

Asset Quality Report as of 30th June 2018

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 30th June 2018, 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	8 589
Loans to developers	
Other loans	
Total	8 589

Counterparty types	Outstanding balance (in M€)
Non-financial companies and individual entrepreneurs	
Individuals	8 589
Other	
Total	8 589

Guarantee types	Outstanding balance (in M€)
Residential mortgage	2 513
Business mortgage	
Guarantee (<i>cautionnement</i>) granted by a credit institution	6 075
Guarantee (<i>cautionnement</i>) granted by an insurance company	
Guarantee from <i>Fonds de garantie à l'accession sociale à la propriété</i>	
Total	8 589

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	1 785	728	2 513
Guarantee (<i>cautionnement</i>) granted by credit institution	4 089	1 987	6 075
Total	5 874	2 714	8 589

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	436	89	2 440
2007	28	802	209	5 288
2008	31	1 031	265	7 149
2009	35	1 045	371	9 010
2010	42	1 130	682	14 566
2011	62	2 038	700	16 765
2012	129	3 212	477	10 442
2013	320	5 888	656	11 616
2014	482	8 329	540	9 050
2015	710	8 968	986	13 763
2016	464	4 957	686	7 797
2017	195	1 649	414	3 973
2018	0	2	0	3
Total	2 513	39 487	6 075	111 862

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	509	3	2 533
1	5	861	31	4 747
2	12	944	83	6 128
3	18	1 056	126	6 204
4	35	1 472	179	6 492
5	54	2 113	220	6 708
6	75	2 984	270	7 147
7	93	2 932	435	9 252
8	84	2 211	381	7 423
9	84	1 781	357	6 375
10	110	2 014	403	6 254
11	113	1 860	415	5 878
12	150	2 086	491	6 513
13	137	1 785	396	5 157
14	129	1 587	379	4 611
15	113	1 367	304	3 806
16	134	1 558	278	3 392
17	206	2 039	340	3 768
18	191	1 817	285	2 943
19	121	1 139	208	2 050
20	91	895	92	1 077
21	101	962	81	884
22	174	1 420	98	926
23	168	1 315	111	885
24	114	769	108	699
25	1	8	2	10
26	0	2	-	-
27	0	1	-	-
28	-	-	-	-
29	-	-	-	-
30	-	-	-	-
Total	2 513	39 487	6 075	111 862

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 9 537 as of 30th June 2018.

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 30th June 2018, 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-Collect" 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
FR0000189151	OAT 4.25 25/04/2019	10 900 000	HTC
FR0010854182	OAT 3.50 25/04/2020	10 900 000	HTC
FR0010192997	OAT 3.75 25/04/2021	10 900 000	HTC
FR0011196856	OAT 3.00 25/04/2022	10 900 000	HTC
FR0011486067	OAT 1.75 25/05/2023	10 900 000	HTC
Total		54 500 000	

This portfolio is ECB eligible.

As of 30th June 2018, the market value of the portfolio is EUR 59 787 211. After ECB haircut, the value as replacement assets is EUR 59 124 856.

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 42 732 669 as of 30th June 2018.

V - Prepayments

The annualized prepayment rate calculated on the basis of home loan portfolio for the second quarter 2018 is 6.62%.

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 30th June 2018, 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 19.3 Million for a 200 bps move, that is to say 9.19 % of the capital of La Banque Postale Home Loan SFH (taking into account a 12.12 % per year prepayment rate in the Cover Pool).

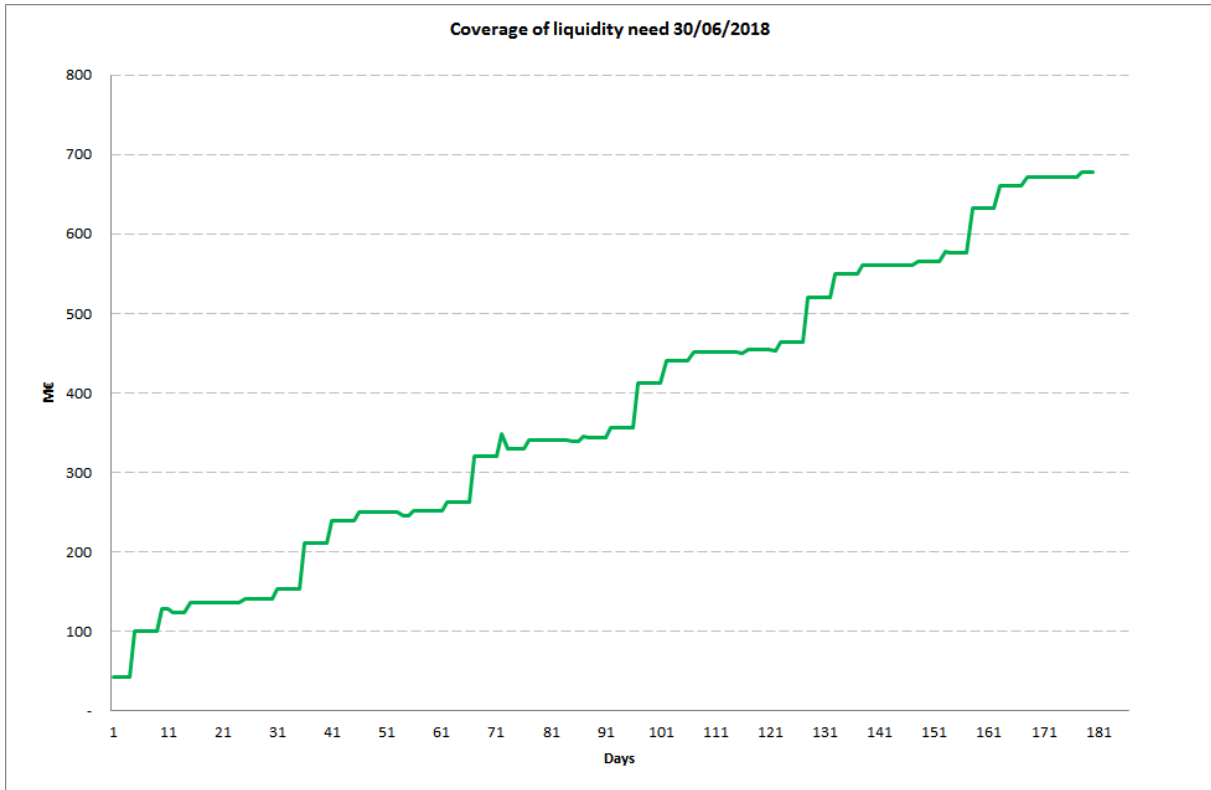
Sensitivity to interest rate variation	M€
-2%	4.01
2%	-19.32

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 30th June 2018, the liquidity need over 180 days is null and thus covered.



Paris, 13th August 2018