

## Asset Quality Report As of 30<sup>th</sup> September 2015

*This translation into English is for information purposes only. Only the French version published in the Bulletin des annonces légales obligatoires (BALO) or on La Banque Postale Home Loan SFH website is authoritative.*

La Banque Postale Home Loan SFH, is a French *Société Anonyme* under the laws of France, licensed as credit institution with the status of *établissement de crédit spécialisé - société de financement de l'habitat*.

The assets of La Banque Postale Home Loan SFH consist exclusively of home loans that are eligible for *sociétés de financement de l'habitat*, in terms of the French legal framework.

The present asset quality report of La Banque Postale Home Loan SFH, based on the figures as of 30<sup>th</sup> September 2015, is in accordance with provisions of Article 13 of *Règlement n°99-10 of Comité de réglementation bancaire et financière*, related to *sociétés de crédit foncier* and Instruction n°2011-I-07, related to publication, by *sociétés de crédit foncier* and *sociétés de financement à l'habitat*, of information concerning the quality of refinanced assets.

### I – Guaranteed Loans

#### 1) Breakdown of eligible outstanding balance of guaranteed loans by type of counterparties and guarantees:

Categories of receivables	Outstanding balance (in M€)
Commercial receivables	
Export credit	
Cash credit	
Investment loans	
Home loans	4 824
Loans to developers	
Other loans	
<b>Total</b>	<b>4 824</b>

Counterparty types	Outstanding balance (in M€)
Non-financial companies and individual entrepreneurs	
Individuals	4 824
Other	
<b>Total</b>	<b>4 824</b>

Guarantee types	Outstanding balance (in M€)
Residential mortgage	963
Business mortgage	
Guarantee ( <i>cautionnement</i> ) granted by a credit institution	3 861
Guarantee ( <i>cautionnement</i> ) granted by an insurance company	
Guarantee from <i>Fonds de garantie à l'accession sociale à la propriété</i>	
<b>Total</b>	<b>4 824</b>

The only credit institution that grants guarantees (*cautionnement*) for the home loans in the Cover Pool is Crédit Logement.

There are no non-performing loans in the Cover Pool.

**2) Breakdown of eligible outstanding balance of loans, guaranteed by a mortgage or credit institution (*cautionnement*), according to the eligible amount for financing by privileged debt:**

Guarantee types	Outstanding principal (in M€)	Product of financing portion, as defined under the article R. 515-2 (CMF), and value of financed property	Total
Residential mortgage	489	474	963
Guarantee ( <i>cautionnement</i> ) granted by credit institution	2 418	1 443	3 861
<b>Total</b>	<b>2 906</b>	<b>1 917</b>	<b>4 824</b>

**3) Breakdown of eligible outstanding balance of guaranteed loans by the year of conclusion of the loan contract:**

Year of conclusion of the loan contract	Loans secured by residential mortgage		Loans guaranteed ( <i>cautionnement</i> ) by guarantee granted by credit institution	
	Outstanding principal (in M€)	Number of loans	Outstanding principal (in M€)	Number of loans
2006	17	435	100	2 416
2007	33	962	246	5 575
2008	37	1 043	310	6 850
2009	40	931	417	8 189
2010	46	987	662	11 782
2011	62	1 727	726	14 513
2012	110	2 438	432	8 379
2013	319	5 177	635	10 166
2014	282	4 610	321	5 089
2015	16	192	12	183
<b>Total</b>	<b>963</b>	<b>18 502</b>	<b>3 861</b>	<b>73 142</b>

**4) Breakdown of eligible outstanding balance of guaranteed loans by loans remaining terms:**

Remaining term (years)	Loans secured by residential mortgage		Loans guaranteed ( <i>cautionnement</i> ) by guarantee granted by credit institution	
	Outstanding principal (in M€)	Number of loans	Outstanding principal (in M€)	Number of loans
0	0	322	1	2 003
1	2	336	14	2 162
2	6	487	32	2 480
3	9	487	51	2 733
4	13	655	82	3 718
5	13	498	123	3 856
6	21	695	142	3 984
7	38	1 003	177	4 222
8	51	1 824	209	4 927
9	42	1 411	183	3 868
10	32	655	252	4 388
11	38	804	264	4 546
12	46	905	234	3 755
13	84	1 328	301	4 168
14	63	947	256	3 306
15	24	368	209	2 681
16	29	452	199	2 729
17	44	574	185	2 282
18	92	1 128	242	2 868
19	73	883	199	2 433
20	19	256	161	1 803
21	33	434	137	1 711
22	29	376	79	1 021
23	92	948	85	988
24	69	702	41	482
25	3	23	2	25
26	0	1	0	3
27	-	-	-	-
28	-	-	-	-
29	-	-	-	-
30	-	-	-	-
<b>Total</b>	<b>963</b>	<b>18 502</b>	<b>3 861</b>	<b>73 142</b>

**5) Breakdown of eligible outstanding balance of guaranteed loans by location of the financed property by country:**

All properties financed by home loans in the cover pool are located in France.

**6) Breakdown of eligible outstanding balance of guaranteed loans by weighting assigned under the cover ratio between assets and privileged debt:**

Home Loans that are guaranteed by a credit institution (*cautionnement*) are guaranteed by Crédit Logement, the institution that does not take part in the scope of consolidation of La Banque Postale group.

The long-term ratings of Crédit Logement are Aa3 (Moody's) and AA (DBRS), therefore it benefits from the highest level of credit assessment, according to the French Regulation, hence the weighting assigned to home loans guaranteed by Crédit Logement is 100%.

Home Loans guaranteed by a first-ranking mortgage are weighted by 100%.

**7) Breakdown of outstanding balance of loans mobilized by promissory notes, under the articles L. 313-42 to L. 313-49 of French Monetary and Financial Code:**

No loans mobilized by promissory notes under the home loans granted as collateral security.

**II - Exposure to public entities**

La Banque Postale Home Loan SFH has no exposure on public entities except for those described in §IV relative to "Replacement Assets" and cash on the current account opened in the books of Banque de France, with an outstanding credit balance of EUR 485 986 as of 30<sup>th</sup> September 2015.

**III - Securitization vehicles and similar entities**

La Banque Postale Home Loan SFH has no exposure on securitization vehicles and similar entities.

**IV - Replacement Assets (*valeurs de remplacement*)**

As of 30<sup>th</sup> September 2015, La Banque Postale Home Loan SFH holds following replacement assets (*valeurs de remplacement*):

**1) Bonds**

La Banque Postale Home Loan SFH holds an investment portfolio, classified as "Held-to-Maturity", with the exposure on French state only and corresponding to the reinvestment of a part of its capital.

ISIN Code	Name of series	Nominal Amount (Euros)
FR0010288357	OAT 3.25 25/04/2016	10 900 000
FR0010415331	OAT 3.75 25/04/2017	10 900 000
FR0010604983	OAT 4.00 25/04/2018	10 900 000
FR0000189151	OAT 4.25 25/04/2019	10 900 000
FR0010854182	OAT 3.50 25/04/2020	10 900 000
FR0010192997	OAT 3.75 25/04/2021	10 900 000
FR0011196856	OAT 3.00 25/04/2022	10 900 000
FR0011486067	OAT 1.75 25/05/2023	10 900 000
	<b>Total</b>	<b>87 200 000</b>



This portfolio is ECB eligible.

As of 30<sup>th</sup> September 2015, the market value of the portfolio is EUR 98 747 484. After ECB haircut, the value as replacement assets is EUR 97 189 615.

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

## 2) Cash

La Banque Postale Home Loan SFH disposes of two current accounts opened in the books of La Banque Postale, with an outstanding credit balance of EUR 20 377 781 as of 30<sup>th</sup> September 2015.

## V - Prepayments

The annualized prepayment rate calculated on the basis of home loan portfolio for the third quarter 2015 is 24.67%.

## VI - Interest rate risk

Each covered bond issue is lent to La Banque Postale, by a guaranteed loan with the same principal amount and with a fixed nominal interest rate higher or equal to the fixed nominal rate of the issue, and of the same maturity. The only interest rate risk borne by La Banque Postale Home Loan SFH is the risk generated by the capital re-investment. By ALM norm, the capital is amortized over a linear flow on 10 years and the capital investment portfolio replicates this linear amortization norm.

In case of a La Banque Postale default, La Banque Postale Home Loan SFH would receive the home loans transferred as a guarantee in the Cover Pool: in such case, La Banque Postale Home Loan SFH would be exposed to interest rate risk, because of the mismatch between its bond issues and the home loan portfolio.

As of 30<sup>th</sup> September 2015, the sensitivity of the net present value of secured issuances and the share of Cover Pool necessary to respect the contractual rate of overcollateralization of 8.1% is EUR 1.48 million for a 200 bps move, that is to say 0.70% of the capital of La Banque Postale Home Loan SFH (taking into account a 11.67% per year prepayment rate in the Cover Pool).

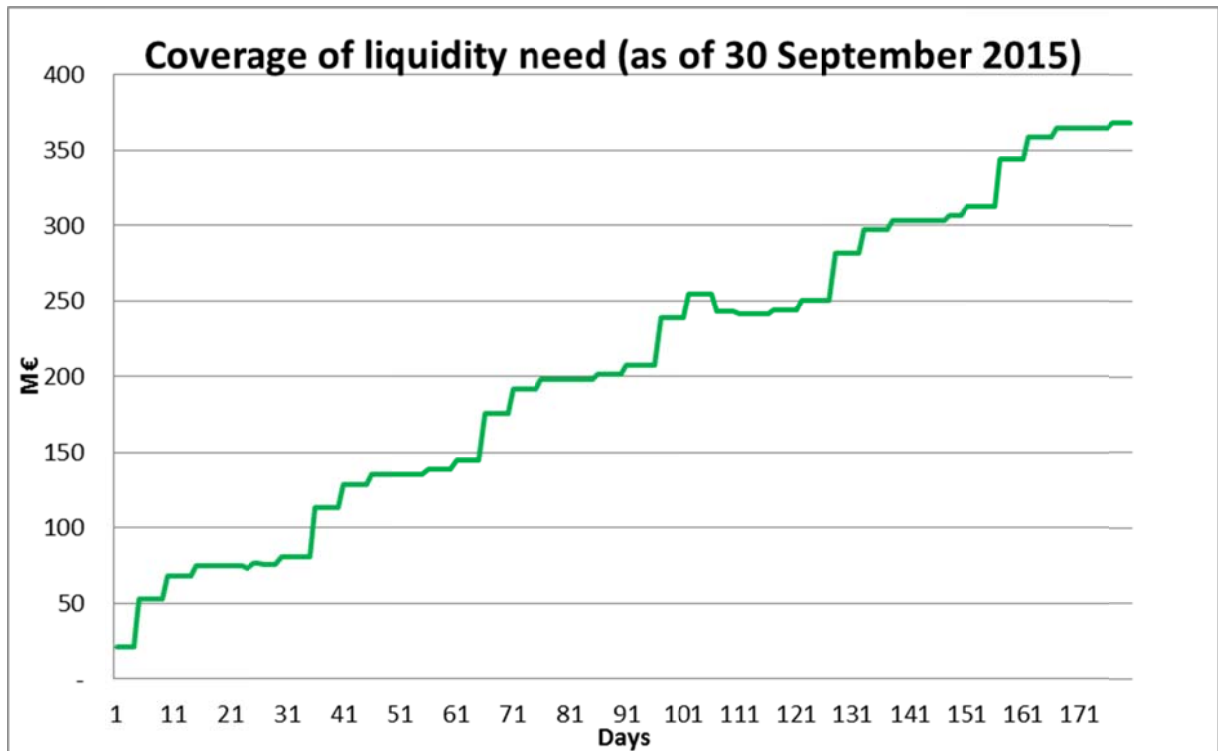
Sensitivity to interest rate variation	M€
-2%	-1.05
2%	1.48

## VII – Coverage of liquidity need

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

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

As of 30<sup>th</sup> September 2015, the liquidity need over 180 days is null and thus covered.



Paris, 10<sup>th</sup> November 2015.