

Asset Quality Report as of 31st December 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 31st December 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	15 474
Loans to developers	
Other loans	
Total	15 474

Counterparty types	Outstanding balance (in M€)
Non-financial companies and individual entrepreneurs	
Individuals	15 474
Other	
Total	15 474

Guarantee types	Outstanding balance (in M€)
Residential mortgage	5 992
Business mortgage	
Guarantee (<i>cautionnement</i>) granted by a credit institution	9 482
Guarantee (<i>cautionnement</i>) granted by an insurance company	
Guarantee from <i>Fonds de garantie à l'accession sociale à la propriété</i>	
Total	15 474

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	4 376	1 615	5 992
Guarantee (<i>cautionnement</i>) granted by credit institution	7 369	2 113	9 482
Total	11 745	3 728	15 474

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	511	75	2 458	91	2 969
2007	28	888	182	5 393	210	6 281
2008	33	1 073	233	6 652	266	7 725
2009	35	983	344	8 089	379	9 072
2010	44	1 289	638	15 366	682	16 655
2011	75	2 465	673	17 272	748	19 737
2012	156	4 070	477	11 472	634	15 542
2013	388	7 254	658	12 243	1 046	19 497
2014	659	11 486	607	10 180	1 266	21 666
2015	1 127	14 831	1 453	19 157	2 580	33 988
2016	1 002	10 821	1 465	15 362	2 467	26 183
2017	1 502	12 757	1 817	15 503	3 319	28 260
2018	769	6 745	638	5 101	1 407	11 846
2019	160	1 404	220	1 733	380	3 137
Total	5 992	76 577	9 482	145 981	15 474	222 558

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	1 022	4	4 019	5	5 041
1	7	1 092	52	7 181	59	8 273
2	19	1 486	100	7 015	119	8 501
3	37	2 053	155	7 318	193	9 371
4	65	3 313	231	8 431	297	11 744
5	102	4 384	339	9 221	441	13 605
6	113	4 028	496	11 386	609	15 414
7	116	3 047	455	9 123	571	12 170
8	158	3 493	487	8 585	645	12 078
9	178	3 289	536	8 138	714	11 427
10	215	3 430	587	7 998	802	11 428
11	225	3 257	619	7 846	843	11 103
12	281	3 761	742	8 542	1 023	12 303
13	285	3 514	554	6 282	839	9 796
14	277	3 270	497	5 344	774	8 614
15	298	3 246	459	4 845	757	8 091
16	330	3 269	511	4 875	841	8 144
17	455	4 033	671	5 467	1 126	9 500
18	414	3 547	392	3 166	806	6 713
19	327	2 879	322	2 551	649	5 430
20	242	2 136	170	1 478	412	3 614
21	317	2 589	197	1 582	514	4 171
22	626	4 386	406	2 645	1 032	7 031
23	521	3 477	256	1 512	777	4 989
24	326	2 198	207	1 235	533	3 433
25	55	375	35	196	90	571
26	0	2	-	-	0	2
27	-	-	-	-	-	-
28	0	1	-	-	0	1
29	-	-	-	-	-	-
30	-	-	-	-	-	-
Total	5 992	76 577	9 482	145 981	15 474	222 558

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 27 730 as of 31st December 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 31st December 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 31st December 2019, the market value of the portfolio is EUR 47 011 301. After ECB haircut, the value as replacement assets is EUR 46 538 381.

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 49 533 755 as of 31st December 2019.

V - Prepayments

The annualized prepayment rate calculated on the basis of home loan portfolio for the fourth quarter 2019 is 8.5%.

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 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 16.3 Million for a 200 bps move, that is to say 7.66 % of the capital of La Banque Postale Home Loan SFH (taking into account a 11.09 % per year prepayment rate in the Cover Pool).

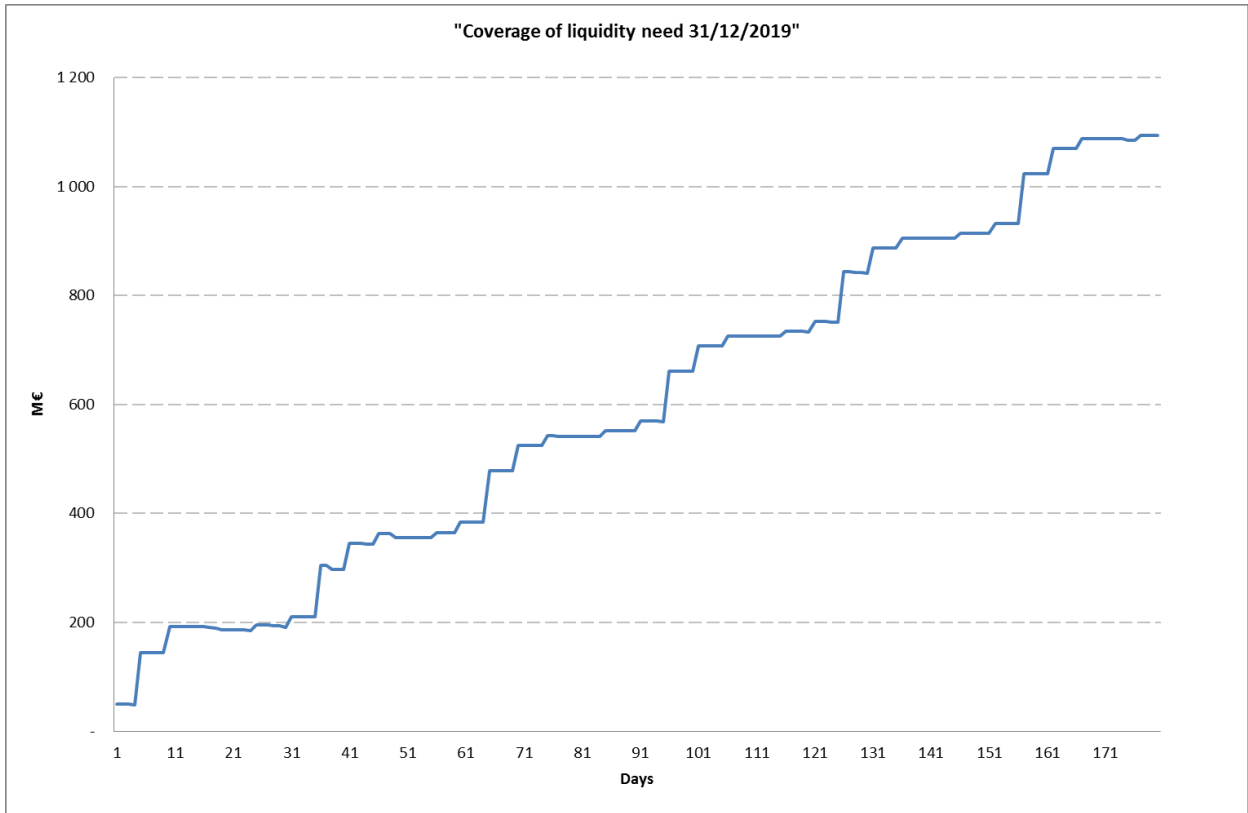
Sensitivity to interest rate variation	M€
-2%	3.9
2%	-16.3

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 31st December 2019, 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, 11th February 2020

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