

## Asset Quality Report as of 31<sup>st</sup> March 2019

*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> March 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	12 517
Loans to developers	
Other loans	
<b>Total</b>	<b>12 517</b>

Counterparty types	Outstanding balance (in M€)
Non-financial companies and individual entrepreneurs	
Individuals	12 517
Other	
<b>Total</b>	<b>12 517</b>

Guarantee types	Outstanding balance (in M€)
Residential mortgage	3 974
Business mortgage	
Guarantee ( <i>cautionnement</i> ) granted by a credit institution	8 543
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>12 517</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	2 909	1 066	<b>3 974</b>
Guarantee ( <i>cautionnement</i> ) granted by credit institution	5 948	2 595	<b>8 543</b>
<b>Total</b>	<b>8 857</b>	<b>3 660</b>	<b>12 517</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		Total	
	Outstanding principal (in M€)	Number of loans	Outstanding principal (in M€)	Number of loans	Outstanding principal (in M€)	Number of loans
2006	18	512	86	2 519	104	3 031
2007	32	938	206	5 622	238	6 560
2008	36	1 098	265	6 878	301	7 976
2009	39	1 176	377	9 406	415	10 582
2010	47	1 316	701	15 660	748	16 976
2011	74	2 516	733	18 269	807	20 785
2012	154	3 941	506	11 560	660	15 501
2013	371	6 829	696	12 329	1 067	19 158
2014	592	10 409	626	10 150	1 218	20 559
2015	974	12 552	1 434	18 046	2 408	30 598
2016	787	8 442	1 275	13 195	2 062	21 637
2017	646	5 554	1 374	11 646	2 020	17 200
2018	205	1 803	263	2 125	469	3 928
<b>Total</b>	<b>3 974</b>	<b>57 086</b>	<b>8 543</b>	<b>137 405</b>	<b>12 517</b>	<b>194 491</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		Total	
	Outstanding principal (in M€)	Number of loans	Outstanding principal (in M€)	Number of loans	Outstanding principal (in M€)	Number of loans
0	1	825	4	3 267	4	4 092
1	7	1 052	43	6 279	50	7 331
2	14	1 185	101	7 078	115	8 263
3	31	1 680	150	7 096	181	8 776
4	51	2 164	204	7 285	255	9 449
5	78	3 665	275	8 347	353	12 012
6	108	3 839	441	10 077	549	13 916
7	108	3 354	485	9 940	594	13 294
8	111	2 543	451	8 253	562	10 796
9	144	2 855	479	7 705	623	10 560
10	144	2 477	513	7 237	658	9 714
11	201	2 960	628	8 004	828	10 964
12	193	2 656	572	7 034	765	9 690
13	219	2 777	656	7 282	875	10 059
14	191	2 286	461	5 264	652	7 550
15	171	2 023	392	4 325	563	6 348
16	278	2 830	482	4 857	760	7 687
17	273	2 652	447	4 322	720	6 974
18	295	2 571	544	4 375	839	6 946
19	201	1 790	258	2 260	459	4 050
20	144	1 350	149	1 380	293	2 730
21	223	1 879	144	1 282	367	3 161
22	256	2 022	184	1 498	440	3 520
23	373	2 578	334	2 086	707	4 664
24	146	971	133	789	280	1 760
25	13	99	13	83	26	182
26	0	2	-	-	0	2
27	0	1	-	-	0	1
28	-	-	-	-	-	-
29	-	-	-	-	-	-
30	-	-	-	-	-	-
<b>Total</b>	<b>3 974</b>	<b>57 086</b>	<b>8 543</b>	<b>137 405</b>	<b>12 517</b>	<b>194 491</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 10 360 as of 31<sup>st</sup> March 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 31<sup>st</sup> March 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
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	<b>54 500 000</b>	

This portfolio is ECB eligible.

As of 31<sup>st</sup> March 2019, the market value of the portfolio is EUR 59 749 347. After ECB haircut, the value as replacement assets is EUR 59 086 643.

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 37 110 467 as of 31<sup>st</sup> March 2019.

## V - Prepayments

The annualized prepayment rate calculated on the basis of home loan portfolio for the first quarter 2019 is 6.9%.

## 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> March 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 19.6 Million for a 200 bps move, that is to say 9.34 % of the capital of La Banque Postale Home Loan SFH (taking into account a 11.5 % per year prepayment rate in the Cover Pool).

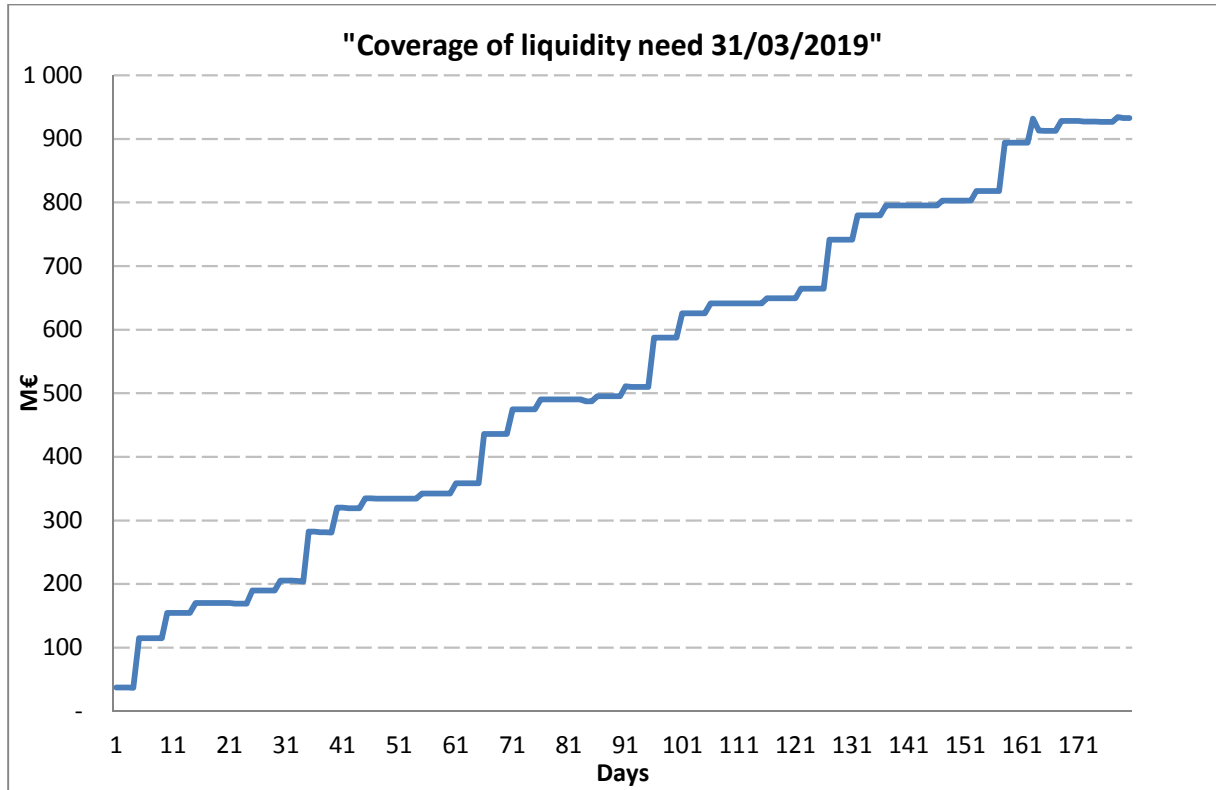
Sensitivity to interest rate variation	M€
-2%	7.5
2%	-19.6

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



Paris, 13<sup>th</sup> May 2019

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