

Asset Quality Report as of 31st December 2018

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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 December 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	10 199
Loans to developers	
Other loans	
Total	10 199

Counterparty types	Outstanding balance (in M€)
Non-financial companies and individual entrepreneurs	
Individuals	10 199
Other	
Total	10 199

Guarantee types	Outstanding balance (in M€)
Residential mortgage	3 220
Business mortgage	
Guarantee (<i>cautionnement</i>) granted by a credit institution	6 978
Guarantee (<i>cautionnement</i>) granted by an insurance company	
Guarantee from <i>Fonds de garantie à l'accession sociale à la propriété</i>	
Total	10 199

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	2 362	858	3 220
Guarantee (<i>cautionnement</i>) granted by credit institution	4 617	2 362	6 978
Total	6 979	3 220	10 199

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		Totaux	
	Outstanding principal (in M€)	Number of loans	Outstanding principal (in M€)	Number of loans	Encours (en M€)	Nombre de prêts
2006	16	467	85	2 433	101	2 900
2007	30	871	204	5 428	234	6 299
2008	33	1 016	258	6 698	291	7 714
2009	35	1 084	364	9 107	399	10 191
2010	42	1 192	672	14 906	714	16 098
2011	67	2 268	698	17 371	764	19 639
2012	138	3 539	484	10 955	622	14 494
2013	343	6 299	657	11 721	1 000	18 020
2014	532	9 330	556	9 407	1 088	18 737
2015	843	10 786	1 136	15 916	1 979	26 702
2016	634	6 781	925	10 479	1 560	17 260
2017	433	3 700	847	7 980	1 279	11 680
2018	75	652	92	753	168	1 405
Total	3 220	47 985	6 978	123 154	10 199	171 139

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		Totaux	
	Outstanding principal (in M€)	Number of loans	Outstanding principal (in M€)	Number of loans	Encours (en M€)	Nombre de prêts
0	0	574	3	2 601	3	3 175
1	6	1 019	37	5 769	43	6 788
2	13	1 049	97	6 833	110	7 882
3	24	1 329	133	6 469	157	7 798
4	43	1 864	187	6 770	230	8 634
5	66	2 963	245	7 649	311	10 612
6	93	3 484	333	8 140	426	11 624
7	98	3 096	473	10 042	572	13 138
8	91	2 207	388	7 505	479	9 712
9	116	2 424	415	7 107	531	9 531
10	121	2 103	442	6 616	563	8 719
11	161	2 469	484	6 730	645	9 199
12	161	2 235	490	6 471	651	8 706
13	184	2 375	512	6 382	695	8 757
14	154	1 880	396	4 811	549	6 691
15	139	1 655	328	3 964	467	5 619
16	208	2 242	335	3 990	544	6 232
17	236	2 289	380	3 994	616	6 283
18	250	2 250	407	3 767	657	6 017
19	155	1 415	198	1 896	353	3 311
20	124	1 148	115	1 194	239	2 342
21	150	1 337	100	1 009	250	2 346
22	213	1 715	131	1 179	344	2 894
23	277	1 951	231	1 557	508	3 508
24	124	837	106	638	230	1 475
25	12	72	13	71	25	143
26	0	2	-	-	0	2
27	0	1	-	-	0	1
28	-	-	-	-	-	-
29	-	-	-	-	-	-
30	-	-	-	-	-	-
Total	3 220	47 985	6 978	123 154	10 199	171 139

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 5 989 as of 31st December 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 31st December 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 31st December 2018, the market value of the portfolio is EUR 59 681 457. After ECB haircut, the value as replacement assets is EUR 59 020 169.

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 26 584 282 as of 31st December 2018.

V - Prepayments

The annualized prepayment rate calculated on the basis of home loan portfolio for the fourth quarter 2018 is 7.18%.

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 December 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 18.7 Million for a 200 bps move, that is to say 8.89 % of the capital of La Banque Postale Home Loan SFH (taking into account a 11.71 % per year prepayment rate in the Cover Pool).

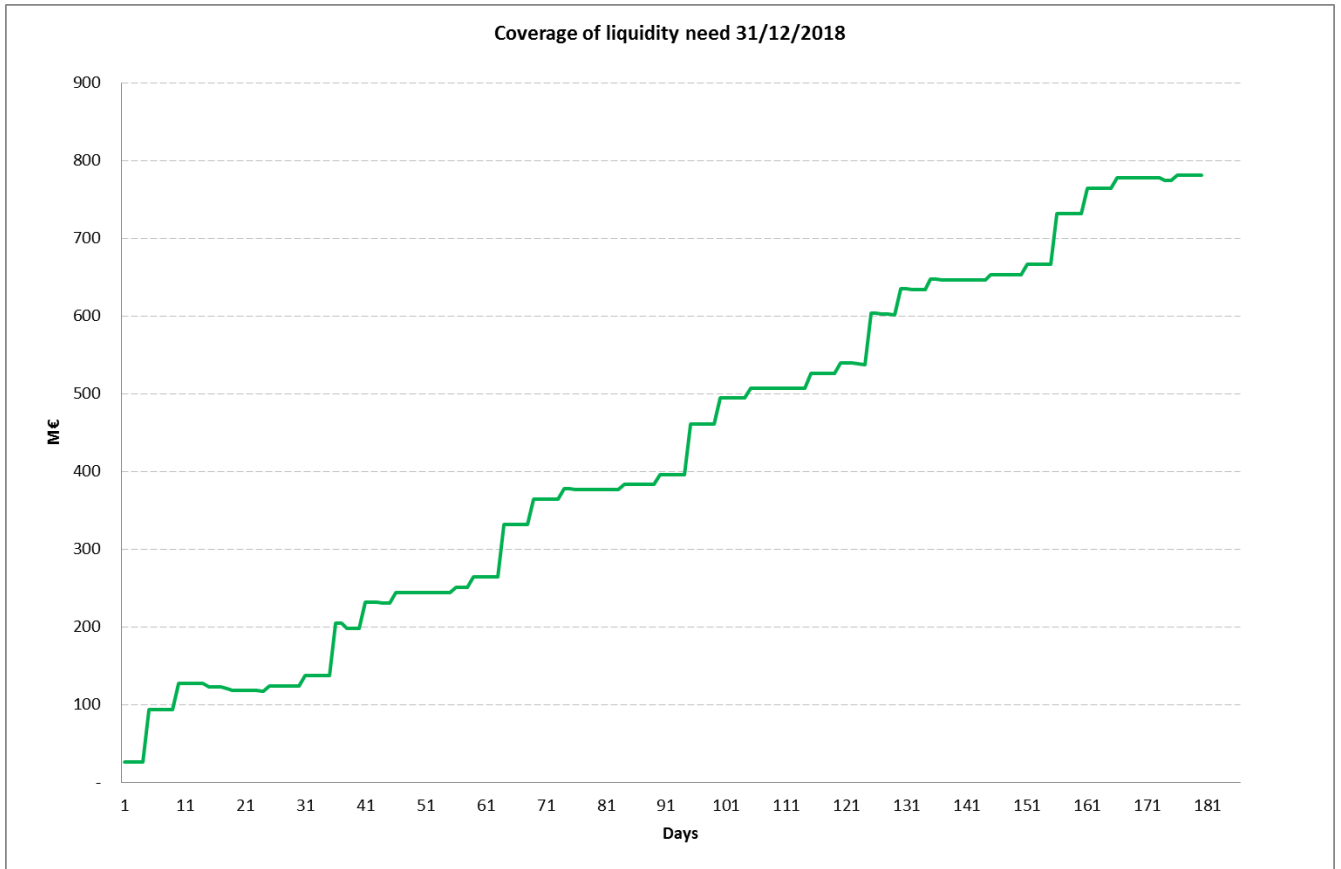
Sensitivity to interest rate variation	M€
-2%	3.36
2%	-18.7

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 31st December 2018, the liquidity need over 180 days is null and thus covered.



Paris, 15th February 2019

Stéphane Magnan
Chief Executive Officer of La Banque Postale Home Loan SFH