

Asset Quality Report as of 31st March 2017

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 of home loans and replacement assets that are eligible for *sociétés de financement de l'habitat*, in terms of the French legal framework.

The present asset quality report of La Banque Postale Home Loan SFH, based on the figures as of 31st March 2017, 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 de 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	6 376
Loans to developers	
Other loans	
Total	6 376

Counterparty types	Outstanding balance (in M€)
Non-financial companies and individual entrepreneurs	
Individuals	6 376
Other	
Total	6 376

Guarantee types	Outstanding balance (in M€)
Residential mortgage	1 632
Business mortgage	
Guarantee (<i>cautionnement</i>) granted by a credit institution	4 744
Guarantee (<i>cautionnement</i>) granted by an insurance company	
Guarantee from <i>Fonds de garantie à l'accession sociale à la propriété</i>	
Total	6 376

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	1 040	592	1 632
Guarantee (<i>cautionnement</i>) granted by credit institution	3 215	1 529	4 744
Total	4 254	2 121	6 376

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	16	398	95	2 280
2007	29	905	233	5 912
2008	35	1 091	287	7 398
2009	36	968	392	8 819
2010	42	1 032	693	13 534
2011	62	1 847	708	15 540
2012	122	2 904	463	9 676
2013	315	5 536	651	11 077
2014	426	7 076	485	7 873
2015	441	5 469	595	8 379
2016	108	1 197	141	1 609
Total	1 632	28 423	4 744	92 097

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	629	2	2 643
1	4	571	22	3 262
2	8	719	51	4 000
3	14	815	100	5 242
4	18	822	148	5 458
5	33	1 181	176	5 405
6	50	1 606	213	5 584
7	66	2 553	251	6 348
8	73	2 107	327	6 591
9	63	1 536	350	6 359
10	56	1 162	277	4 824
11	92	1 587	348	5 281
12	95	1 523	350	4 898
13	110	1 533	380	4 985
14	72	950	276	3 601
15	65	876	232	3 004
16	89	1 061	252	3 128
17	106	1 245	246	2 975
18	137	1 416	236	2 729
19	92	924	188	2 066
20	52	575	88	1 149
21	56	581	70	893
22	87	843	65	743
23	121	1 019	52	549
24	66	533	39	362
25	6	53	2	18
26	-	-	-	-
27	0	1	-	-
28	0	1	-	-
29	0	1	-	-
30	-	-	-	-
Total	1 632	28 423	4 744	92 097

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 AAL (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 19 312.05 as of 31st March 2017.

III - Securitization vehicles and similar entities

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

IV - Replacement Assets (*valeurs de remplacement*)

As of 31st March 2017, La Banque Postale Home Loan SFH holds following replacement assets (*valeurs de remplacement*):

1) Bonds

La Banque Postale Home Loan SFH holds a bond portfolio classified as "Held-to-Maturity" or "Available-for-Sale", 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)	Classification
FR0010415331	OAT 3.75 25/04/2017	10 900 000	HTM
FR0010604983	OAT 4.00 25/04/2018	10 900 000	HTM
FR0000189151	OAT 4.25 25/04/2019	10 900 000	HTM
FR0010854182	OAT 3.50 25/04/2020	10 900 000	HTM
FR0010192997	OAT 3.75 25/04/2021	10 900 000	HTM
FR0011196856	OAT 3.00 25/04/2022	10 900 000	HTM
FR0011486067	OAT 1.75 25/05/2023	10 900 000	HTM
FR0013200813	OAT 0.25 25/11/2026	24 000 000	AFS
	Total	100 300 000	

This portfolio is ECB eligible.

As of 31st March 2017, the market value of the portfolio is EUR 108 317 287.16. After ECB haircut, the value as replacement assets is EUR 106 465 899.78.

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 25 748 428.07 as of 31st March 2017.

V - Prepayments

The annualized prepayment rate calculated on the basis of home loan portfolio for the first quarter 2017 is 19.58 %.

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.

Since the first of January 2016, the EBA guidelines on the management of interest rate risk arising from non-trading activities (Guideline EBA/GL/2015/08 from 22nd May 2015) have been applied by La Banque Postale Home Loan SFH and henceforth the capital are excluded from the interest rate risk measurement without modification in the capital re-investment policy of the company (capital investment portfolio replicating a 10 years linear amortization).

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

As of 31st March 2017, 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 11.08 Million for a 200 bps move, that is to say 5.17 % of the capital of La Banque Postale Home Loan SFH (taking into account a 12.91% per year prepayment rate in the Cover Pool).

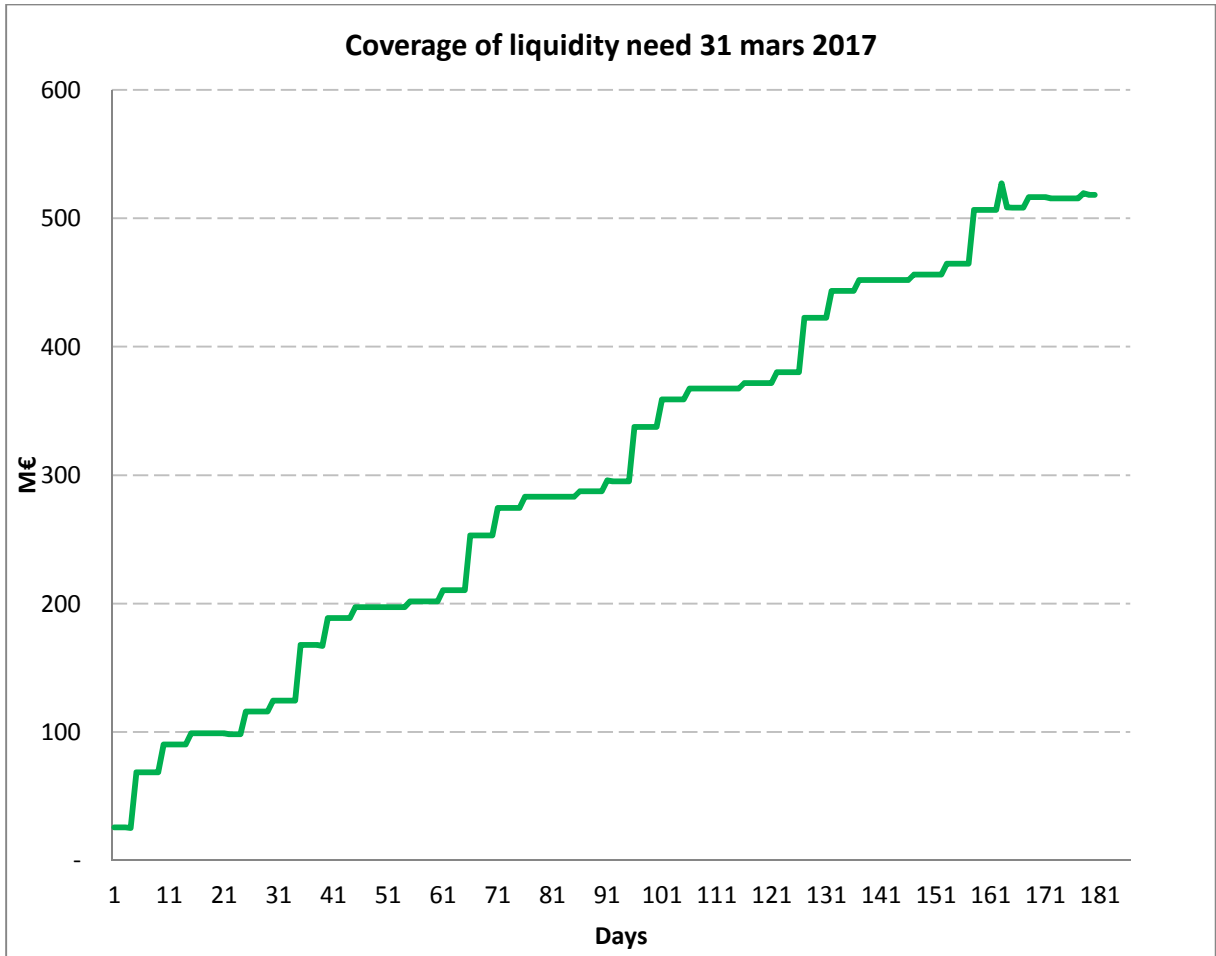
Sensitivity to interest rate variation	M€
-2%	-11.08
2%	1.88

VII – Coverage of liquidity need

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

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

As of 31st March 2017, the liquidity need over 180 days is null and thus covered.



Paris, 3rd May 2017