2 488
+/- 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	(661)
= Total non-cash items included in net pre-tax income and other adjustments	(661)
+/- Cash flows relating to transactions with credit institutions	(817 663)
+/- Cash flows relating to customer transactions	
+/- Cash flows relating to other transactions that have an impact on financial assets or liabilities	837 690
+/- Cash flows relating to other transactions that have an impact on non-financial assets or liabilities	(336)
- Taxes paid	(1 241)
= Net decrease/increase in assets and liabilities arising from operating activities	18 450
Total net cash generated by operating activities (A)	20 277
+/- Flows linked to financial assets and investments	(4)
+/- Flows linked to tangible and intangible non-current assets	
Total net cash generated by investing activities (B)	(4)
+/- Cash flows from or to shareholders	
+/- Flows linked to investment properties	
+/- Other net cash flows from financing activities	
Total net cash generated by financing activities (C)	0
Impact of changes in exchange rates on cash and cash equivalents (D)	
Net increase (decrease) in cash and cash equivalents (A+B+C+D)	20 273
Net cash flows generated by operating activities (A)	20 277
Net cash flows generated by investment activities (B) and cash flows generated by financing activities (C)	(4)
Impact of changes in exchange rates on cash and cash equivalents (D)	0
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)
Closing cash and cash equivalents	20 007
Cash and central banks (assets and liabilities)	20 069
Current accounts (assets and liabilities) and overnight loans with credit institutions	(62)
CHANGE IN NET CASH	20 273

The notion of net cash includes cash, debit and credit balances with central banks and current accounts (assets and liabilities) of credit institutions.

Notes

ACCOUNTING PRINCIPLES AND VALUATION METHODS

PRINCIPAL VALUATION AND PRESENTATION RULES APPLYING TO THE SEPARATE FINANCIAL STATEMENTS

The separate financial statements have been drawn up with the general accounting principles applicable in France to credit institutions.

Wholly owned, La Banque Postale Home Loan SFH is consolidated in La Banque Postale's financial statements and is part of La Poste's tax consolidation scope.

POLICY CHANGES AND COMPARABILITY

There is no policy changes in the preparation of the SFH annual financial statements.

HISTORY

The company has been authorized as a financial company on July 18, 2013 and then had to opt for the establishment of specialized credit status in order to comply with the provisions of the European regulation Capital Requirements Regulation (CRR).

Following the various legislative and regulatory developments, including the entry into force of the decree of November 3, 2014 relating to internal control of the bank sector, payment services and investment services companies subject to the control of the prudential control authority and resolution, the general meeting of shareholders which was held May 28, 2015, decided to amend the Articles of Association of the company to bring them into line with the new provisions.

On June 18, 2015, Ms Stéphanie Berlioz, was co-opted as a director to replace Mr. Mathieu Cheula, resigned, for the remainder of his term.

SIGNIFICANT EVENTS

ACTIVITY

In total to date, the company issued 3.035 billion euros under its covered bond program under EMTN or Namens format. Premiums and fees related to issues are spread in the accounts over the life of the securities.

The privileged liabilities of LBP Home Loan SFH are secured by the re-guarantee by La Banque Postale of a pool of loans for house purchase, the cover pool: it was increased from € 4.0 billion at end December 2014 to nearly 5.7 billion euros at end December 2015.

Collateralized loans from the company at La Banque Postale are backed by nominal and maturity to privileged resources: a fixed margin is applied to fixed-rate loans to cover the fixed costs of the company on the basis of an issuance programme of € 10 billion. The fees associated with secure issuances are transferred to loans.

On 4 September 2015, LBP Home Loan SFH concluded with La Banque Postale a cash deposit agreement for an amount of € 20 million for a period of one year which may be subject to successive renewals by tacit agreement for an equal period of time, this convention allowing to cover cash requirements to 180 days in accordance with regulatory requirements.

POST BALANCE SHEET SIGNIFICANT EVENTS

On January 18, 2016, LBP HL SFH conducted a 7-year fixed rate public issue of 500 million euros.

On January 26, 2016 a 15-year fixed rate note of 15 million euros was issued.

PRESENTATION AND VALUATION RULES

1 – Receivables – credit institutions and customers - signed commitments

Receivables on credit institutions are broken down according to their initial duration or nature of receivables : demand receivables (ordinary accounts and day-to-day transactions) and term receivables to credit institutions.

Regulation Authority Accounting Standards No. 2014-07 of November 26, 2014 is applied. This regulation concerns all transactions generating credit risk (receivables from credit institutions and customers, fixed income securities, signed commitments and financial instruments).

For a given counterparty credit risk is characterized by the existence of a potential loss related to a possibility of failure of the latter in relation to its commitments.

Loans

They are recorded under assets at their repayment value. The corresponding interest is recognised through profit and loss on a prorata basis.

Receivables for which the institution sees a probable risk of not receiving all or part of the amounts payable in respect of the commitments entered into by the counterparty is classified as doubtful.

2 - Securities

Securities are recorded on the balance sheet according to their type :

- Government paper (treasury bills and similar securities),
- Bonds and other fixed income securities (negotiable debt securities and inter-bank market securities)
- Shares and other variable income securities.

Under Regulation Authority Accounting Standards No. 2014-07 of 26 November 2014, such securities are stated at their destination portfolio, investment, held-for-sale, transaction corresponding to the economic purpose of their detention.

They are subject to specific valuation rules for each portfolio category, as described below.

In case of credit risk, fixed-income registered or investment portfolio are identified as impaired under the same criteria as those applicable to doubtful loans and commitments

Investment securities

They consist of fixed income securities acquired or reclassified from "held-for-sale securities" with the clear intention of holding them until maturity. They are recorded at the date of acquisition and at their acquisition price, excluding expenses.

The unrealized losses that may exist between the carrying value of securities and their market prices are not subject to impairment. However, it is probable that the Bank will not recover all or part of the redemption value at maturity, an impairment is recorded. The difference between the acquisition price and the redemption value of the securities (premium - discount) is amortized using straight-line method.

3 - Debt securities

Debts represented by securities consist of the issues made under the EMTN issuance program of € 10 billion of La Banque Postale Home Loan SFH.

The accrued interest on these securities is recorded in a debt account in the income

Note 1 Breakdown of cash and central banks

in K€	31/12/2015	31/12/2014
Cash		
Central Banks	69	7
Related receivables and central banks		
Cash and central banks	69	7

Note 2 Debt payable to credit institutions

in K€	31/12/2015	31/12/2014
Current accounts in debit	20 000	
Overnight accounts and loans		
Securities borrowed overnight		
Securities received under repo agreements		
Other securities borrowed		
Non allocated securities		
Doubtful receivables		
Related receivables		
GROSS TOTAL	20 000	-
IMPAIRMENT CHARGES		
DEMAND RECEIVABLES - CREDIT INSTITUTIONS	20 000	-
Term accounts and loans	3 136 855	2 319 192
Securities received under repo agreements		
Other securities borrowed		
Subordinated loans		
Doubtful receivables		
Related receivables	30 378	26 288
Gross total	3 167 233	2 345 480
LONG TERM RECEIVABLES - CREDIT INSTITUTIONS		
DEBT PAYABLE TO CREDIT INSTITUTIONS AND SIMILAR	3 167 233	2 345 480

Note 3.1 Financial transactions – Breakdown by category

in K€	31/12/2015					31/12/2014				
	Securities of					Securities of				
	Trading Securities	Held for sale securities	Investment securities	Equity holding securities	Total	Trading Securities	Held for sale securities	Investment securities	Equity holding securities	Total
GOVERNMENT PAPER AND SIMILAR SECURITIES										
Repayment value			87 200		87 200			98 100		98 100
Residual premiums/discounts			4 515		4 515			6 305		6 305
Related receivables			2 013		2 013			2 289		2 289
Impairment charges					0					0
Net book value	-	-	93 728	-	93 728	-	-	106 694	-	106 694
of which loaned securities					0					0
of which listed securities			93 728		93 728			106 694		106 694
BONDS AND OTHER FIXED-INCOME SECURITIES										
Repayment value										
Residual premiums/discounts										
Related receivables										
Impairment charges										
Net book value	-	-	-	-	-	-	-	-	-	-
of which loaned securities										
of which listed securities										
EQUITIES AND OTHER VARIABLE-INCOME SECURITIES										
Gross value										
Related receivables										
Impairment charges										
Net book value	-	-	-	-	-	-	-	-	-	-
of which loaned securities										
of which listed securities										
NET TOTAL BY PORTFOLIO TYPE	-	-	93 728	-	93 728	-	-	106 694	-	106 694

Note 3.2 Market value of financial transactions

in K€	Held-for-sale securities		Investment securities		Equity holding securities	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014	31/12/2015	31/12/2014
GOVERNMENT PAPER AND SIMILAR SECURITIES						
Net book value			93 728	106 694		
Market value			99 102	112 551		
BONDS AND OTHER FIXED-INCOME SECURITIES						
Net book value						
Market value						
EQUITIES AND OTHER VARIABLE-INCOME SECURITIES						
Net book value						
Market value						

(1) Impairment charges are calculated taking into account unrealised gains and losses relating to any financial instruments assigned as hedges for held-for-sale securities.

Note 4 Breakdown of the equity investments and other long-term securities portfolio

in K€	31/12/2015					31/12/2014				
	Value accounting securities	Advances	Impairment charges	Value net securities	Share of equity capital in %	Value accounting securities	Advances	Impairment charges	Value net securities	Share of equity capital in %
EQUITY INVESTMENTS AND OTHER LONG-TERM SECURITIES	8			8		4			4	
Of which listed securities										

Note 5 Breakdown of accruals and other assets

in K€	31/12/2015	31/12/2014
Prepaid expenses	208	
Income receivable on derivatives		
Other income receivable		
Revaluation of derivative and foreign exchange instruments		
Collection accounts		
Other accruals		
ACCRUALS	208	-
Conditional instruments purchased		
Guarantee deposits paid	4	4
Collective management of Sustainable Development accounts		
Related receivables		
Other assets	16	
Impairment charges		
Other assets	20	4
ACCRUALS AND OTHER ASSETS	228	4

Note 6 Liabilities due to credit institutions

in K€	31/12/2015	31/12/2014
Current accounts in credit	62	273
Overnight accounts and borrowings		
Securities loaned overnight		
Securities assigned under repo agreements		
Other amounts payable		
Not imputed values		
Related Liabilities		
DEMAND LIABILITIES TO CREDIT INSTITUTIONS	62	273
Term deposits in credit		
Securities loaned		
Securities assigned under repo agreements		
Related Liabilities		
LONG-TERM LIABILITIES TO CREDIT INSTITUTIONS	-	-
LIABILITIES DUE TO CREDIT INSTITUTIONS AND SIMILAR	62	273

Note 7 Debt securities

in K€	31/12/2015	31/12/2014
Short-term securities		
Related liabilities		
Short-term securities	-	-
Inter-bank market securities		
Certificates of deposit		
Related liabilities		
Inter-bank market securities and negotiable debt securities	-	-
Bond borrowings and similar	3 019 136	2 214 873
Issue premium	28 493	24 603
Bond borrowings and similar	3 047 629	2 239 476
Other debt securities		
Related liabilities		
Other debt securities	-	-

Note 8 Breakdown of accruals and other liabilities

in K€	31/12/2015	31/12/2014
Advances		
Expenses payable on derivatives		
Revaluation of derivative and foreign exchange instruments		
Other accruals		
ACCRUALS	-	-
Conditional instruments sold		
Securities related payables		
Other payables (*)	20 466	960
Securities transaction settlement accounts		
Related liabilities		
OTHER LIABILITIES	20 466	960
ACCRUALS AND OTHER LIABILITIES	20 466	960

(*)Of which € 20 million received from LBP - see Significant Events

Note 9 BREAKDOWN OF TRANSACTIONS WITH CREDIT INSTITUTIONS AND CUSTOMERS BY RESIDUAL MATURITY

in K€	Accrued interest	<= 3 month	3 month to one year	1 to 5 years	> 5 years	31/12/2015
ASSETS						
Receivables – Credit institutions and similar	30 378	9 288	20 000	1 031 293	2 096 274	3 187 233
Receivables – Customers						
Securities portfolios (transaction, held-for-sale and investment)						
- Government paper and similar securities	2 013		10 997	46 720	33 998	93 728
- Bonds and other fixed-income securities						
LIABILITIES						
Liabilities due to credit institutions and similar		62				62
Liabilities to customers						
Debt securities						
- Bond borrowings	28 493			994 127	2 025 009	3 047 629
- Inter-bank market securities and negotiable debt securities						
- Other debt securities						

Note 10 EQUITY CAPITAL

in K€	Equity capital	Issue and transfer premiums	Legal reserves	Other reserves and retained earnings	Parent company net profit	Total parent company shareholders' equity
Equity capital as at 31 December 2011	40			-2	-2	35
Appropriation of N-1 net income				-2	2	
Capital decrease	-4			4		
Capital increase	4	4				8
N net profit					-3	-3
Equity capital as at 31 December 2012	40	4		-1	-3	40
Appropriation of N-1 net income		-4		1	3	
Dividend N paid for N-1 net profit						
Capital increase	119 960					119 960
Other variations						
N net profit					182	182
Equity capital as at 31 December 2013	120 000				182	120 182
Appropriation of N-1 net income			9	173	-182	
Dividend N paid for N-1 net profit						
Capital increase	90 000					90 000
Other variations						
N net profit					1 297	1 297
Equity capital as at 31 December 2014	210 000		9	173	1 297	211 479
Appropriation of N-1 net income			65	1 232	-1 297	
Dividend N paid for N-1 net profit						
Other variations						
N net profit					1 630	1 630
Equity capital as at 31 December 2015	210 000		74	1 405	1 630	213 109

December 2012

- Clearance of past losses Gallieni SF2-3 by capital reduction of € 4,000 via a reduction of shares.
- Capital increase through the issue of 400 new shares with a nominal € 10 similar to existing shares with an issue premium of € 10 per share.

January 28, 2013

- Allocation of the loss for the year ended December 31, 2012 amounting to € 2,836.38 and the previous negative retained earnings of an amount of € 738.73 into account "premium" that will raised from € 4,000 to € 424.89.

May 21, 2013 :

- The General Meeting of May 21, 2013 changed the name of the company Gallieni SF2-3 that became LA BANQUE POSTALE HOME LOAN SFH. It's made contribution in the amount of € 119,960,000 divided into 11,996,000 shares with a unit price of € 10 : share capital is divided into 12,000,000 fully paid shares of the same class.

January 10, 2014:

- Following the decision of the EGM is made contribution in the amount of ninety million (90,000,000) euros corresponding to nine million (9,000,000) shares in the amount of ten (10) euros each fully subscribed and paid. The share capital of the SFH and password hundred and twenty million (120,000,000) euros to two hundred and ten million (210,000,000) euros divided into twenty one million (21,000,000) shares of ten euros nominal value each.

May 28, 2014 - Distribution of profit ended December 31, 2013 amounting to € 181,881.01 Legal reserve € 9,094.25, the balance of € 172,786.96 is allocated to retained earnings.

May 28, 2015 - Distribution of profit ended December 31, 2014 amounting to € 1,297,199.68 : Legal reserve increased by € 64,859.98, the balance of € 1,232,339.70 is allocated to retained earnings.

Note 11 Interest income and expenses on cash and inter-bank transactions

in K€	31/12/2015	31/12/2014
Interest on current accounts in debit		
Interest on accounts and loans	52 220	44 392
Interest on securities borrowed		
Interest on securities received under repo agreements		
Premium / discount income		
Other interest and similar income		
INTEREST AND SIMILAR INCOME ON CASH AND INTER-BANK TRANSACTIONS	52 220	44 392
Interest on current accounts in credit		
Interest on overnight and term borrowings		
Interest on securities assigned under repo agreements		
Other interest and similar expenses		
INTEREST AND SIMILAR EXPENSES ON CASH AND INTER-BANK TRANSACTIONS	-	-

Note 12 Interest on fixed-income securities

in K€	31/12/2015	31/12/2014
Interest and similar income on held-for-sale securities		
Interest and similar income on investment securities	1 286	1 326
Other interest and similar income		
INTEREST AND SIMILAR INCOME ON BONDS AND OTHER FIXED-INCOME SECURITIES	1 286	1 326
Interest on negotiable certificates of deposit and negotiable medium-term bills		
Interest and expenses on bond borrowings	49 912	42 383
Other interest expenses		
INTEREST AND SIMILAR EXPENSES ON BONDS AND OTHER FIXED-INCOME SECURITIES	49 912	42 383

Note 13 Commissions

in K€	31/12/2015		31/12/2014	
	Income	Expenses	Income	Expenses
Cash and inter-bank transactions		5		3
Customer transactions				
Securities transactions		5		
Transactions on forward financial instruments				
Supply of financial services				
Foreign exchange transactions				
Other commissions				
COMMISSIONS	-	10	-	3

Note 14 Other banking operating income and expenses

in K€	31/12/2015		31/12/2014	
	Income	Expenses	Income	Expenses
Re-invoiced expenses, income paid out, and transfers of expenses				
Other sundry operating income and expenses	23	68	5	43
Provisions and reversals on other operating income and expenses				
Other banking operating income and expenses	23	68	5	43
NET AMOUNT OF BANKING OPERATING INCOME AND EXPENSES	45		38	

Note 15 Other general operating expenses

in K€	31/12/2015	31/12/2014
Taxes and duties	222	184
Lease payments		
Rents and rental expense		
Fees	227	416
Other operating expenses	602	730
OTHER GENERAL OPERATING EXPENSES	1 051	1 330

Note 16 Income tax expense

in K€	31/12/2015	31/12/2014
Corporate income tax	858	666
INCOME TAX EXPENSE	858	666
Losses carried forward		

Tax rate is 33.33%.

Note 17 Nature of differences

in K€		31/12/2015	31/12/2014
Temporary	Loans & Deposits		
	Home Savings Provision Optionality		
	Corporate Social Solidarity Contribution	55	41
	UCITS		
	Financial instruments		
	Other temporary differences		
Permanent	Parent-subsidiary regime		
	Tax credit		
	Fines		
Differences		55	41

Note 18 INFORMATION ON THE AUDIT OF THE FINANCIAL STATEMENTS

in K€ - amount excluding tax

Legal auditors	Audit	Other missions	Total
Price waterhouse Coopers Audit	17	8	25
KPMG Audit FS I	17	10	27

TABLE FEATURING KEY FINANCIAL DATA FOR THE PAST FIVE YEARS (*)

in K€	2011	2012	2013	2014	2015
FINANCIAL POSITION					
Share capital	40	40	120 000	210 000	210 000
Number of shares	4 000	4 000	12 000 000	21 000 000	21 000 000
COMPREHENSIVE INCOME					
Revenue	-	-	7 567	45 717	53 506
Profit before corporate income tax, depreciation, amortisation and net provision charges	-2	-3	278	1 963	2 488
Income tax			-	96	-
Profit after corporate income tax, depreciation, amortisation and provisions	-2	-3	182	1 297	1 630
Proposed profit for distribution					
EARNINGS PER SHARE					
Profit after corporate income tax, and before depreciation, amortisation and provisions	-0,60 €	-0,71 €	0,02 €	0,06 €	0,08 €
Profit after corporate income tax, depreciation, amortisation and provisions	-0,60 €	-0,71 €	0,02 €	0,06 €	0,08 €
Proposed profit for distribution					
EMPLOYEES					
Average headcount	-	-	-	-	-
Payroll expenses	-	-	-	-	-
Amounts paid for employee benefits (Social Security, social welfare organisations, etc.)	-	-	-	-	-

(*) Deposit of the deed of the company April 26, 2010