

Asset Quality Report as of 30th June 2019

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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 30th June 2019, 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	12 587
Loans to developers	
Other loans	
Total	12 587

Counterparty types	Outstanding balance (in M€)
Non-financial companies and individual entrepreneurs	
Individuals	12 587
Other	
Total	12 587

Guarantee types	Outstanding balance (in M€)
Residential mortgage	4 071
Business mortgage	
Guarantee (<i>cautionnement</i>) granted by a credit institution	8 515
Guarantee (<i>cautionnement</i>) granted by an insurance company	
Guarantee from <i>Fonds de garantie à l'accession sociale à la propriété</i>	
Total	12 587

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	3 090	981	4 071
Guarantee (<i>cautionnement</i>) granted by credit institution	6 271	2 244	8 515
Total	9 362	3 225	12 587

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		Total	
	Outstanding principal (in M€)	Number of loans	Outstanding principal (in M€)	Number of loans	Outstanding principal (in M€)	Number of loans
2006	16	492	81	2 477	97	2 969
2007	29	866	194	5 445	222	6 311
2008	34	1 033	250	6 712	283	7 745
2009	35	1 035	360	8 995	394	10 030
2010	43	1 237	668	15 326	712	16 563
2011	70	2 396	701	17 750	771	20 146
2012	146	3 781	490	11 402	636	15 183
2013	363	6 736	672	12 112	1 035	18 848
2014	589	10 407	613	10 025	1 202	20 432
2015	987	12 794	1 415	18 007	2 402	30 801
2016	818	8 813	1 296	13 470	2 114	22 283
2017	688	5 925	1 449	12 283	2 137	18 208
2018	250	2 182	321	2 586	571	4 768
2019	4	39	4	36	8	75
Total	4 071	57 736	8 515	136 626	12 587	194 362

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		Total	
	Outstanding principal (in M€)	Number of loans	Outstanding principal (in M€)	Number of loans	Outstanding principal (in M€)	Number of loans
0	1	840	4	3 523	4	4 363
1	7	1 011	46	6 551	53	7 562
2	14	1 207	97	6 930	111	8 137
3	32	1 727	154	7 225	186	8 952
4	53	2 412	206	7 455	259	9 867
5	80	3 706	278	8 214	358	11 920
6	110	3 911	481	10 930	591	14 841
7	102	3 033	437	8 989	539	12 022
8	117	2 612	457	8 295	574	10 907
9	145	2 837	489	7 646	634	10 483
10	150	2 534	507	7 088	656	9 622
11	204	2 960	651	8 187	855	11 147
12	198	2 723	568	7 006	766	9 729
13	227	2 808	626	6 932	853	9 740
14	188	2 261	455	5 101	643	7 362
15	178	2 091	384	4 214	562	6 305
16	290	2 892	506	4 948	797	7 840
17	295	2 816	467	4 336	762	7 152
18	277	2 399	487	3 899	764	6 298
19	205	1 818	251	2 149	455	3 967
20	145	1 374	140	1 298	286	2 672
21	255	2 093	160	1 371	415	3 464
22	304	2 335	210	1 584	514	3 919
23	358	2 448	329	2 014	687	4 462
24	127	835	122	706	249	1 541
25	8	52	5	35	12	87
26	0	1	-	-	0	1
27	-	-	-	-	-	-
28	-	-	-	-	-	-
29	-	-	-	-	-	-
30	-	-	-	-	-	-
Total	4 071	57 736	8 515	136 626	12 587	194 362

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 273 126 as of 30th June 2019.

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 2019, 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
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	43 600 000	

This portfolio is ECB eligible.

As of 30th June 2019, the market value of the portfolio is EUR 47 236 679. After ECB haircut, the value as replacement assets is EUR 46 761 294.

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 49 444 008 as of 30th June 2019.

V - Prepayments

The annualized prepayment rate calculated on the basis of home loan portfolio for the second quarter 2019 is 6.7%.

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 2019, 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 25.1 Million for a 200 bps move, that is to say 11.93 % of the capital of La Banque Postale Home Loan SFH (taking into account a 11.3 % per year prepayment rate in the Cover Pool).

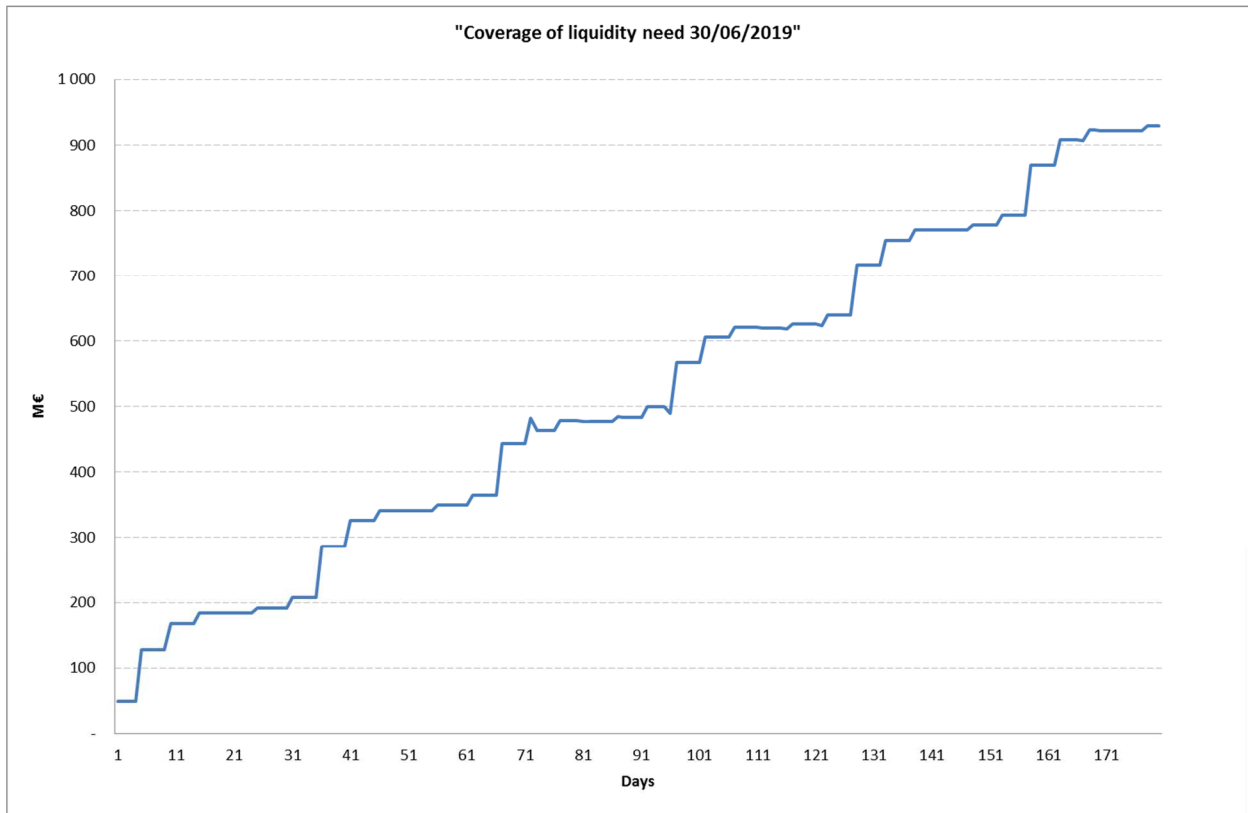
Sensitivity to interest rate variation	M€
-2%	4.7
2%	-25.1

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 2019, the liquidity need over 180 days is null and thus covered.



Paris, 14th August 2019

Dominique Heckel
 Delegate Chief Executive Officer of La Banque Postale Home Loan SFH