

Asset Quality Report as of 30th September 2020

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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 September 2020, 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	21 714
Loans to developers	
Other loans	
Total	21 714

Counterparty types	Outstanding balance (in M€)
Non-financial companies and individual entrepreneurs	
Individuals	21 714
Other	
Total	21 714

Guarantee types	Outstanding balance (in M€)
Residential mortgage	9 013
Business mortgage	
Guarantee (<i>cautionnement</i>) granted by a credit institution	12 701
Guarantee (<i>cautionnement</i>) granted by an insurance company	
Guarantee from <i>Fonds de garantie à l'accession sociale à la propriété</i>	
Total	21 714

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. 513-1 (CMF), and value of financed property	Total
Residential mortgage	7 020	1 993	9 013
Guarantee (<i>cautionnement</i>) granted by credit institution	10 465	2 236	12 701
Total	17 485	4 229	21 714

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	17	570	62	2 332	79	2 902
2007	32	1 080	163	5 202	196	6 282
2008	38	1 297	216	6 571	254	7 868
2009	44	1 194	332	8 154	376	9 348
2010	57	1 504	630	14 180	687	15 684
2011	98	3 190	660	18 086	758	21 276
2012	194	5 015	476	11 842	670	16 857
2013	530	9 681	658	12 891	1 188	22 572
2014	917	15 512	638	11 016	1 554	26 528
2015	1 567	20 743	1 582	21 586	3 149	42 329
2016	1 488	16 204	1 864	19 884	3 352	36 088
2017	1 647	14 324	2 622	22 867	4 269	37 191
2018	1 185	10 364	1 413	11 434	2 598	21 798
2019	1 050	8 736	1 311	10 368	2 361	19 104
2020	150	1 078	73	584	223	1 662
Total	9 013	110 492	12 701	176 997	21 714	287 489

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	1 291	6	4 762	7	6 053
1	11	1 577	53	7 378	63	8 955
2	31	2 330	115	7 781	145	10 111
3	61	3 503	190	8 856	251	12 359
4	104	4 921	291	9 656	395	14 577
5	141	5 712	498	13 015	639	18 727
6	145	4 446	494	11 137	639	15 583
7	190	4 619	541	10 533	731	15 152
8	253	5 029	628	10 247	881	15 276
9	306	5 243	697	10 126	1 003	15 369
10	319	4 812	744	9 864	1 063	14 676
11	360	5 177	840	10 308	1 200	15 485
12	389	5 038	783	8 814	1 172	13 852
13	409	4 948	725	7 708	1 134	12 656
14	505	5 671	697	7 207	1 201	12 878
15	469	4 770	635	5 969	1 104	10 739
16	585	5 534	794	6 690	1 379	12 224
17	558	4 850	686	5 301	1 244	10 151
18	580	5 009	654	4 771	1 234	9 780
19	594	4 985	506	3 680	1 099	8 665
20	450	3 772	248	1 926	697	5 698
21	711	5 243	461	3 101	1 172	8 344
22	717	4 830	487	2 931	1 204	7 761
23	574	3 740	484	2 803	1 057	6 543
24	530	3 310	436	2 392	966	5 702
25	22	128	8	41	29	169
26	0	1	-	-	0	1
27	-	3	-	-	-	3
28	-	-	-	-	-	-
29	-	-	-	-	-	-
30	-	-	-	-	-	-
Total	9 013	110 492	12 701	176 997	21 714	287 489

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 1 030 656.81 as of 30th September 2020.

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 September 2020, 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
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		32 700 000	

This portfolio is ECB eligible.

As of 30th September 2020, the market value of the portfolio is EUR 34 682 123.19. After ECB haircut, the value as replacement assets is EUR 34 392 022.45.

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 69 271 895.11 as of 30th September 2020.

V - Prepayments

The annualized prepayment rate calculated on the basis of home loan portfolio used as guarantee for the third quarter 2020 is 7.8%.

VI - Interest rate risk

The features (amount, maturity and type of interest rate) of the loans granted by La Banque Postale Home Loan SFH to La Banque Postale are identical to those of the covered bond issues. The rates of

these loans correspond to the issue rates plus a margin intended to cover the operating expenses of La Banque Postale Home Loan SFH.

Consequently, the residual interest rate risk is considered negligible with regard to the amount of equity of La Banque Postale Home Loan SFH.

A Financial Management Committee dedicated to the SFH meets monthly and notably establishes the monitoring of structural rate risk and the projection of fixed rate positions from all balance sheet items viewed by transparency.

La Banque Postale Home Loan SFH's balance sheet is made up of the following assets and liabilities:

- real estate loans making up the cover pool (100% at fixed rate);
- securities (100% in government bonds) replacing part of the equity;
- cash pledge granted by La Banque Postale to La Banque Postale Home Loan SFH to cover 180-day cash requirements (zero interest rate);
- cash placed in a deposit account at La Banque Postale (zero interest rate) and, for a negligible part, in an account at the Banque de France (currently remunerated at a negative rate);
- equity, restitution debt and adjustment accounts; assimilated to fixed rate (zero interest rate) positions;
- liabilities linked to the cash pledge (zero interest rate);
- covered bonds (100% fixed rate).

As the balance sheet items are made up of fixed rate assets and liabilities, with the exception of the Banque de France account which represents an insignificant amount outstanding, this results in a structural fixed rate gap negligible over the residual life of the covered bonds.

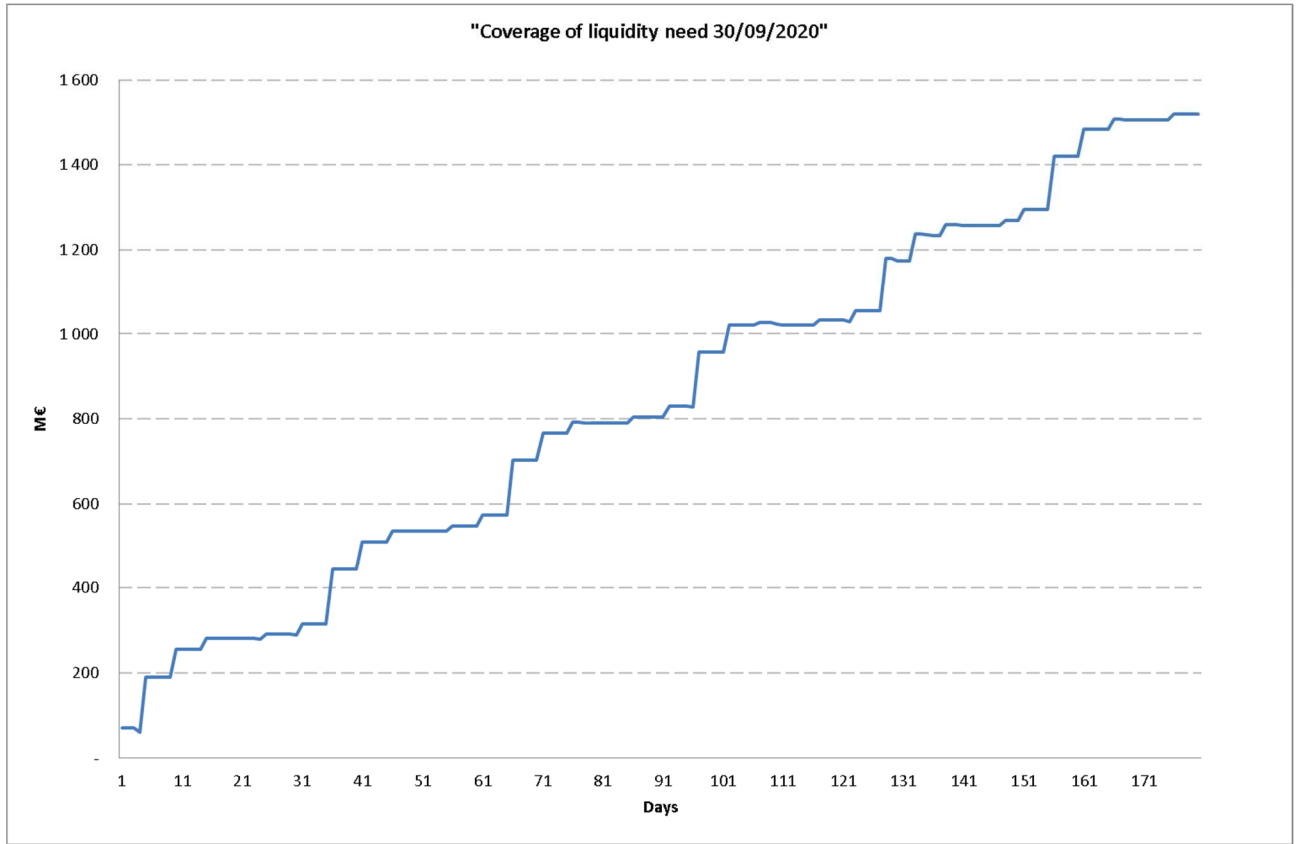
Such a composition of balance sheet items allows a natural hedging strategy for the fixed rate impasse. Finally, the sensitivity of the interest rate position is also negligible for the same reasons.

VII – Coverage of liquidity need

Pursuant to article R. 513-7-1¹ 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 September 2020, the liquidity need over 180 days is null and thus covered.

¹ This article also provides that Banque de France eligible assets may cover the liquidity needs.



Paris, 10th November 2020

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