



ADDITIONAL TIER 1 (ATI)

Investor Presentation - November 2019

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Executive Summary

Transaction Summary

- Inaugural Perpetual non-call 7 Additional Tier I (AT1) notes issued by La Banque Postale
- EUR denominated, benchmark transaction
- Callable at anytime between 6.5 and 7 years, and at every interest payment date thereafter, subject to regulatory approval and other conditions
- 5.125% CET1 trigger at Group level
- Temporary write-down loss absorption mechanism
- Discretionary, semi-annual, non-cumulative coupons
- Expected instrument rating BB / BB (by S&P / Fitch)

Issuance Rationale

- Optimise La Banque Postale's existing capital structure by contributing to fulfil the Pillar I AT1 requirement
- Contribute to meeting future MREL requirements
- Further strengthen key financial metrics, including the leverage ratio and capital ratios
- Increase La Banque Postale's financial and regulatory flexibility
- Further diversify funding sources and investor base
- Seize the opportunity of attractive market conditions for AT1 issuance

Investment Thesis

Investment Thesis

Conservative risk profile

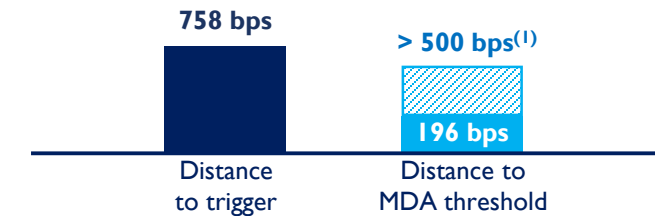
- Low risk profile, supported by French State ownership via La Poste
- Increasingly diversified model rooted in a strong domestic footprint, with reinforcement on Insurance following CNP Assurances integration
- HI 2019 NPL ratio of 0.9%

Rating agency	“Stand alone” rating	Uplift	Long-term rating	Short-term rating	Outlook	Date
S&P	bbb+	+2	A	A-1	Positive	30-Oct-18
Fitch	a-	A-(SRF)	A-	F1	Stable	10-Oct-19

Robust capital position

- HI 2019 CET1 ratio of 12.71% (following standard approach) and Total Capital ratio of 15.8% before CNP Assurances integration
- Comfortable distance to MDA of 196 bps with unfilled ATI bucket at 30 June 2019 and 296 bps expected with ATI bucket filled at 1%. Expected enhanced capital buffer following CNP Assurances integration with a distance to MDA above 500 bps⁽¹⁾
- Proven commitment to maintain adequate solvency levels

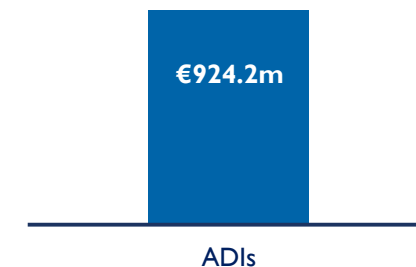
Significant capital buffers at 30/06/2019



Extremely low non-payment risk

- La Banque Postale does not anticipate any regulatory restrictions on ATI coupons
- Significant buffer to trigger at 30 June 2019: 758 bps (€5.65bn)
- Available Distributable Items (ADI) of €924.2m at 30 June 2019
- Limited ATI issuance required (1% of RWA expected, representing €745m currently)
- Intention to prioritise coupons on ATI instruments over other discretionary distributions

ADI position at 30/06/2019



(1) Subject to the closing of the operation with CNP Assurances and without any major event that may impact the capital position of the bank

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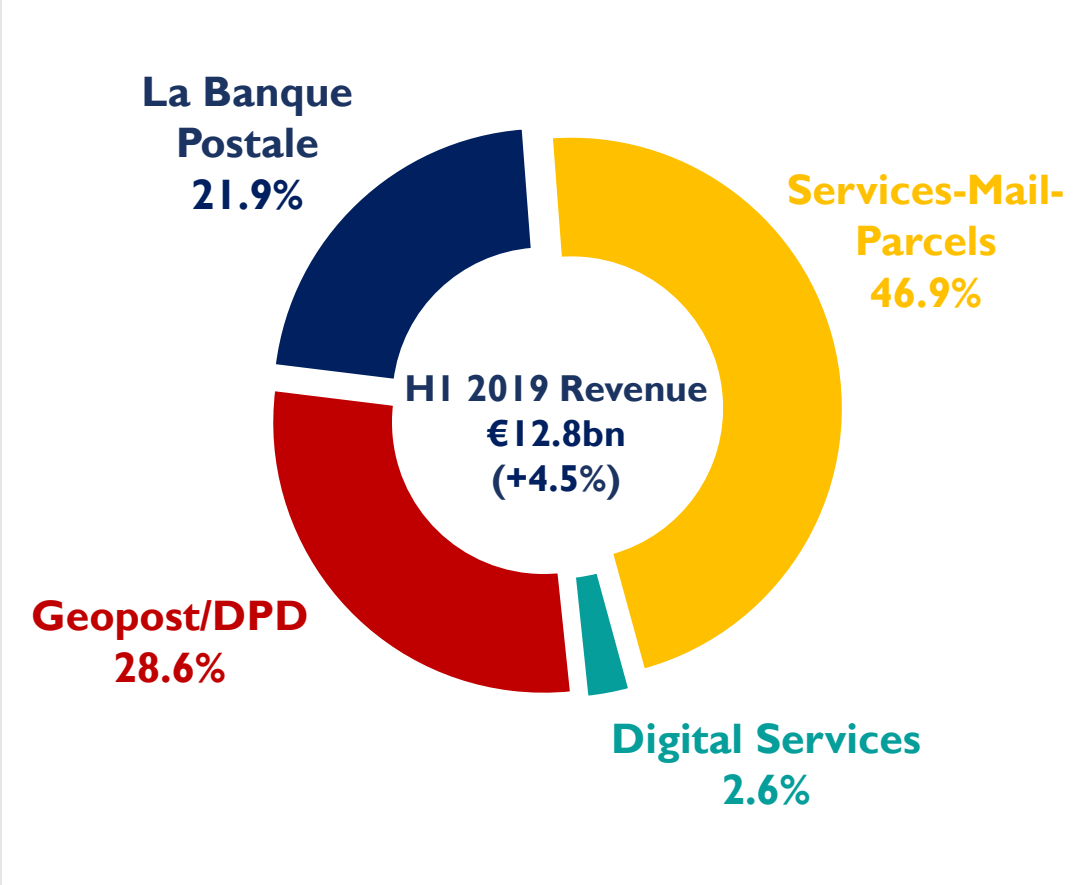
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La Banque Postale: a key component of a major French services Group

La Poste's multi-business model⁽¹⁾⁽²⁾



(1) Breakdown of La Poste's H1 2019 revenue excluding Network, other sectors and intercompany

(2) La Banque Postale's revenue corresponds to its net banking income (NBI)

La Banque Postale: the main contributor of La Poste's profit

La Banque Postale

- CETI Ratio: 12.7% (+1 pt vs. December 2018)
- 22% of La Poste revenue and 51% of operating profit⁽³⁾

Services-Mail-Parcels

- HI 2019 Revenue: +6.1%
- HI 2019 Parcels volume: 168 million items (+9.6%⁽⁴⁾)

Geopost/DPD

- HI 2019 Revenue: +7.2%
- HI 2019 Parcels volume: 638 million items (+2.3%)

Digital Services

- HI 2019 Revenue: +8.4%
- Number of Digiposte customers: 3.5 million (+32%)

(3) Breakdown of La Poste's H1 2019 revenue and operating profit excluding distribution network, intercompany transaction and others

(4) In equivalent business days

Perspectives and strategy

Challenges of the banking sector

Low real interest rate environment

Competitive French retail environment

Technology and digital disruption

Cost efficiency

2014-2020 Strategic Plan main achievements

- ✓ **Business development in retail banking**
 €61.8bn in outstanding home loans in HI 2019 (+17.9% vs HI 2014)
 €5.0bn in outstanding consumer finance in HI 2019 (+36.4% vs HI 2014)
- ✓ **Strong growth and diversification activities**
 Nearly 700,000 affluent and private banking customers in 2018
 HI 2019 corporate and public finance loans of €16bn
- ✓ **A comprehensive €1bn IT transformation plan over 5 years delivering a state of the art banking system**

2020 major strategic developments

■ Project for the creation of a large public financial group

Full consolidation of CNP Assurances by 2020



■ Pursue diversification and partnerships

Combination of the mainly insurance-related euro fixed-income management activities of LBPAM and Ostrum AM



■ A boost in Digital transformation of La Banque Postale

Accompanying the growth of Ma French Bank in the second half of 2019 with distribution rolled out to more than 2,000 post offices



■ Excellence 2020

Objective of drastically driving cost down and improving service quality

La Banque Postale – CNP Assurances: Building a leading bancassurance group at no capital cost

Transaction rationale

- 

Building a large-scale public group providing banking and insurance services
- 

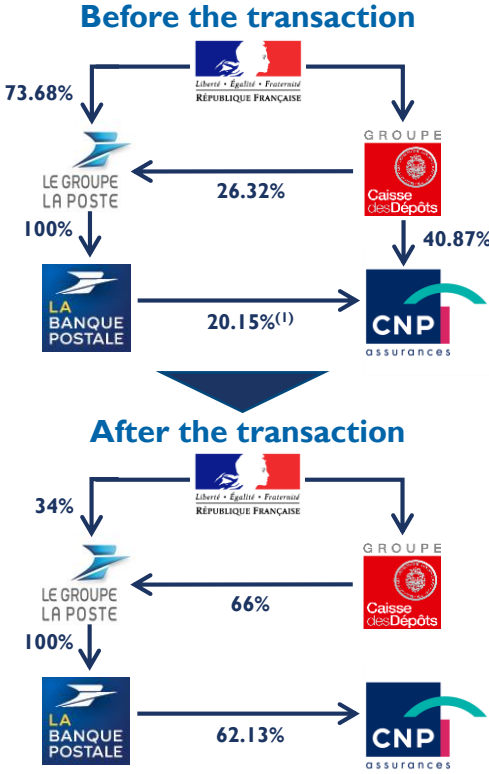
Enhancing our competitive position
- 

Strengthening our prudential capital to pursue business development
- 

Creating value through synergies and process improvements
- 

Meeting the needs of the local public sector, corporates and retail costumers

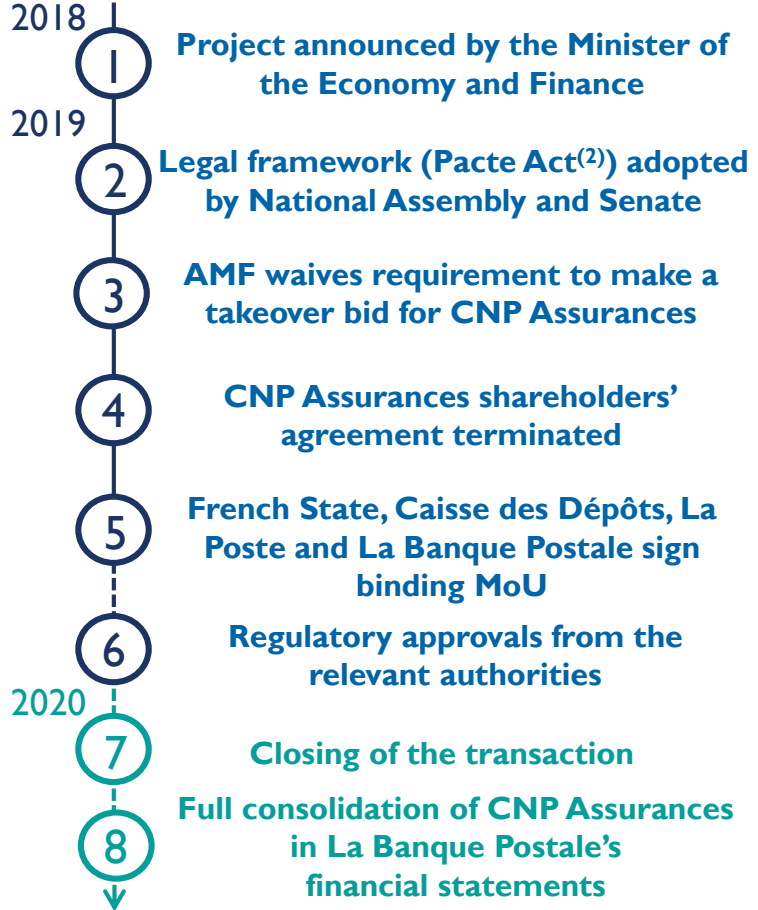
Change in ownership structure



A reorganisation of strategic stakes at French State level
For La Banque Postale, the project will involve a capital increase by way of a contribution in kind

(1) 18.14% through Sopassure and 2.01% through call option

Milestones



(2) Pacte Act ("Plan d'action pour la croissance et la transformation des entreprises" - Action Plan for Business Growth and Transformation)

La Banque Postale – CNP Assurances: Building a leading bancassurance group

Adopting a proven bancassurance model

- In France, the bancassurance distribution channel has experienced strong growth in recent years. Key trends:
 - Evolution of customer expectations (ex: simplicity, self care)
 - Transformation of the regulatory environment (ex: DDA, IFRS 9, IFRS 17)
 - Technological revolutions (ex: digitization, home / car connected)
 - Increased competitive pressure (ex: AssurTech such as Alan, robo-advisor)
- Therefore, Bancassurance is today the predominant distribution channel for life insurance with non-life and protection also getting traction

Offering synergies and diversification

- Integration of CNP Assurances within La Banque Postale will unlock revenues synergies in a context of growing importance of bancassurance as a distribution channel. The international multi-partner model of CNP Assurances is shored up in the context of this project
- A scalable and highly regarded insurance franchise as a pillar of La Banque Postale strategy, supporting the resilience and diversification of revenues

To better serve our clients

- Creating a leading public bancassurance group, bringing together two major players with significant customer bases (10.6m core clientèle customers for La Banque Postale and 14.6m in France for CNP Assurances)
- 3 guiding principles:
 - A global approach of savings and insurance solutions for customers;
 - End-to-end operational excellence;
 - An engine of innovation opening up new opportunities

Growth through impactful partnerships to quickly get to scale

Asset Management

- Personal asset management
- Corporate asset management
- Property fund management

Insurance

- Life Insurance
- Property & Casualty
- Health Insurance
- Death/disability Insurance

Retail Banking

- Banking solutions for individuals
- Mass affluent and private banking portfolio management
- Public sector financing
- Corporate banking

Asset Management partnerships

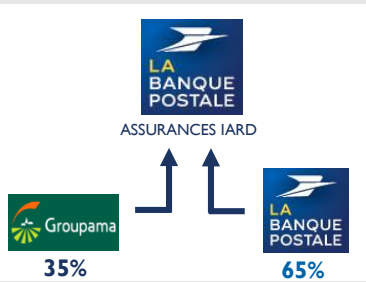


Life Insurance partnerships

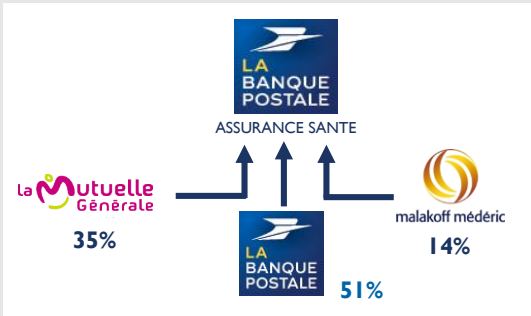


(1) As of today

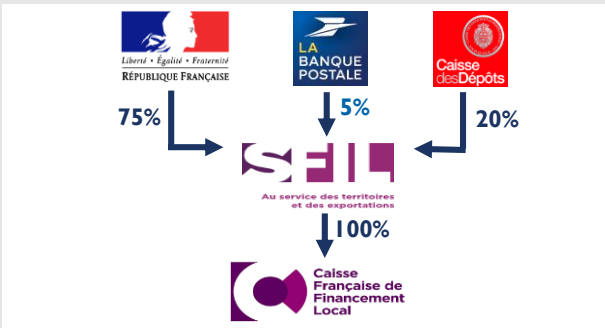
Property & Casualty partnerships



Health Insurance partnerships



Public sector finance partnerships⁽²⁾



Payment services partnerships



(2) Agreement in principle for the acquisition of SFIL by Caisse des Dépôts in the first quarter of 2020 signed by the French Government, Caisse des Dépôts and La Banque Postale

Digital transformation of La Banque Postale



- 6.4m Online Banking Users (April 2019)
- 2018-2021 program for the development of the digital offering:
 - Extension to all customers and products (insurance, payments, ...)
 - Redesign of the mobile application
- 3rd most visited on-line banking site (*source: Médiamétrie et Médiamétrie, France, Avril 2019*)



- Launch in July 2019
- 100% digital bank
- Targets young people as a priority
- Real time transactions and account opening in less than 10 minutes (online or at a post office)
- €2/month all inclusive: no overdraft, Visa International card (free international payments and withdrawals), innovative services (*Apple Pay, sharing expenses, kitty KissKissBankBank*)
- 100% subsidiary of La Banque Postale



- Opened in January 2019
- Fintech and Assurtech incubator
- A place for interactions and synergies between startups and La Banque Postale, innovate (Artificial Intelligence, Blockchain, Data...) and accelerate the development of new services
- La Banque Postale's acculturation program for innovation

Sound Credit ratings

S&P Global Ratings

LBP: LT/ST: A/A- I, outlook: Positive

LBP Home Loan SFH: AAA, outlook: Stable

Last rating action on 2018/10/30:

- LT/ST ratings affirmed
- Outlook upgraded to Positive

Rating by debt:

- Senior Preferred: A
- Senior Non-Preferred: BBB
- Tier 2: BBB-

Rating comments:

“The positive outlook for LBP mirrors that for La Poste. We expect La Poste to maintain a significant long-term interest in LBP for at least the next two years. LBP is part of the Group’s overall strategy, and we see it as strongly integrated within the Group. Because we align LBP’s ratings with those of La Poste, an upgrade of La Poste would trigger an upgrade of LBP.”

About CNP Assurances integration:

“The outlook revision reflects our view that La Poste could structurally benefit from LBP’s partial takeover of French insurance company CNP Assurances by 2020. In our view, this would likely strengthen LBP’s profitability and La Poste’s stand-alone credit profile (SACP).”

S&P Global Ratings methodology:

LBP’s rating is aligned with the rating of its parent company, La Poste Group.

Fitch Ratings

LT/ST: A-/F I, outlook: Stable

Last rating action on 2019/10/10:

- LT/ST ratings affirmed
- Stable outlook unchanged

Rating by debt:

- Senior Preferred: A-
- Senior Non-Preferred: A-

Rating comments:

“LBP’s ratings reflect its established franchise in deposit collection and housing loans in France, a fairly conservative risk appetite tempered by rapid loan growth, good asset quality, moderate profitability and strong funding and liquidity. They also reflect adequate capitalisation, taking into account ordinary support from LBP’s parent La Poste.”

About CNP Assurances integration:

“The consolidation of CNP, which is the largest French life insurer, will expand LBP’s franchise and significantly diversify its revenue sources from 2020.”

“We expect LBP’s profitability to benefit from the consolidation of CNP.”

“We expect the consolidation of CNP to be materially positive for regulatory capital ratios but neutral for the FCC ratio and that LBP’s capitalisation will continue to benefit from ordinary support from La Poste.”

Fitch Ratings methodology:

LBP has a Support Rating Floor (SRF) of ‘A-’.

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Resilient HI 2019 Attributable net profit: stable at €422m

CONSOLIDATED RESULTS (in € millions)	HI 2018	HI 2019	%
Net banking income	2,926	2,850	-2.6%
Net banking income excluding the PEL/CEL effect	2,910	2,822	-3.0%
Operating expenses	(2,369)	(2,353)	-0.7%
Gross operating profit	558	497	-10.9%
Cost of risk ⁽¹⁾	(49)	(41)	-15.7%
Operating profit	508	455	-10.5%
Share of profits of equity-accounted companies	131	136	+4.1%
Pre-tax profit	639	591	-7.5%
Income tax	(198)	(162)	-18.0%
Non-controlling interests	(20)	(7)	-64.1%
Attributable net profit	422	422	+0.1%
Cost-Income ratio	81.4%	83.2%	+1.8 point

Despite very low real interest rates, net banking income declined by just 2.6% compared to HI 2018. Excluding the effect of a French market cap on bank penalty fees, net banking income came to €2,889m (-1.3%)

Operating expenses under control, at €2,353m (-0.7%) despite an ambitious transformation program and the development of activities

Retail banking cost of risk is very low at 7 bps over outstanding loans

o/w 20.15% of CNP Assurances accounting for €134.1m. Assuming a 62.13% stake in 2020, share of profits of CNP Assurances would amount to €413.5m

(1) Annualised cost of risk

HI 2019 loan growth driven by corporate lending and public finance

HI 2019 loan origination

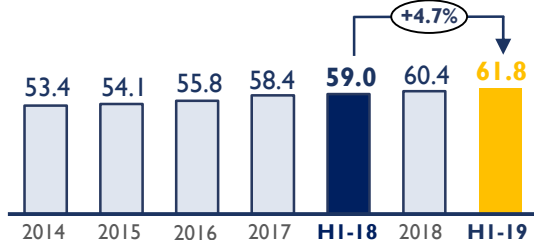
Corporate loans and public finance: **€16bn (+73.9%)**

Home loans: **€5.6bn**

Consumer finance: **€1.3bn (+3.8%)**

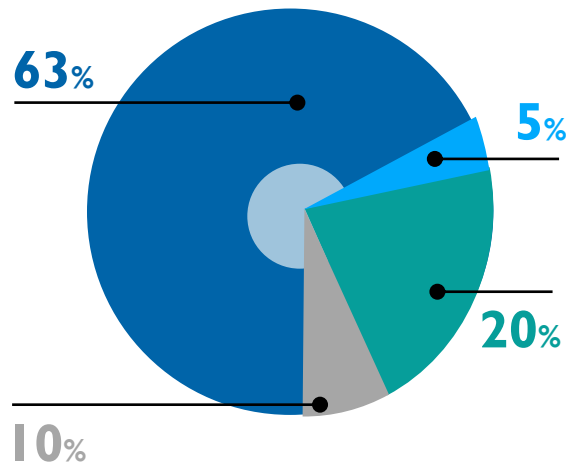
Loan portfolio

Home loans⁽¹⁾ (in €bn)

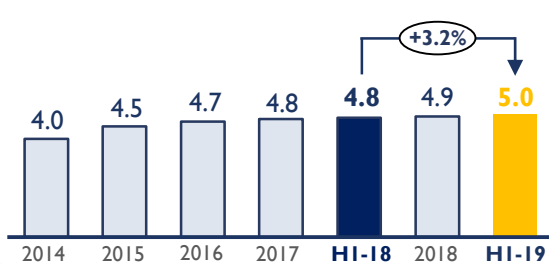


(1) excluding Dutch home loan portfolio

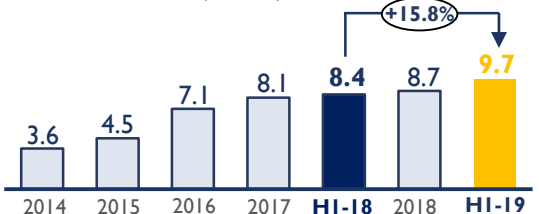
HI 2019 outstanding loans
€98.7bn (+14.5%)



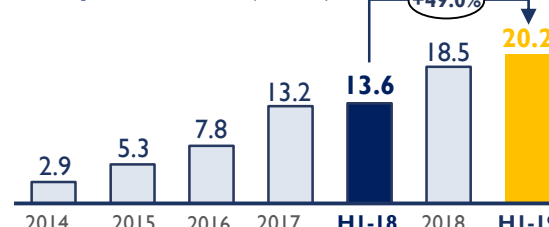
Consumer finance (in €bn)



Public finance (in €bn)

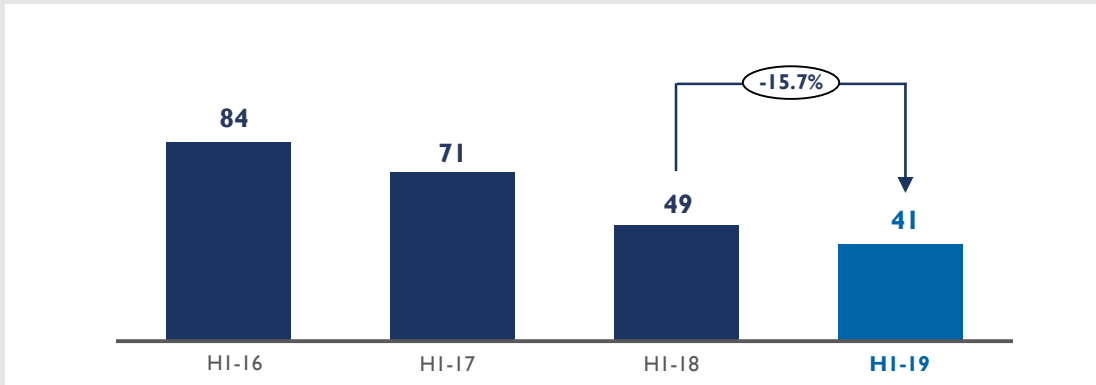


Corporate loans (in €bn)

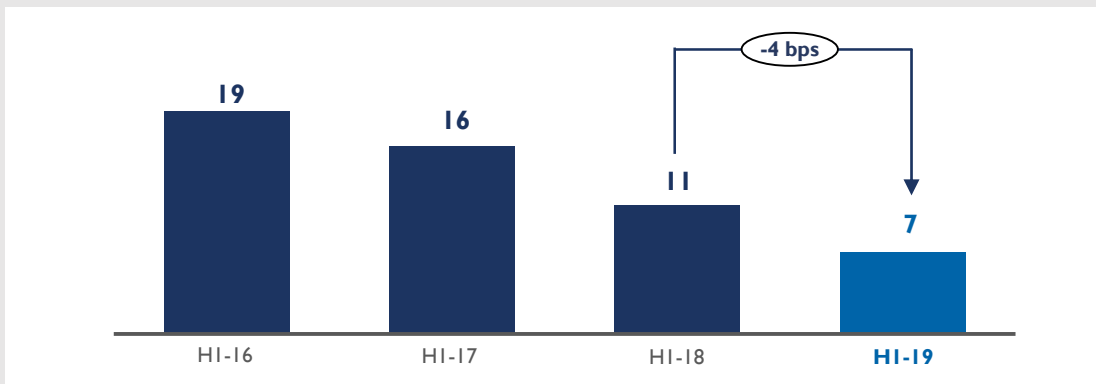


A lower cost of risk reflecting prudent risk policies

Retail banking cost of risk (in € millions)

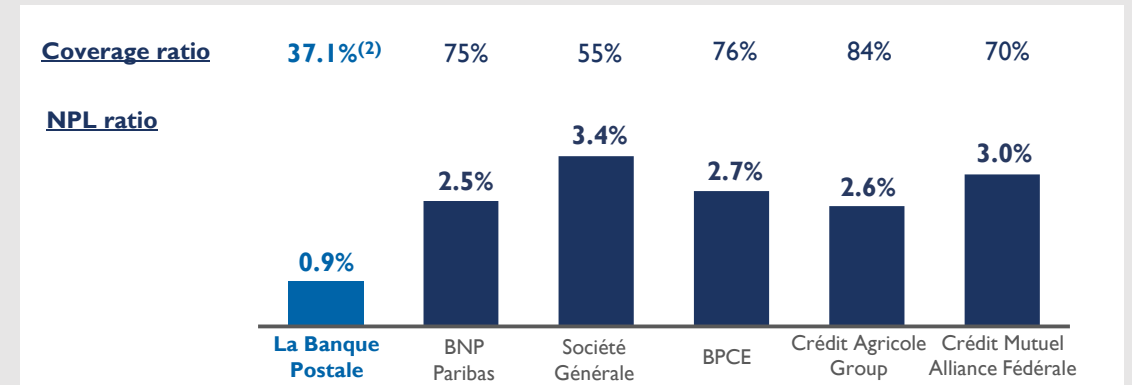


Retail banking cost of risk (in bps⁽¹⁾)



(1) Annualised cost of risk

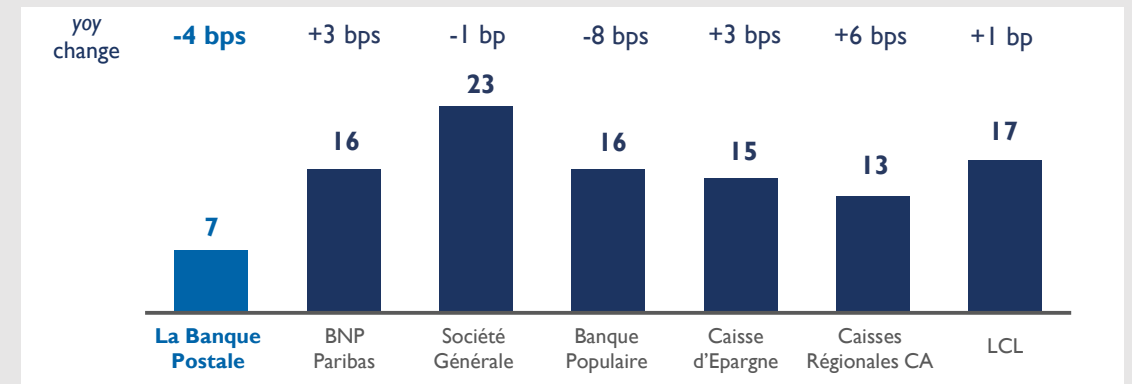
NPL and coverage ratios



(2) Impairment (Bucket 3) at 30/06/19, divided by impaired loans (Bucket 3)

Source: HI 2019 Investor Presentations

Retail banking cost of risk – French market (in bps⁽¹⁾)

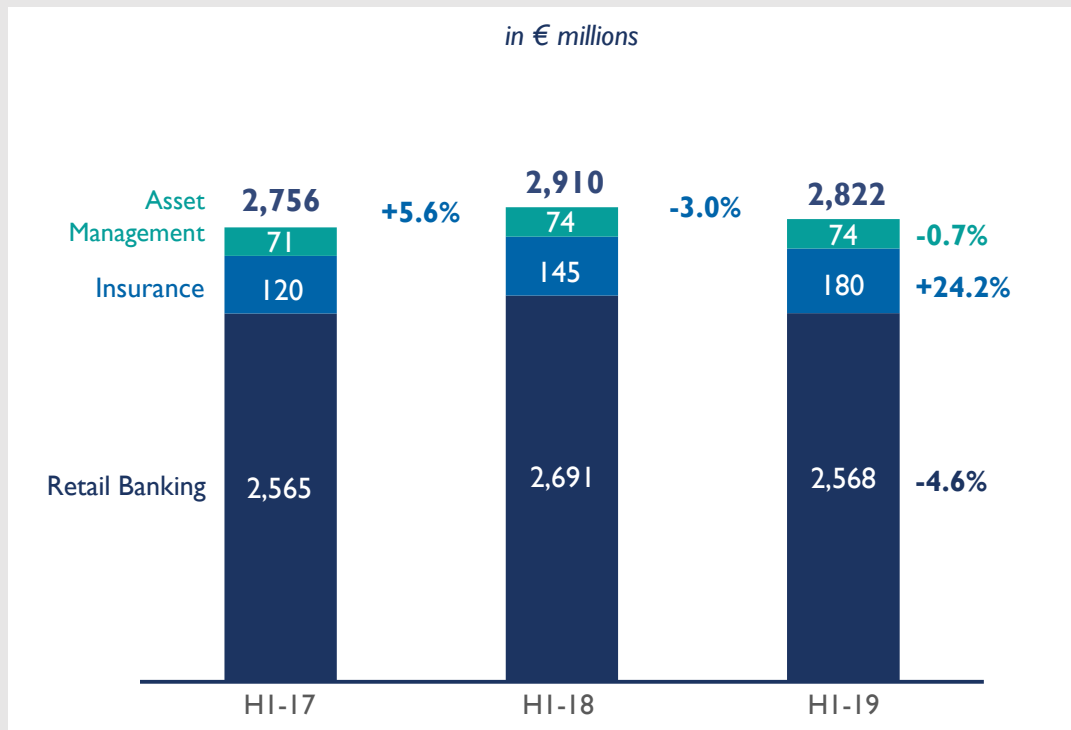


(1) Annualised cost of risk

Source: HI 2019 Investor Presentations

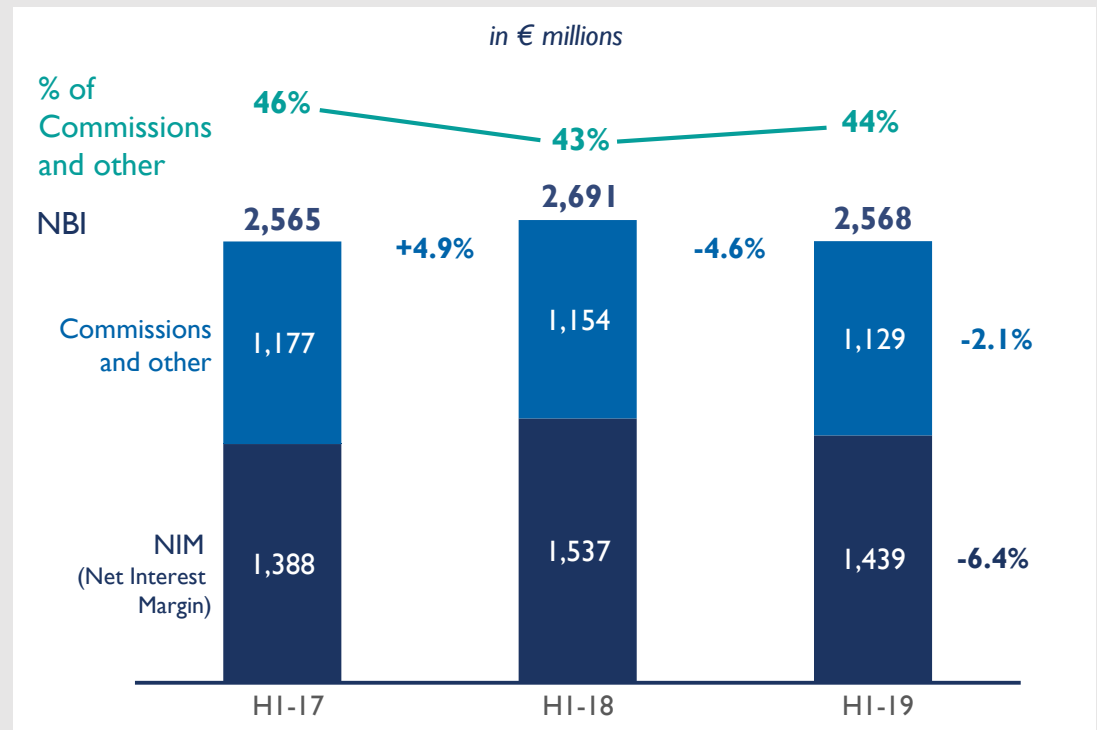
Resilient revenue across all businesses

Performance trends across businesses (NBI excl. PEL/CEL effect)



- Group net banking income (excluding PEL/CEL effect) amounted to €2,822 million, a limited decrease of 3.0% compared to 30 June 2018
- Excluding a cap on bank incident fees, NBI reached €2,889 million (-1.3%)

Retail Banking NBI (excl. PEL/CEL effect)



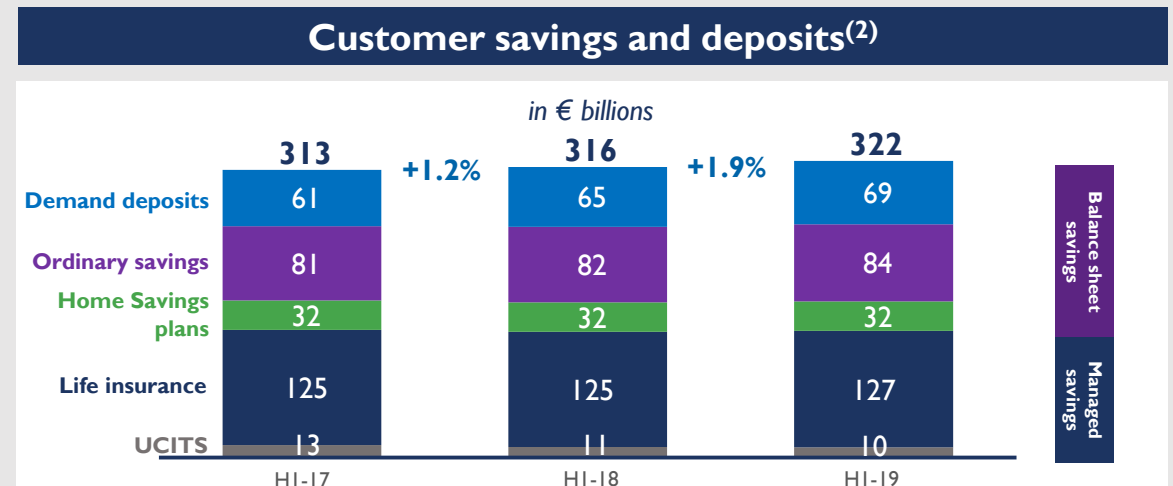
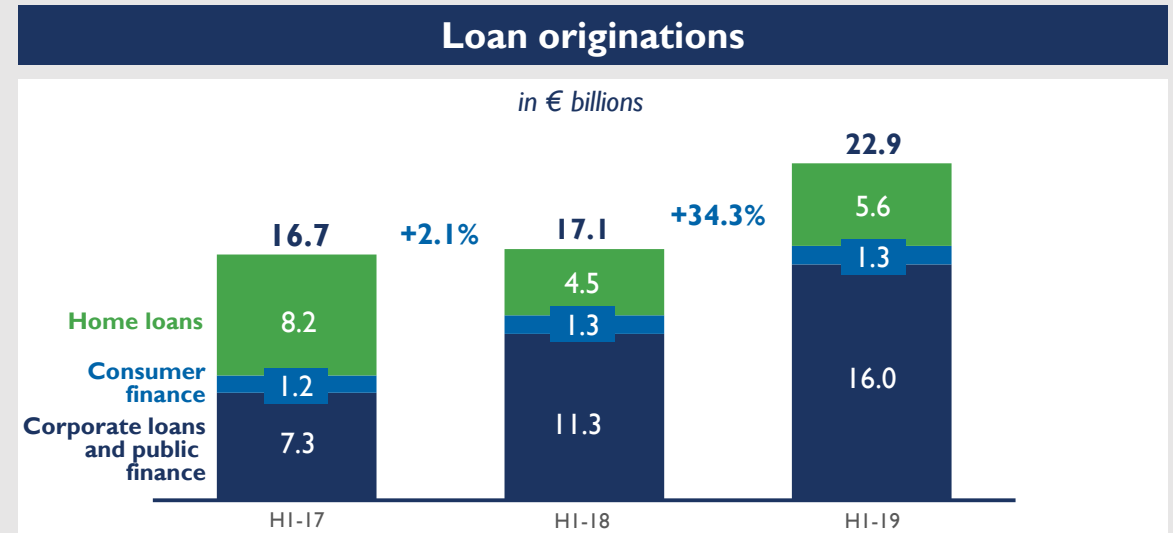
- The Retail Banking division's NBI (excl. PEL/CEL effect) decreased by 4.6%
- A growing contribution of commissions and fees to total NBI (**44%, +1 point vs. HI 2018**)
- The net interest margin (NIM, restated for the PEL/CEL effect) decreased by 6.4% versus HI 2018 and commissions contracted by 2.1% to €1,148m

Retail Banking: a solid business dynamic

Resilient financial performances			
Consolidated results (in € millions)	HI 2018	HI 2019	%
Net banking income	2,707	2,596	-4.1%
Operating expenses	(2,257)	(2,242)	-0.6%
Gross operating profit	450	354	-21.4%
Cost of risk	(49)	(41)	-15.7%
Operating profit	401	312	-22.1%

HI 2019 Financial results

- Retail Banking reported NBI of €2,596m, down 4.1%. Restated for the PEL/CEL effect, the decrease was 4.6%. Excluding the effect of the lower cap on bank penalty fees, NBI came to €2,635m (down 2.7%). The net interest margin (NIM, restated for the PEL/CEL effect) decreased by 6% versus HI 2018, and commissions by 2.1% to €1,148m
- Retail Banking’s operating expenses decreased slightly to €2,242m (down 0.6%)
- The cost of risk was a very low €41m (representing just 7 bps of outstanding Retail Banking loans), and was down €8m compared to HI 2018
- Retail Banking’s operating profit amounted to €312m



(2) End-of-period

Increased contribution from the Insurance business

Strong financial results

Consolidated results (in € millions)	HI 2018	HI 2019	%
Net banking income	145	180	+24.2%
Operating expenses	(66)	(64)	-2.2%
Gross operating profit	79	115	+46.2%
Cost of risk	0	0	Nm
Operating profit	79	115	+46.2%

HI 2019 Financial results

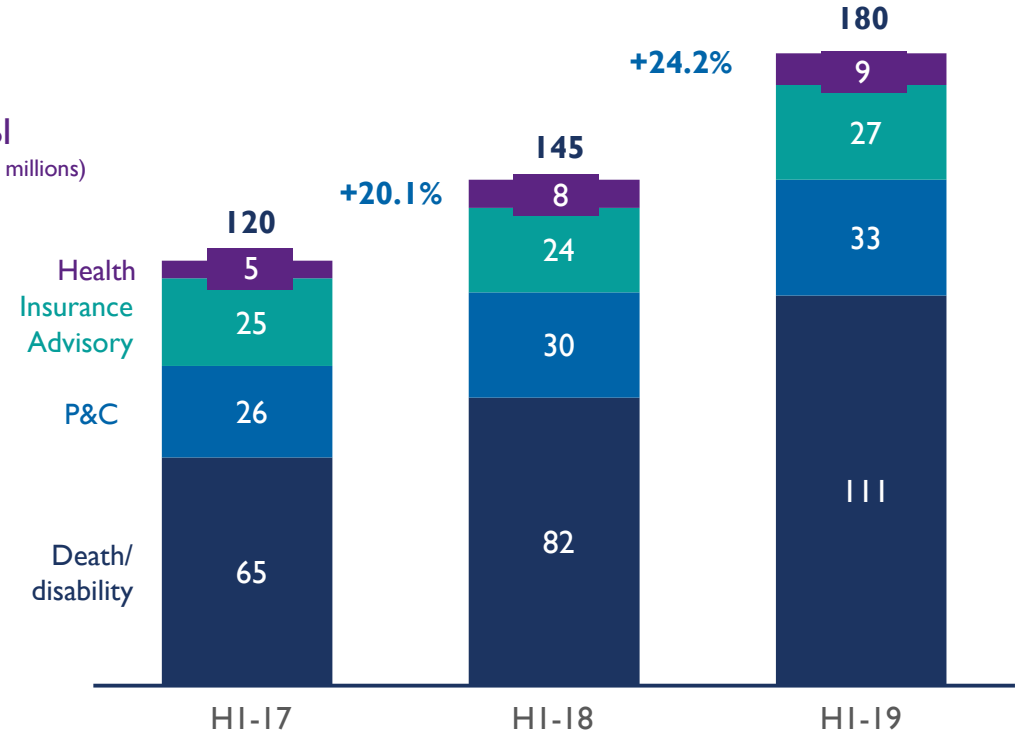
- The Non-life business enjoyed good momentum in the first half of 2019. In particular:
 - The portfolio of P&C insurance contracts (38% of the portfolio) increased by 3.8% over the period to more than 1,760,000 contracts
 - The portfolio of health insurance contracts (4.3% of the portfolio in volumes) increased by 3.4% to over 198,000 contracts
 - Death/disability insurance contracts (57.7% of the total portfolio) written by La Banque Postale Prévoyance decreased by 2% to 2,669 million contracts
- The Insurance division's NBI increased by 24.2% to €180m versus HI 2018
- The insurance subsidiaries' operating expenses were down 2.2% at €64m
- Lastly, the Insurance division's operating profit amounted to €115m for the period, a strong increase of 46.2%

NBI up 24.2%

Insurance contracts
(in thousands)



NBI
(in € millions)



CNP Assurances: HI 2019 key figures

€m	HI 2018	HI 2019	Change reported	Change Like-for-Like ⁽¹⁾	
BUSINESS PERFORMANCE	Premium income	16,955	17,570	+3.6%	+4.6%
	VNB	330 ⁽²⁾	272	-17.4%	-17.1%
	APE margin	21.3% ⁽⁵⁾	16.9%	-4.5 pts	-
EARNINGS	Total revenue	1,941	2,012	+3.7%	+5.4%
	Administrative costs	441	446	+1.1%	+2.7%
	EBIT	1,499	1,566	+4.4%	+6.2%
	Attributable recurring profit	1,156	1,168	+1.1%	+2.1%
	Attributable net profit	672	687	+2.3%	+3.3%
	Cost/income ratio	30.0%	27.8%	-2.2 pts	-2.3 pts
	ROE	8.3%	8.3%	-	-
	Combined ratio ⁽³⁾	81.2%	79.3%	-1.9 pts	-
Net operating free cash flow	€1.18/share	€1.23/share	+4.6%	-	
SOLVENCY	Consolidated SCR coverage ratio	187% ⁽⁵⁾	169% ⁽⁴⁾	-18 pts	-
	Consolidated MCR coverage ratio	317% ⁽⁵⁾	280% ⁽⁴⁾	-37 pts	-

Source: HI 2019 results - Investor presentation (slide 6)

(1) Average exchange rates: First-half 2018: Brazil: €1 = BRL 4.14; Argentina: €1 = ARS 26.11 / First-half 2019: Brazil: €1 = BRL 4.34; Argentina: €1 = ARS 46.83

(2) 2018 data

(3) Personal Risk/Protection segment (term creditor insurance, personal risk, health and property & casualty insurance)

(4) Including a €500m Tier 2 subordinated debt issue in February 2019 and the repayment of a \$500m Tier 1 debt issue in July 2019

(5) Data at 31 December 2018

A growing Asset Management Division

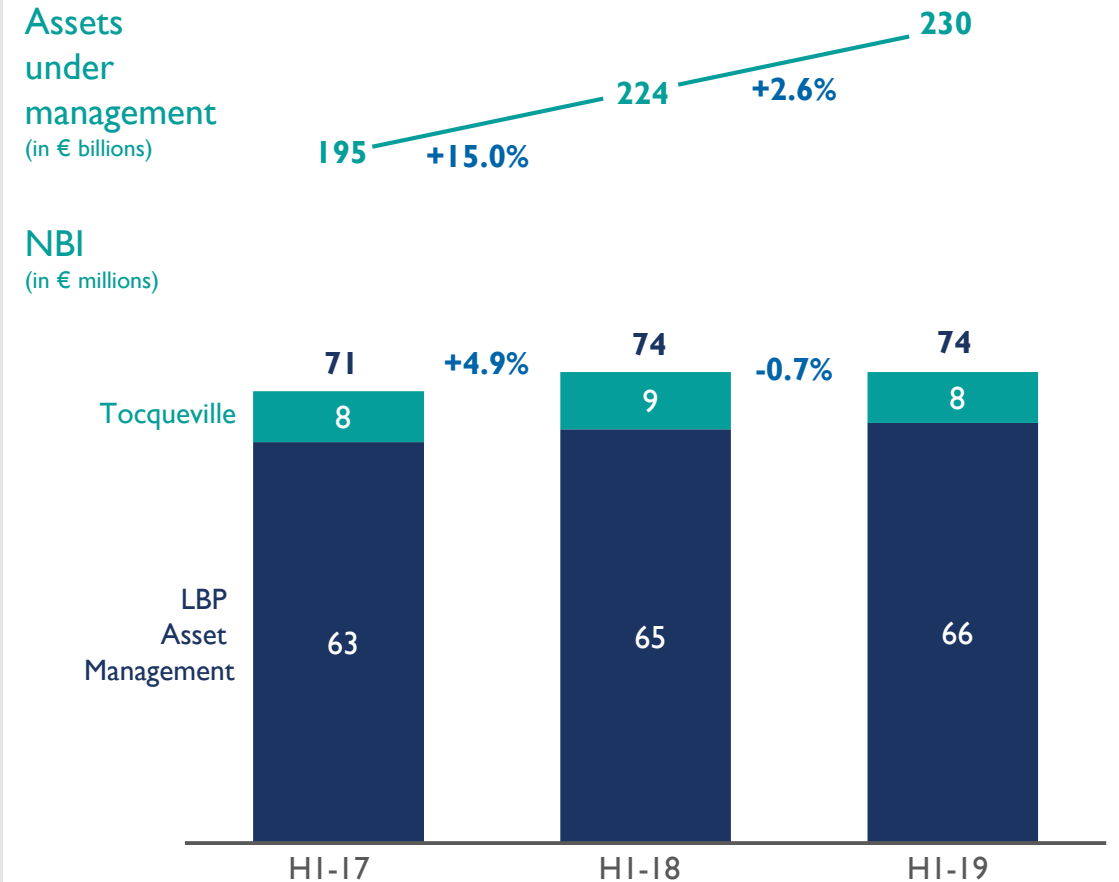
Solid financial results

Consolidated results (in € millions)	HI 2018	HI 2019	%
Net banking income	74	74	-0.7%
Operating expenses	(46)	(46)	+1.2%
Gross operating profit	29	28	-3.8%
Cost of risk	0	0	nm
Operating profit	29	28	-3.8%

HI 2019 Financial results

- La Banque Postale Asset Management had €228bn worth of assets under management at 30 June 2019 (including Kames distributed funds), up 2.7% over the period.
- Growth was driven by an increase in net new money (+€0.4bn) and the favourable market effect (+€5.4bn) over the period. New money inflows came mainly from CNP Assurances and the renewed popularity of money market funds.
- The Asset Management division's NBI came to €74m, down slightly (-0.7%) due to the negative market effect at the end of 2018 and lower-than-expected inflows of new money in the second half of the year.
- LBPAM continued to invest in business growth, leading to a 1.2% increase in operating costs to €46m.
- Operating profit was €28 million, down 3.8%.
- Transition to SRI funds: 51% of assets under management complied with SRI criteria at 30 June 2019

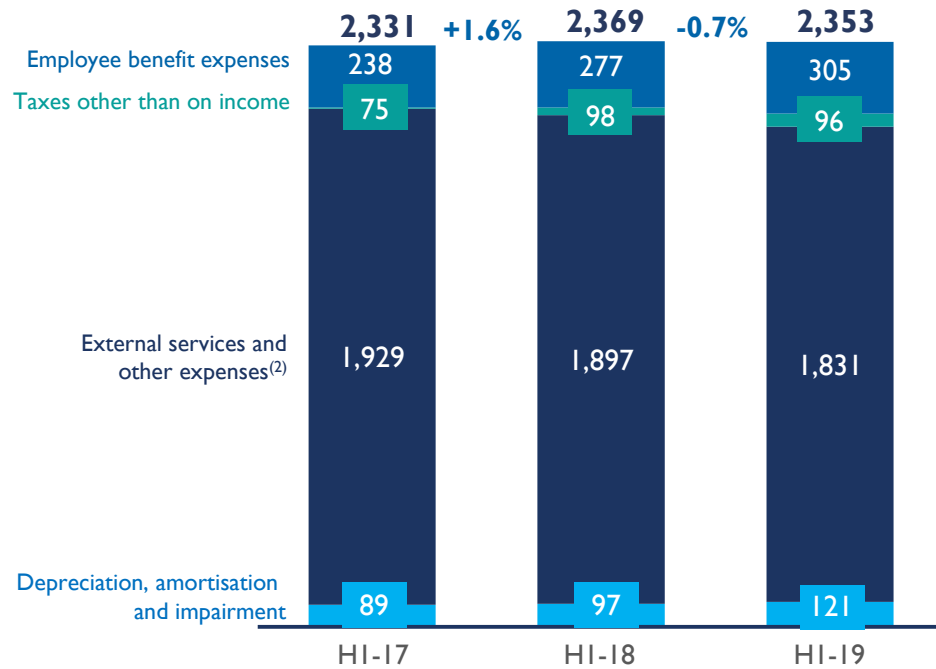
A 2.6% increase in assets under management



Effective cost control

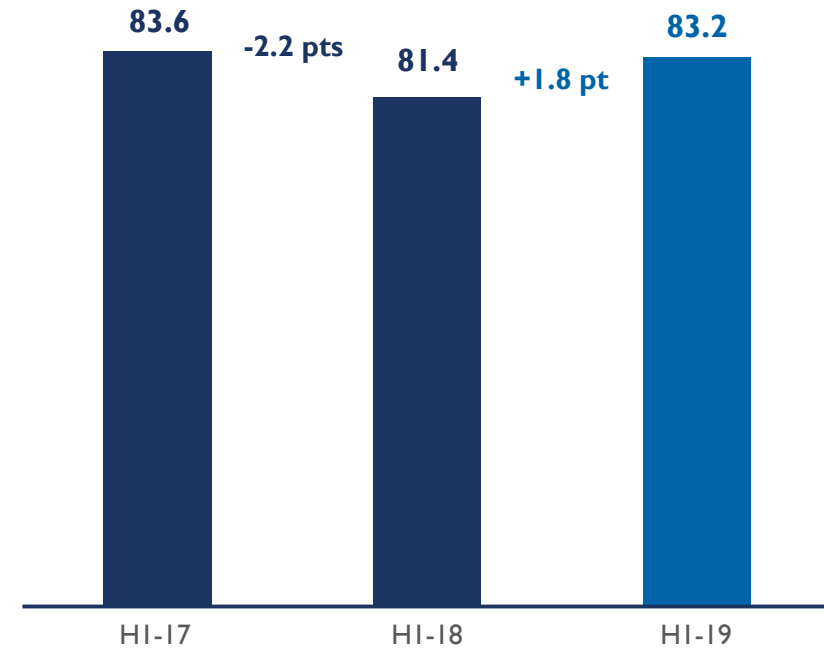
Breakdown of operating expenses⁽¹⁾

in € millions



Cost-Income Ratio

in percent (%)



(1) General operating expenses + net depreciation, amortisation and impairment of property and equipment and intangible assets

(2) Customer advisors & salesforce, Back office & IT, Counter & ATM transaction and operating costs

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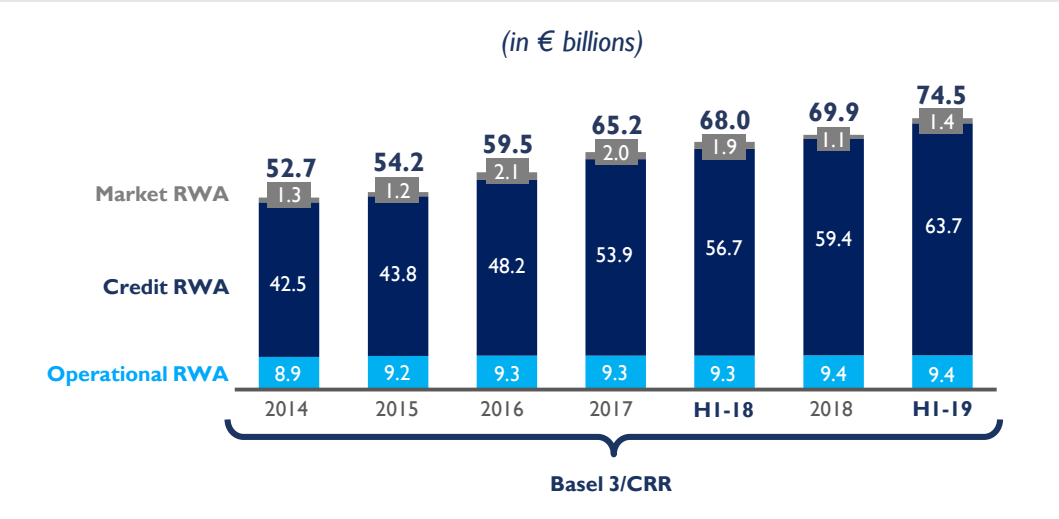
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High quality assets

High quality assets at 30 June 2019

- Balance sheet at 30 June 2019: €263bn, +€18bn vs. 1 January 2019
 - o/w €99bn in outstanding loans

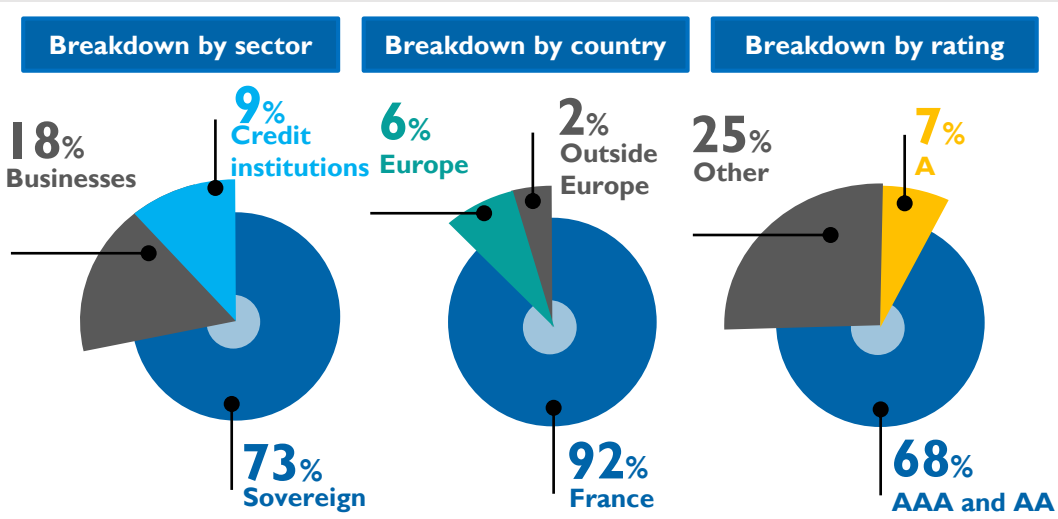
Credit risk still accounting for most of total RWAs



High quality of loan portfolio

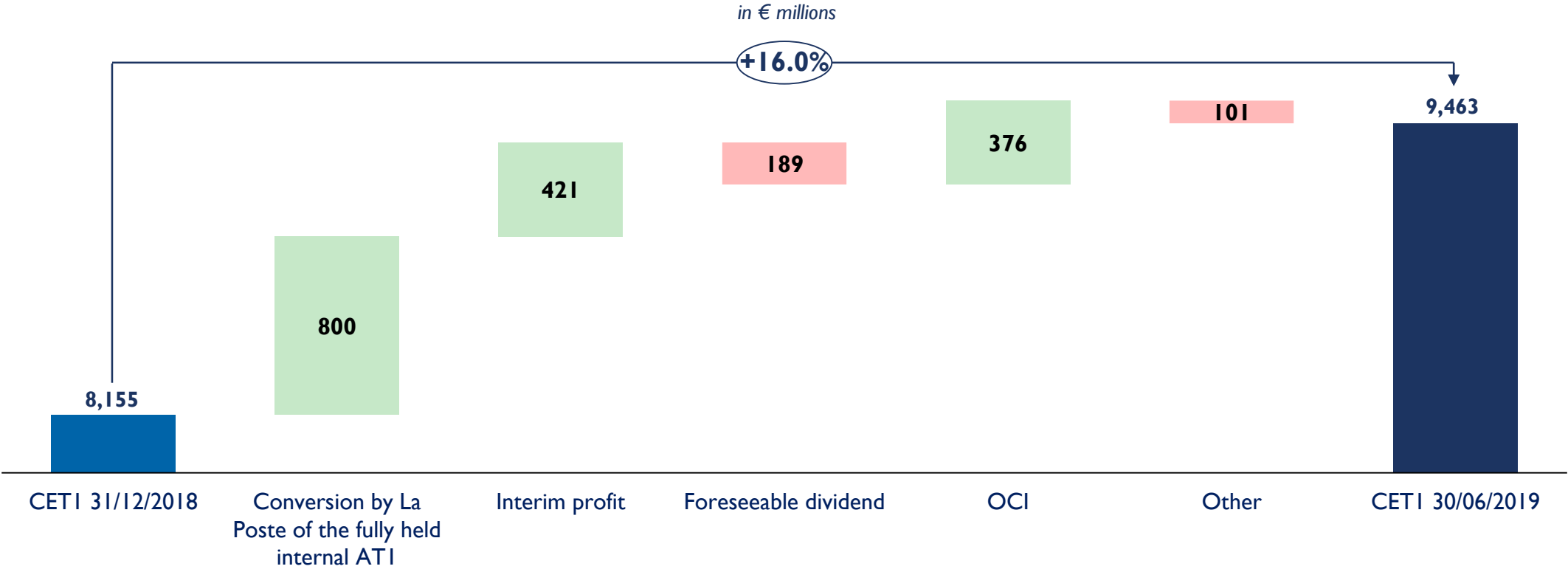
- A **conservative** RWA calculation approach using standard method
- **Gradual and controlled** diversification of lending businesses
- A **conservative** financing approach, focusing on disciplined management

High quality securities portfolios (HTC and HTCS YE 2018)



CETI growth during HI 2019

CETI growth



■ La Banque Postale’s CETI ratio stands at **12.71%**, **up 1 point** from end-December 2018 due to the conversion into shares of the €800 million of ATI bonds issued in 2013, all of which were held by La Poste

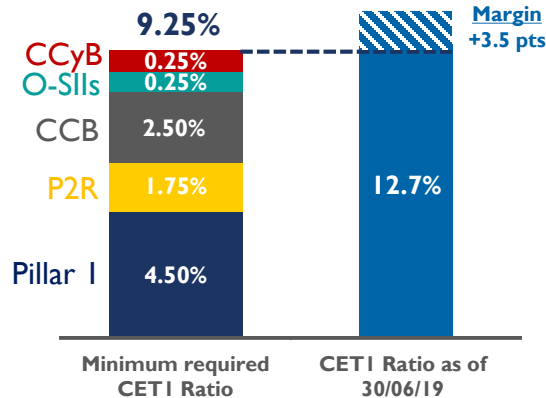
2019 Supervisory Review and Evaluation Process (SREP)

CET I Ratio

Following the Supervisory Review and Evaluation Process (SREP) carried out by the ECB, the latter notified La Banque Postale of its required consolidated CET I Ratio applicable as from 1 March 2019.

The ratio is 9.25%, breaking down as follows:

- 4.50% for CET I
- 1.75% for Pillar 2 additional own funds (Pillar 2 Requirement)
- 2.50% for a capital conservation buffer (CCB)
- 0.25% for a buffer for Other Systemically Important Institutions (O-SIIs)
- 0.25% for a countercyclical buffer for pertinent exposures in France (CCyB)

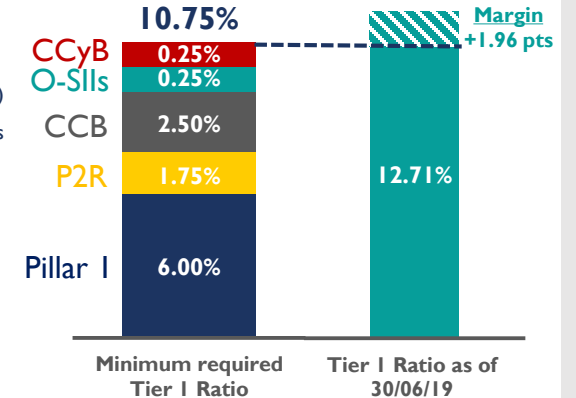


Tier I Ratio

Following the Supervisory Review and Evaluation Process (SREP) carried out by the ECB, the latter notified La Banque Postale of its required consolidated Tier I Ratio applicable as from 1 March 2019.

The ratio is 10.75%, breaking down as follows:

- 9.25% for applicable CET I SREP requirement
- 1.50% for Additional Tier I (ATI)

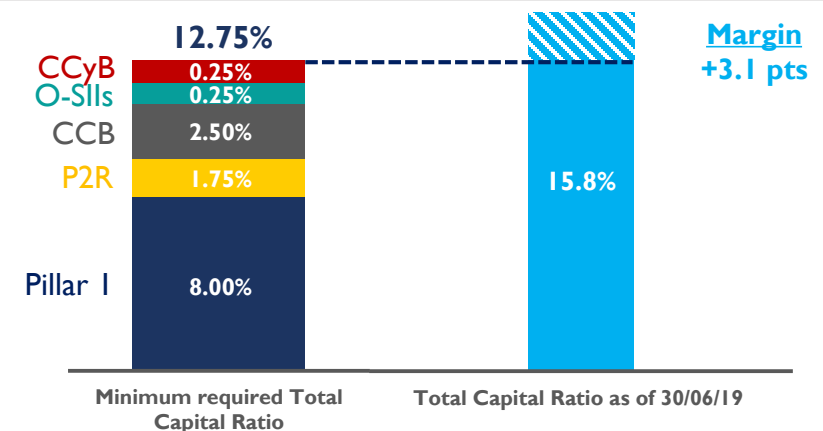


Total Capital Ratio

Following the Supervisory Review and Evaluation Process (SREP) carried out by the ECB, the latter notified La Banque Postale of its required consolidated Total Capital Ratio applicable as from 1 March 2019.

The ratio is 12.75%, breaking down as follows:

- 9.25% for applicable CET I SREP requirement
- 1.50% for Additional Tier I (ATI)
- 2.00% for Tier 2 (T2)

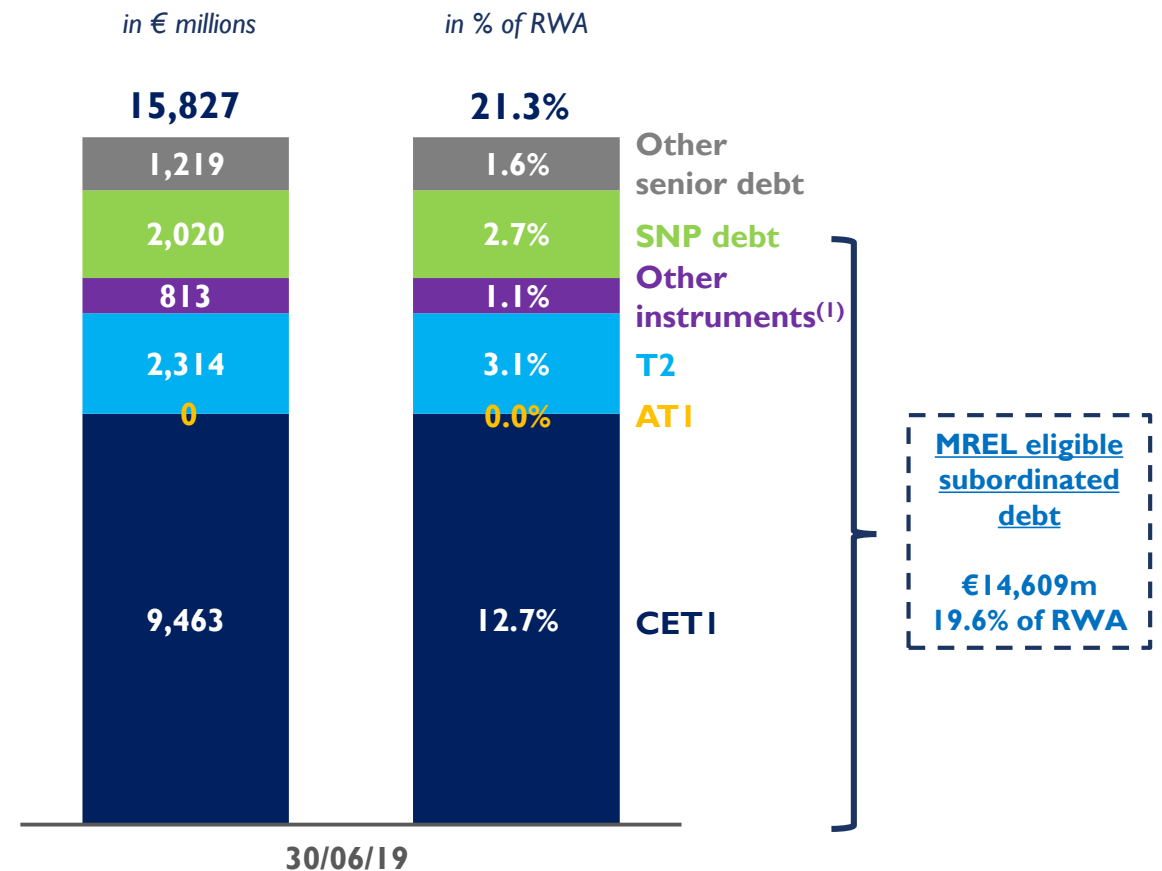


Regulatory capital and MREL eligible resources

MREL eligible resources at 30/06/19

■ TLAC and MREL considerations

- The reformed Banking Package, published in the Official Journal on 7 June 2019, introduces TLAC in European law and amends MREL
- As an “O-SIB” and as of today, La Banque Postale is not subject to TLAC as defined by the FSB
- As of 30/06/19, La Banque Postale counts with a strong MREL ratio:
 - Representing 21.3% of RWA, of which 19.6% of RWA are MREL eligible subordinated debt
 - MREL eligible resources representing a total amount of €15,827m
 - Including Total Capital of €11,776m



(1) Mainly consisting of the portion of 2010 Tier 2 issuance no longer qualified as Tier 2

Support for the Bank's development strategy provided by La Poste Group

Capital management principles

- La Banque Postale is committed to maintaining a sound capital position as evidenced by the track record of La Banque Postale's strong solvency levels
- Moreover, La Banque Postale counts with La Poste Group's support to ensure La Banque Postale maintains adequate solvency levels, as evidenced by several corporate actions

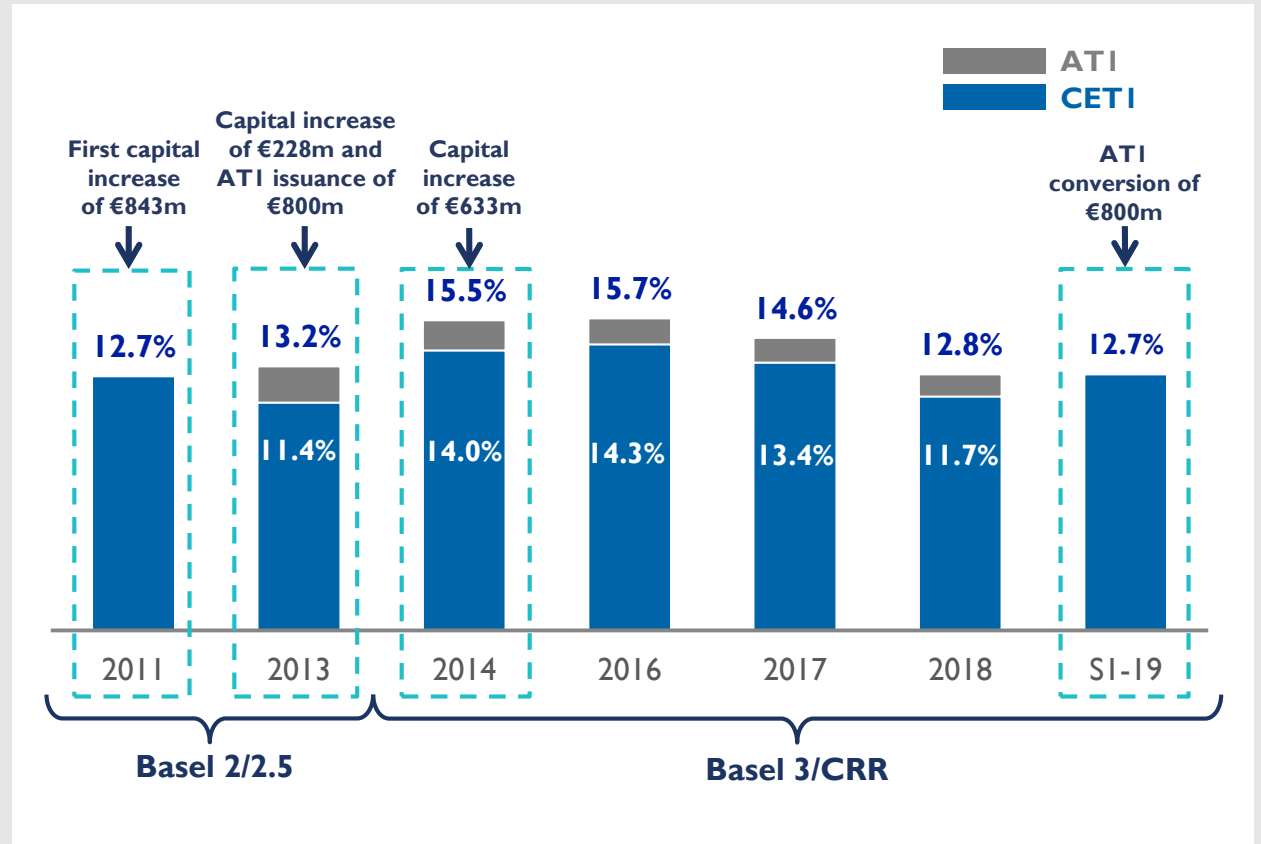
... based on conservative solvency calculations

- Assessing Pillar I risk using the standard approach

... internal AT1 conversion in H1 2019






- In H1 2019, La Banque Postale's CET1 was increased through the conversion by La Poste Group of €800m worth of AT1 into equity

La Banque Postale's Tier I ratios and La Poste Group support



Balance sheet - Regulatory indicators

Regulatory indicators well above requirements

	CAPITAL		LEVERAGE	LIQUIDITY	
	CET1	Total Capital	Leverage ratio	LCR	NSFR
2018 requirements	8.3%	11.8%	N.A.	>100%	N.A.
HI 2019 ratios	12.7%	15.8%	3.8% ⁽¹⁾	161%	>100% ⁽³⁾
2019 requirements	9.3% ⁽²⁾	12.8% ⁽²⁾	N.A.	>100%	N.A.
					

(1) In application of the European Central Bank's decision of May 2019, calculated excluding 50% of the savings transferred to CDC

Excluding savings transferred to CDC, the leverage ratio stands at 4.3%

(2) From 01/07/2019, including a countercyclical buffer for 0.25%

(3) NSFR calculated under the BCBS requirements (QIS)

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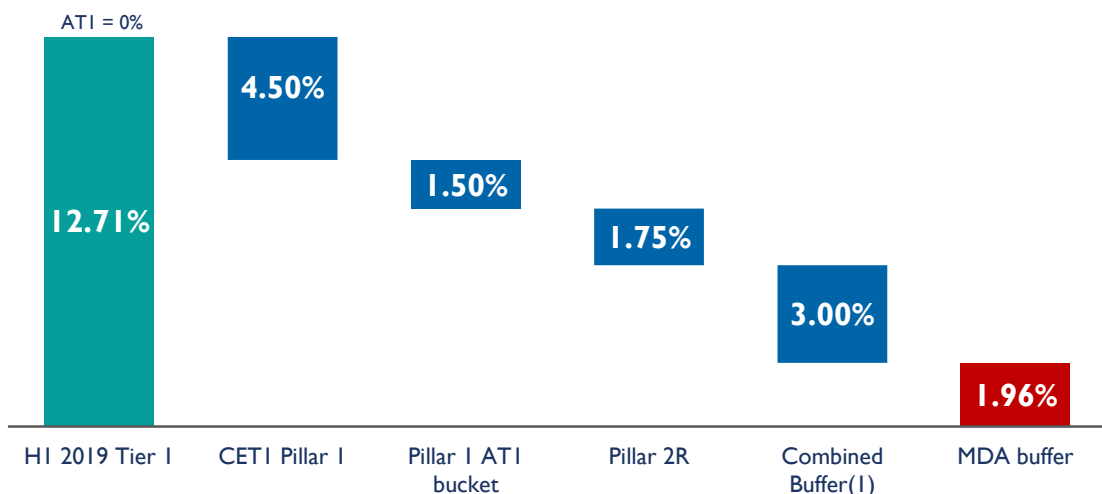
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Overview of MDA considerations for La Banque Postale

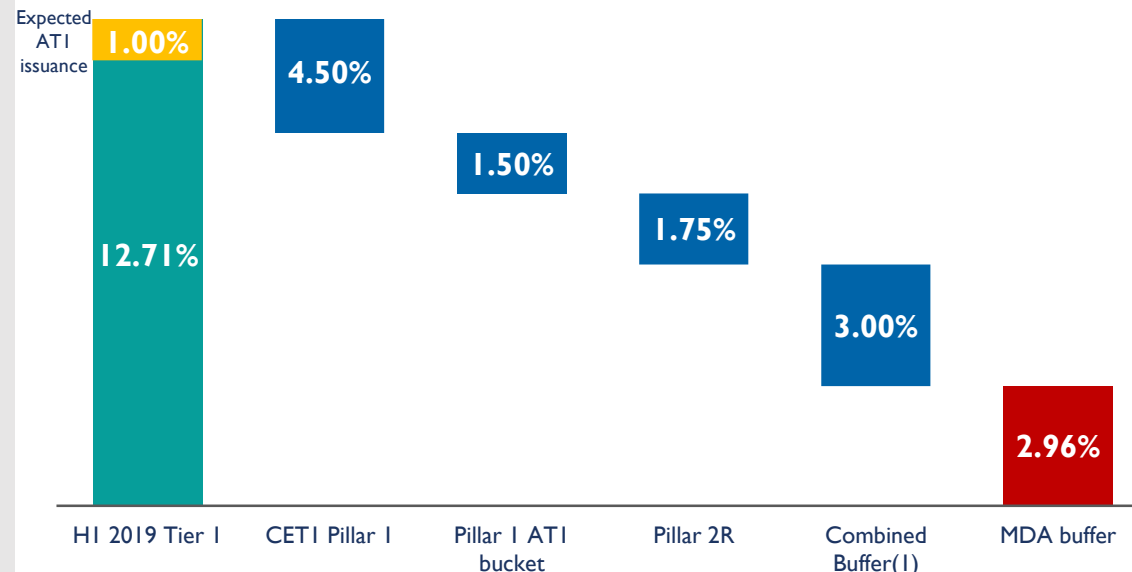
Distance to MDA (unfilled ATI bucket)



- MDA restrictions would apply if La Banque Postale breaches the Combined Buffer Requirement
- La Banque Postale’s HI 2019 CETI ratio of 12.71% is well above the 2019 CETI requirement (9.25%)
- La Banque Postale’s current MDA buffer is 196 bps (€1.47bn)

(1) Combined Buffer includes the CCB (2.50%), O-SII (0.25%) and CCyB (0.25%) requirements

Distance to MDA (expected ATI bucket at >1% RWA)

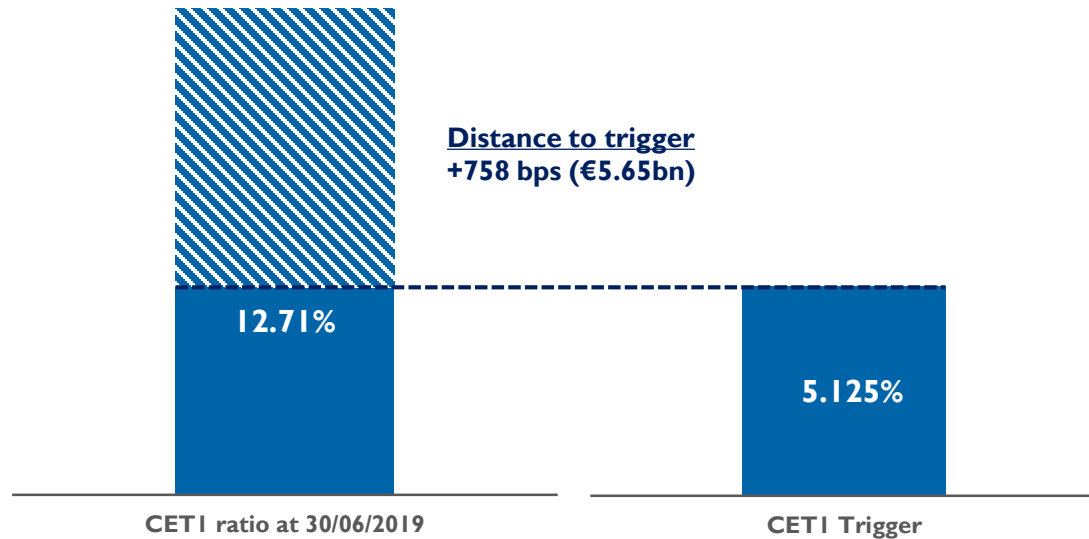


- La Banque Postale expects to maintain the ATI bucket at >1% over time (representing €745m currently)
- Incremental ATI transactions will support further La Banque Postale’s distance to MDA
- **Post transaction with CNP Assurances, La Banque Postale’s distance to MDA is expected to be best-in-class at above 500 bps⁽²⁾**

(2) Subject to the closing of the operation with CNP Assurances and without any major event that may impact the capital position of the bank

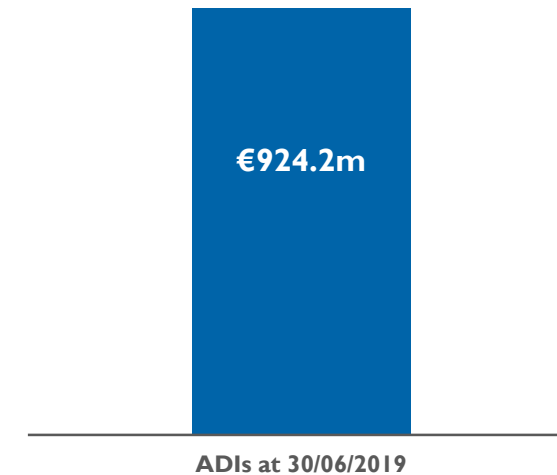
Distance to trigger and ADI

Strong buffers to ATI trigger



- A Trigger Event takes place if La Banque Postale's CETI ratio falls below 5.125%
- If a Trigger Event occurs at any time, the ATI will be automatically written down
- The ATI may be written up subject to conditions
- As of HI 2019, La Banque Postale has a comfortable buffer to trigger of 758 bps (€5.65bn)

ADI & capital hierarchy



- As of HI 2019, La Banque Postale has €924.2m of Available Distributable Items (ADIs)
- It is La Banque Postale's current intention, that, whenever exercising its discretion to announce Ordinary Share dividends, or its discretion to cancel interest on the Capital Securities, it will take into account the relative ranking of these instruments in its capital structure

Additional Tier I issuance: structure summary

Proposed Additional Tier I transaction

ISSUER	La Banque Postale
ISSUE DATE	[●] 2019
ISSUER RATING (S / F)	A / A-
ISSUE RATING (S / F)	[BB] / [BB] (expected)
SIZE	EUR[●]m (benchmark)
MATURITY	Perpetual
ISSUER CALL	<ul style="list-style-type: none"> Any day falling in the period commencing on [●] (and including) [●] 2026 (6 month par call), ending on (and including) the First Reset Date and any Interest Payment Date thereafter Redemption in whole, not in part, at the Prevailing Outstanding Amount Subject to Conditions to Redemption and Purchase
COUPON	[●] per cent. per annum payable semi-annually from (and including) the Issue Date to (but excluding) the First Reset Date
COUPON RESET	For each Reset Interest Period beginning on or after First Reset Date, Reset Rate of Interest will equal the sum of the 5-Year Mid-Swap Rate and the Margin
COUPON PAYMENT	Fully discretionary, non-cumulative, payable semi-annually in arrear on [●] and [●] in each year from (and including) [●] 2020. Mandatory cancellation if required by Regulator, insufficient ADIs or if MDA exceeded
LOSS ABSORPTION MECHANISM	<p>Prevailing Outstanding Amount of the Notes will be written down if the Group's CET1 Ratio falls below 5.125 per cent. Write-Down Amount will be lower of:</p> <ul style="list-style-type: none"> (i) amount necessary to restore the Group's CET1 Ratio to the Trigger Level and (ii) the amount that would reduce the Prevailing Outstanding Amount to (EUR0.01) <p>Following such reduction, some or all of the principal amount of the Notes may, at the Issuer's discretion, be reinstated, up to the Original Principal Amount, if a positive Group Net Income is recorded, subject to compliance with Relevant Rules including Maximum Distributable Amount</p>
CET1 TRIGGER	If the Group (means the Issuer together with its consolidated subsidiaries taken as a whole) CET1 Ratio is less than 5.125%
NVLA	Statutory framework, please see Risk Factors
EARLY REDEMPTION EVENT	Subject to Conditions to Redemption and Purchase, Optional redemption by Issuer at anytime, in whole, at Prevailing Principal Amount upon Capital Event (full or partial disqualification from Tier I capital) and Tax Event (imposition of withholding tax, gross up or loss of deductibility)
USE OF PROCEEDS	The Notes are being issued for capital adequacy regulatory purposes with the intention and purpose of being eligible as Additional Tier I Capital of the Issuer. The net proceeds of the Notes will be applied for the general corporate purposes of the Issuer
DENOMINATIONS	EUR200k/ EUR200k
GOVERNING LAW / LISTING	French Law / Euronext Paris

See Preliminary Prospectus dated [●] 2019 for detailed terms and conditions

Additional Tier I issuance: selected structural comparison

	La Banque Postale	Rabobank	Nordea	BNP Paribas	KBC Group
ISSUE DATE	[•]	2-Sep-19	19-Mar-19	18-Mar-19	26-Feb-19
ISSUER RATING (M / S / F)	- / A / A-	Aa3 / A+ / AA-	Aa3 / AA- / AA-	Aa3 / A / A+	Baa1 / A- / A
ISSUE RATING (M / S / F)	[- / BB / BB] (expected)	Baa3 / - / BBB-	- / BBB / BBB	Ba1 / BBB- / BBB-	Ba1 / BB+ / -
SIZE	EUR[•]m	EUR1,250m	USD1,250m	USD1,500m	EUR500m
COUPON	[•], payable semi-annually	3.250%, payable semi-annually	6.625%, payable semi-annually	6.625%, payable semi-annually	4.750%, payable semi-annually
MATURITY	Perpetual	Perpetual	Perpetual	Perpetual	Perpetual
ISSUER CALL	Anytime from and including [•] 2026, ending on (and including) [•] and every IPD thereafter at the Prevailing Outstanding Amount	29-Dec-26 and every IPD thereafter at Prevailing Principal Amount	26-Mar-26 and every IPD thereafter at Original Principal Amount	25-Mar-24 and every 5 years thereafter at Original Principal Amount	5-Mar-24 and every IPD thereafter at Prevailing Principal Amount
COUPON RESET	On First Call Date and every 5 years thereafter at 5yr MS+[•]bps	On First Call Date and every 5 years thereafter at 5yr MS+370.2bps	On First Call Date and every 5 years thereafter at 5yr UST+411.0bps	On First Call Date and every 5 years thereafter at 5yr MS+414.9bps	On First Call Date and every 5 years thereafter at 5yr MS+ 468.9bps
COUPON PAYMENT	Discretionary, non-cumulative	Discretionary, non-cumulative	Discretionary, non-cumulative	Discretionary, non-cumulative	Discretionary, non-cumulative
LOSS ABSORPTION MECHANISM	Temporary Write-Down	Temporary Write-Down	Equity Conversion	Temporary Write-Down	Temporary Write-Down
CET1 TRIGGER	Group CET1 <5.125%	Group CET1 <7.000% and/or issuer CET1 <5.125%	Group or solo CET1 <5.125%	Group CET1 <5.125%	Group CET1 <5.125%
NVLA	Statutory	Statutory	Statutory	Statutory	Statutory
EARLY REDEMPTION EVENT	At Prevailing Outstanding Amount upon regulatory and tax event	At Prevailing Principal Amount upon regulatory and tax event	At Original Principal Amount upon regulatory and tax event	At Prevailing Outstanding Amount upon regulatory and tax event	At Prevailing Principal Amount upon regulatory and tax event
SUBSTITUTION AND VARIATION	Not applicable	Upon capital event	At par upon regulatory and tax event	Upon regulatory, tax event and alignment event	Upon regulatory or tax event
DENOMINATIONS	EUR200k x EUR200k	EUR200k x EUR200k	USD200k x USD1k	USD200k x USD1k	EUR200k x EUR200k
GOVERNING LAW / LISTING	French Law / Euronext Paris	Dutch Law / Euronext Dublin (GEM)	English Law / Euronext Dublin (GEM)	New York Law / Euronext Paris	English Law / Euronext Brussels

Source: Relevant Offering Circulars

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Alternative Performance Measures

Article 223-1 of the AMF regulations

Alternative Performance Measures	Definition and method of calculation
NBI excluding the effect of home savings account provisions	NBI restated for provisions or reversal of provisions for liabilities related to home savings accounts (PEL and CEL)
Operating expenses	Sum of operating expenses and net depreciation, amortisation and impairment of property, plant and equipment and intangible assets
Cost-income ratio	Operating expenses divided by NBI adjusted for accrued interest on non-performing loans
Cost of risk (in basis points)	Average retail banking credit risk costs for the quarter divided by outstanding loans at the beginning of each quarter

Contact details

- **Stéphane Magnan**

Head of Corporate and Investment Banking

stephane.magnan@labanquepostale.fr

- **Estelle Maturell Andino**

Head of Group Financial Communication

estelle.maturell-andino@labanquepostale.fr

- **Dominique Heckel**

Head of Long-Term Funding

dominique.heckel@labanquepostale.fr

La Banque Postale

La Banque Postale
115 rue de Sèvres
75275 Paris Cedex 06

www.labanquepostale.com / Investors