

## Asset Quality Report as of 31<sup>st</sup> December 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 31<sup>st</sup> December 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	7 906
Loans to developers	
Other loans	
<b>Total</b>	<b>7 906</b>

Counterparty types	Outstanding balance (in M€)
Non-financial companies and individual entrepreneurs	
Individuals	7 906
Other	
<b>Total</b>	<b>7 906</b>

Guarantee types	Outstanding balance (in M€)
Residential mortgage	2 234
Business mortgage	
Guarantee ( <i>cautionnement</i> ) granted by a credit institution	5 672
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>7 906</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	1 503	732	2 234
Guarantee ( <i>cautionnement</i> ) granted by credit institution	3 794	1 878	5 672
<b>Total</b>	<b>5 297</b>	<b>2 609</b>	<b>7 906</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	16	433	94	2 435
2007	28	796	223	5 423
2008	33	1 125	276	7 598
2009	36	1 030	389	9 069
2010	43	1 098	701	14 383
2011	62	1 977	712	16 420
2012	127	3 100	483	10 267
2013	318	5 779	660	11 524
2014	469	7 929	528	8 673
2015	646	8 087	893	12 420
2016	372	3 933	529	6 080
2017	84	683	185	1 773
<b>Total</b>	<b>2 234</b>	<b>35 970</b>	<b>5 672</b>	<b>106 065</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	492	2	2 238
1	4	658	25	3 754
2	11	963	70	5 617
3	17	930	131	6 244
4	26	1 163	158	5 934
5	46	1 642	208	6 206
6	66	2 583	256	7 028
7	85	2 803	323	7 159
8	84	2 349	442	8 603
9	73	1 630	338	6 172
10	95	1 850	366	5 965
11	105	1 733	402	5 795
12	129	1 938	427	5 812
13	122	1 609	402	5 235
14	122	1 555	361	4 547
15	96	1 191	292	3 667
16	116	1 353	275	3 336
17	160	1 725	266	3 235
18	174	1 675	292	3 106
19	144	1 338	225	2 302
20	62	671	83	1 044
21	94	900	79	885
22	118	1 059	67	720
23	145	1 170	84	777
24	126	913	89	627
25	11	73	8	57
26	0	1	-	-
27	0	2	-	-
28	0	1	-	-
29	-	-	-	-
30	-	-	-	-
<b>Total</b>	<b>2 234</b>	<b>35 970</b>	<b>5 672</b>	<b>106 065</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 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 15 154.01 as of 31<sup>st</sup> December 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 31<sup>st</sup> December 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" with an 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
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
Total		<b>65 400 000</b>	

This portfolio is ECB eligible.

As of 31<sup>st</sup> December 2017, the market value of the portfolio is EUR 72 880 230.99. After ECB haircut, the value as replacement assets is EUR 71 881 914.05.

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 25 831 058.62 as of 31<sup>st</sup> December 2017.

## V - Prepayments

The annualized prepayment rate calculated on the basis of home loan portfolio for the fourth quarter 2017 is 7.26 %.

## 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 22<sup>nd</sup> 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 31<sup>st</sup> December 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 18.54 Million for a 200 bps move, that is to say 8.82 % of the capital of La Banque Postale Home Loan SFH (taking into account a 12.72 % per year prepayment rate in the Cover Pool).

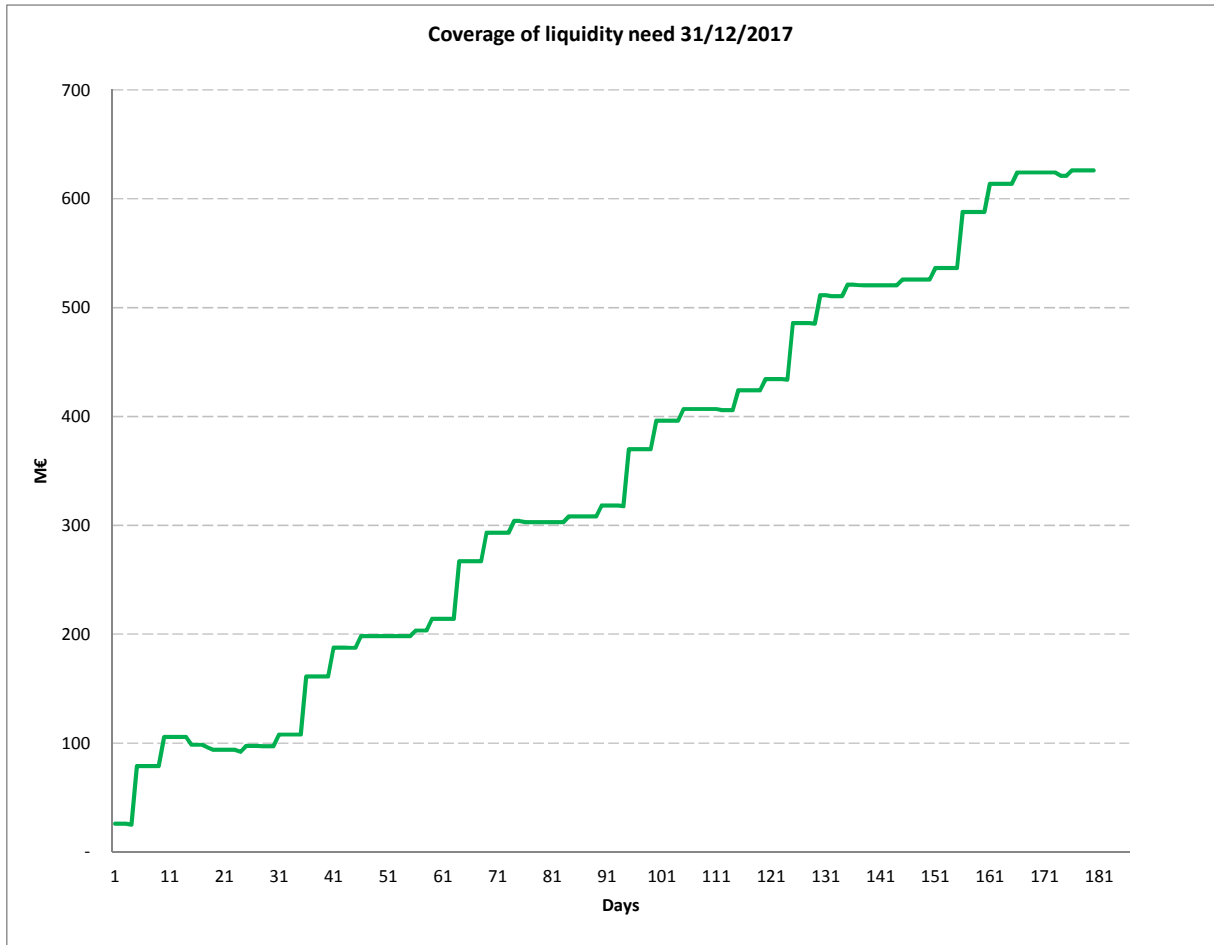
Sensitivity to interest rate variation	M€
-2%	2.88
2%	-18.54

## 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”.

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

As of 31<sup>st</sup> December 2017, the liquidity need over 180 days is null and thus covered.



Paris, 14<sup>th</sup> February 2018