

2017 RESULTS¹ AND BUSINESS ACTIVITY OF LA BANQUE POSTALE GROUP
Results up on dynamic sales momentum

NBI growth in a continuing low-interest rate environment

Net banking income: 5,687 million (+1.5%)

Excluding the home savings provision, on a like-for-like basis: +3.4%

Managed operating expenses

Operating expenses:² €4,619 million (+0.7%)

i.e. a cost-to-income ratio of 81.8% (-0.6 points)

Lower cost of risk

Cost of risk: €192 million (+5.9%)

Of which Retail Banking cost of credit risk stable at 22 bps

Higher results

Pre-tax income: €1,138 million (+11.3%)

Net income, Group share: €764 million (+10.1%)

A solid balance sheet

Common Equity T1 ratio of 13.4%³

Overall solvency ratio: 18.2%

Leverage ratio: 4.5%⁴

LCR: 157.4%

LBP's short- and long-term ratings were confirmed by S&P (A/A-1) and Fitch (A-/F1) in 2017

All of the business lines contributed to the growth in operating income:

Retail Banking sales momentum confirmed:

Consumer loan outstandings up by 4.7%

Legal entity loan outstandings up by 43.5%

A sustained contribution to the Insurance business:

Insurance operating income up by 23.2%

Premiums collected up by 4.4%.

A growing Asset Management business:

14.8% increase in assets under management to €218 billion

A bank committed to serving each and all:

The extra-financial rating agency Oekom ranked La Banque Postale second retail bank worldwide and the leading French bank in 2017.⁵

- Over 100,000 customers have been provided with assistance on the Appui bank orientation site since 2013
- 32% increase in personal micro-credit outstandings over the past three years
- Over €2.2 billion in housing assistance loans paid out (+10%)
- Approval by the French and European authorities of the compensation received by La Banque Postale for its banking accessibility mission for 2016 to 2020.

¹ Unless otherwise stated, all changes are expressed as compared to 31 December 2016

² General operating expenses, net depreciation and amortisation, and impairment of tangible and intangible fixed assets

³ Phased-in CRIV-CRR ratio of 13.1%

⁴ With application of the transitional measures for taking into account savings funds centralised within the Caisse des Dépôts et Consignations (CDC), pursuant to the European Central Bank decision of 24 August 2016. Excluding outstanding savings funds centralised at the CDC in accordance with the Delegated Act of 10 October 2014, the ratio is 5.3%.

⁵ At 31 December 2017, out of 340 international banks

La Banque Postale's Supervisory Board, meeting under the chairmanship of Philippe Wahl on 27 February, examined the audited 2017 consolidated financial statements, approved by the Executive Board of La Banque Postale and presented by its Chairman Rémy Weber.

"We began an in-depth transformation of La Banque Postale in 2014. It is both social and organisational. It also involves completely upgrading of our information system and re-engineering our processes. The results for 2017 were positive, despite the continuing difficult climate. 2018 will see the finalising of many structural projects which prefigure La Banque Postale of tomorrow: human and digital", emphasised Rémy Weber.

2017 highlights

La Banque Postale continued its transformation in 2017. It completed its distribution model with value-added expertise units for customers. It accelerated the digitalisation of its product line and actively deployed its operational efficiency programmes.

A distribution model completed with value-added expertise units for all customers

La Banque Postale financed new real estate projects for its private customers for a total of €13.5 billion in 2017, in a very low rate environment. Loan delegations were deployed within the Network and 33 "real estate loan expert units" were created with 326 specialised advisors in 37 Regional Network Offices.

La Banque Postale reached a new milestone in its strategy to win over high-net-worth customers by opening 22 dedicated private management locations in its network of post offices, while doubling the number of advisors with the expertise required to meet the needs of this clientèle. There are now 900 dedicated advisors serving 629,000 high-net-worth customers (+ 3.9%).

In addition, the Very Small Enterprises and Pros bank pursued its deployment with nearly 100 new customer managers deployed in the Network bringing their number to a total of 317.

Lastly, to support these changes in the distribution model, the Ecole de Banque et du Réseau provided 312,000 training days in 2017.

Strengthening of specialised activities

The Asset Management subsidiaries continued to grow strongly in 2017. La Banque Postale Asset Management solidified its role as a major player in asset management in France with increased capacity to provide savings options suited to all types of customers. It strengthened its relationship with CNP Assurances which entrusted it with a new management mandate for an additional €24 billion. In addition, the merger with Ciloger-AEW in 2016 enabled La Banque Postale to take full advantage of its pan-European real estate expertise.

In October 2017, La Banque Postale announced that it would consolidate its market, structured financing and asset and project management financing activities within a new entity called "Banque de Financement et d'Investissement". This change is part of an activities diversification strategy by the Bank and its intent to complete its offering to legal entities and its high-net-worth customers while continuing its cautious risk management in line with its civic values.

La Banque Postale Crédit Entreprises' commercial activity was dynamic in 2017, driven by all customer segments: 12% increase in the production of home loans over the year, acceleration in the production of equipment lease-financing (+31%) and in factoring (€4.7 billion in revenue purchased in 2017).

Acceleration in the digitisation of the product offering

La Banque Postale increased its commitment to crowdfunding in July 2017 with the acquisition of 100% of KissKissBankBank&Co, a European leader in the field, with which it had been a partner since 2011. This acquisition materialised La Banque Postale's commitment to providing civic-minded products and services which meet the new expectations of its customers.

After dedicating 2017 to the development of "Ma French Bank",⁶ its 100% digital bank, La Banque Postale, received approval from the ECB as a non-investment services credit institution effective 25 January 2018. It will be in test phase with a first group of customers and group employees starting at the end of 2018.

La Banque Postale is innovative and has launched several new payment products: *Touch ID* for authentication without entering a username/password, *Certicode +*, to optimise the security of transactions carried out on La Banque Postale's mobile application and *Paylib sans contact*, a payment service via telephone for purchases made in shops.

In the Very Small Enterprises and Professional market, a strategic growth area, La Banque Postale launched an online "e-credit" site in November 2017 to meet the financing needs of Very Small Enterprises and professional customers. The site accepts loan applications (medium-/long-term and real estate finance-leasing for amounts ranging from €3,000 to €20,000).

Overall, La Banque Postale's digital activity in 2017 was positive with a 15% increase in the number of monthly visits to online points of contact, reaching 100 million (of which 55 million via the mobile application, i.e. a 35% increase).

La Banque Postale is also very involved in the challenges of the future. It is a founding member of the "Hub France IA" non-profit whose goal is to create a French Artificial Intelligence industry by mobilising the large ecosystem involved in the field. The Hub France IA initiative runs parallel to the mission entrusted by Emmanuel Macron, the President of the Republic, to the mathematician and Deputy Cédric Villani, to provide France with an Artificial Intelligence strategy.

The pursuit of operational effectiveness

Following the specialisation of the retail bank's middle and back offices and the redesign of the customer relationship management tools, "Excellence 2020", the third major project to improve operational effectiveness implemented by La Banque Postale, delivered its first results in 2017. Excellence 2020 consists in a review of the 30 main processes of the bank, its insurance and financial services to optimise their effectiveness. The programme is based on an information systems investment plan of €1 billion between 2015 and 2020.

La Banque Postale demonstrated its financial strength

The European Central Bank informed La Banque Postale of its new minimum CET1 requirement, applicable as of 1 January 2018. It is 8.3125% on a consolidated basis, including the additional "P2R" requirement, compared to a Common Equity Tier 1 ratio of 13.1% at 31 December 2017 (13.4% fully-loaded), which puts La Banque Postale well above regulatory requirements.

LCR⁷ was 157.4% at 31 December 2017 compared to 179.5% at 31 December 2016⁸. This change illustrates La Banque Postale's strong investment dynamic of its excess liquidity in profitable assets, while ensuring that it retains a very good liquidity position. In October 2017, La Banque Postale carried out its

⁶ In accordance with the approval decision, the name MA FRENCH BANK remains subject to ECB authorisation.

⁷ Liquidity Coverage Ratio, short-term liquidity ratio.

⁸ The liquidity coverage ratio (LCR) calculation method underwent a revision on 31 March 2017 due to a change in the treatment of the European Central Bank's marginal facility deposit. The LCR at 31 December 2016, calculated using the old method, was 260%. This change in method, authorised by prudential regulations and approved by the European supervisory body, corresponds to the simple transfer of the surplus amount deposited with the ECB on top of the mandatory reserves from the denominator to the numerator of the ratio, and in no way does it reflect a structural change in La Banque Postale's liquidity position.

first issue of €500 million in Non-Preferred Senior Debt, a new debt class eligible for the MREL⁹. The success of the issue translated into an order book subscribed several times over and the tightest issue spread among French banks since the creation of this type of instrument, reflecting the high level of investor confidence in La Banque Postale and its strong ability to access capital markets.

La Banque Postale remained faithful to its civic values, the foundation of its growth strategy, throughout 2017

La Banque Postale launched the first conference focused on civic banking, the “Assises de la Banque Citoyenne” in March 2017 to bring together its partners, both non-profits and from the private sector, with which it jointly builds its offer and develops practices that favour banking inclusion. On this occasion, it announced the launch of a digital banking inclusion plan, in partnership with WeTechCare, an association set up by Emmaüs Connect. This plan targets all financially vulnerable customers and/or those affected by digital exclusion with respect to the daily monitoring of their money, the financing of their projects, or managing over-indebtedness.

La Banque Postale met its commitments as a civic-minded bank throughout the year: in 2017, over 243 micro-entrepreneurs were directed to Adie, bringing the total to nearly 2,000 since the start of the partnership; 2,114 personal micro-credits were disbursed as was €2.2. billion in housing assistance loans.

Appui, La Banque Postale's free banking and budget planning assistance and orientation platform for financially vulnerable customers provided assistance to over 43,000 customers in 2017, bringing the total number of users assisted since its creation in 2013 to 100,000.

In 2017, the European Commission approved the compensation¹⁰ paid by France to La Banque Postale for its banking accessibility mission for 2016 to 2020. In addition to its financial aspect, the decision acknowledged at the European level that La Banque Postale plays a special role in the French banking market in terms of the inclusion of the most vulnerable people.

On 31 December 2017, the Banque Postale's status as the leading French bank and second-best global bank in terms of Corporate Social Responsibility performance was confirmed by the extra-financial rating agency Oekom Research based on a total of 340 international banks.



⁹ Minimum Requirement for own Fund and Eligible Liabilities, new own fund requirement

¹⁰ Following the decision, the decree of 4 December 2017 published by the Ministry for the Economy and Finance set the amounts payable for the 2015- 2020 period

La Banque Postale Group business activity and results

Consolidated income statement (in € millions):

Main items on the income statement*	2017	2016	%
Net Banking Income	5,687	5,602	+1.5
Operating expenses	(4,619)	(4,587)	+0.7
Gross operating income	1,068	1,015	+5.2
Cost of risk	(192)	(181)	+5.9
Operating income	876	834	+5.1
Equity method CNP Assurances and AEW Europe*	263	191	+37.9
Pre-tax income	1,138	1,023	+11.2
Income tax	(340)	(288)	+18
Net income, Group share	764	694	+10.1
Cost-to-income ratio	81.8%	82.4%	-0.6 point

*reported figures

**essentially CNP Assurances and AEW for €7 million

Consolidated Net Banking Income (NBI) was €5 687 million, i.e. a 1.5% increase over 31 December 2016. Excluding the effect of the home savings provision, growth was 2.9%¹¹. Restated for the non-recurring effect of exceptional items (recognition in 2017 of the €130 million in compensation for the general interest mission paid for 2016 and €107 million for the gain on the disposal of Visa shares in 2016) and the home savings provision on a like-for-like basis, the change in NBI was 3%.

In a high-growth environment, the Group's management expenses grew by a well-managed 0.7% to reach €4,619 million. Excluding exceptional items¹², management expenses fell by €24 million over the financial year (-0.5%).

The cost-to-income ratio retreated by 0.6 basis points, to 81.8% and the rise in NBI absorbed the increase in operating expenses over the financial year.

The cost of risk remained controlled at €192 million. It remained stable at 22 bps compared to the retail bank's outstanding loans.

Gross operating profit was €1,068 million, up 5.2% in reported data.

The share of income from equity associates was up 38% to €263 million over the financial year.

Pre-tax income reached €1,138 million, up 11.3% over the financial year.

Net income, Group share was up significantly by 10%, at €764 million, despite an exceptional increase in taxes which was not entirely offset by the reimbursement of the 3% tax received on dividends.

¹¹ Excluding the home savings provision and on a like-for-like basis, NBI as up by 3.4% in 2017.

¹² Reversal of provisions for litigation on regulated savings of €44 million in 2017 and €71 million in 2016

Retail banking¹³

(€ millions)	2017	2016	%
Net Banking Income	5,320	5,242	+1.5
Operating expenses	(4,424)	(4,389)	+0.8
Gross operating income	896	853	+5.1
Cost of risk	(192)	(181)	+5.8
Operating income	704	672	+4.8

Commercial results of retail banking customers:

Satisfactory growth in savings outstandings

In a continuing environment of historically low interest rates and weak inflation favourable to the accumulation of liquidity, sight deposits reached €62.7 billion at the end of 2017 buoyed by deposits by individuals (up by 7.4% at €55.9 billion). Ordinary savings outstandings, penalised by low interest rates, were up slightly by 0.7% to €81 billion (of which €59.9 billion for the Livret A, at +0.6%).

Home loan outstandings were virtually stable at 0.5%, reaching €32 billion.

All in all, balance sheet savings increased by 2.5% to reach €176.6 billion.

Life insurance outstandings were also virtually unchanged at €126 billion (+0.2%), with an increase in the share of unit-linked (UL) insurance which increased by 13.8% in 2017. UCITS outstandings were down slightly at €11.8 billion (-1%) and continued to be impacted by the fall in yields in an unfavourable interest rate environment.

Total private banking savings outstandings (including discretionary management) grew by 17.5% to reach €7,853 million, boosted by a significant increase in all savings products:

- +19.8% in financial savings outstandings (thanks to the successful launch of a new PEA line) of which +17% of outstandings under mandate
- +16% of bank savings

In all, customer savings outstandings reached €314.2 billion (compared to €309.7 billion), up by €4.5 billion over the financial year.

An increase in personal loan outstandings, up 4.7%

2017 saw dynamic sales activity for all types of credit.

Home loan production was particularly sustained in an environment of very low interest rates at the beginning of the year. Overall, production increased by 21% to reach €13.5 billion, a historical record for La Banque Postale.

Consumer credit production was down slightly by 2.4% to €2.4 billion in a positive market in which, however, growth has been slowing since May 2016. Sales via the Internet and the remote platform accounted for a growing share of production (32% in 2017 compared to 28% in 2016).

Total loan outstandings increased by 12% over the year to reach €85 billion (a figure which does not include the portfolio of Dutch property loans acquired during the period). Outstanding loans to individuals rose by 4.7% overall to €64.3 billion, including €5 billion of outstandings in consumer loans (i.e. an increase of 2.6% over the period) and €58.5 billion in home loans (i.e. an increase of 4.8%).

Private Banking loan production continued on a very positive trend, up by 33% over the year. Total outstanding Private Banking loans reached €2.8 billion overall, an increase of 6%.

¹³ Changes in outstandings are expressed as compared to 31 December 2016

Financing of Legal Entities remained positive.

The production of loans to companies was positive with a 31% increase in the production of equipment lease-financing over the financial year, property financing up by 12% and a strong increase in factoring, for which purchased revenue reached €4.7 billion at the end of 2017.

Loan outstandings to legal entities reached €20.7 billion at the end of the financial period, up by 43.5% and broken down as follows: €10.5 billion in loans to companies, Very Small Enterprises and Professionals and €10.2 billion in loans to the Local Public Sector. In 2017, outstandings transferred to CAFFIL, which refinances medium- and long-term loans granted by La Banque Postale to local authorities and public health institutions, reached €3.3 billion. La Banque Postale has been the leading local medium- and long-term lender for the past three years.

La Banque Postale's offering for local authorities was also expanded with the acquisition of Domiserve, specialised in the issue of pre-paid CESU (cheque book for employers) vouchers and the organisation of at-home services.

Retail Banking financial results

Net Banking Income for Retail Banking was up 1.5% in reported data and reached €5,320 million. Restated for the home savings provision, growth was 3%. The restated Net Interest Margin (NIM) increased by €45 million. Commissions increased by 4.1% as a result of strong sales activity.

Retail bank operating expenses remained under control, up slightly by 0.8% over the period to €4,424 million.

The cost of risk increased by 5.9% to €192 million, in line with the increase in outstandings. The cost of risk compared to loan outstandings was stable at 22%.

Operating income from Retail Banking reached €704 million, up by 4.8%. The operating margin was 13.3%.

Asset management

Asset management (€ million)*	2017	2016	%
Net Banking Income	145	163	-10.6
Operating expenses	(86)	(93)**	-6.6
Gross operating income	59	70	-16
Cost of risk	0	0	<i>ns</i>
Operating income	59	70***	-16

*reported figures

**of which €10 million for Ciloger

***figure including the Ciloger contribution of €16 million

The assets under management of the Asset Management unit consist of the assets of La Banque Postale Asset Management and of Tocqueville Finance. They totalled €218 billion, up 14.8% over the period.

La Banque Postale Asset Management assets increased by 14.8% over the period to €216 billion. The performance is based on the new line of flexible allocation funds and institutional activity, including CNP Assurances.

Tocqueville Finance outstandings (excluding the LBPAM management delegation) increased by 27.8% over the period to reach nearly €2 billion, with net positive collection.

The Asset Management unit's NBI was €145 million, down by 10.6% in reported data. NBI grew 6.3% over the period on a like-for-like basis.

Operating expenses decreased by 6.6% to €86 million.

Operating income increased by 8.5% on a like-for-like basis and reached €59 million.

Insurance

Insurance (€ million)	2017	2016	%
Net Banking Income	222	198	+12.1
Operating expenses	109	106	+2.5
Gross operating income	113	92	+23.2
Cost of risk	0	0	<i>ns</i>
Operating income	113	92	+23.2

The non-life insurance business continued to grow with the portfolio reaching nearly 4.6 million contracts (+2.5%). This is average annual growth of 10% a year since 2011, the year in which the new property and casualty and health care businesses were started. In particular:

- The portfolio of property and casualty insurance contracts (36.4% of total volume) increased by 7.9% over the period to reach 1,660,764 contracts, boosted by a solid sales dynamic.

- La Banque Postale Prévoyance's provident savings portfolio (59.4% of the total portfolio) decreased slightly by 1.5% to about 2,710,814 contracts, primarily impacted by the decrease in whole-life insurance (66.5% of the portfolio, -2.6%).

- The health care insurance contract portfolio (4.3% of the portfolio by volume) increased by 18.5% to reach 195,183 contracts. The increase in volume was primarily the result of the good performance of growth products: ACDS ("Assurance Coups Durs Santé", 20% of the portfolio) rose by 6% over the period and OUI Santé (Aide à la Complémentaire Santé, 38% of the portfolio), increased by 60%.

The Insurance unit's NBI increased by 12.1% to €222 million over the period, driven by the strong performance of Prévoyance (50% of the Insurance unit's NBI, +21%) and property and casualty (23% of the Insurance unit's NBI, +12%). This growth was the result of the increase in the policy portfolios combined with a better claims-to-premiums ratio. Premiums collected increased by 4.4% over the period to reach €968.4 million.

Insurance subsidiary management fees reached €109 million (+2.5%), i.e. an increase below that of the NBI.

Lastly, the insurance unit's operating income was €113 million over the financial year, up significantly by 23.2%.

La Banque Postale Group balance sheet and financial structure

The consolidated balance sheet at 31 December 2017 stood at €231 billion, versus €229 billion at 31 December 2016, i.e. an increase of €2 billion.

La Banque Postale continues to have a sound financial structure. Prudential own funds were stable at €11.9 billion:

- La Banque Postale's Common Equity Tier 1 phased-in ratio was 13.1%, down 0.6 points compared with December 2016. The ratio was 13.4%, fully loaded.
- La Banque Postale's total solvency ratio stood at 18.2%, down 1.2 points compared to December 2016.
- The Bank's estimated leverage ratio, taking account of the transitional measures relating to savings funds centralised within the CDC, pursuant to the European Central Bank decision of 24 August 2016, works out to 4.5%. Excluding savings outstandings centralised at the CDC in accordance with the Delegated Act of 10 October 2014, it was stable at 5.3%.

La Banque Postale confirmed its comfortable liquidity position:

- the LCR was 157.4% compared to 179.5% in 2016. This change reflects La Banque Postale's high level of investment of excess liquidity in profitable assets.
- the loan/deposit ratio increased by seven points to reach 81.3%, reflecting the same trend.

Rating agencies confirmed the short- and long-term credit ratings of La Banque Postale in 2017:

	Standard & Poor's	Fitch
Long-term rating	A	A-
Short-term rating	A-1	F1
Outlook	Stable	Stable
Ratings updated	5 October 2017	25 April 2017

Following the Supervisory Review and Evaluation Process (SREP) carried out by the ECB, the latter notified La Banque Postale of its consolidated phased-in CET1 own funds requirement applicable as of 1 January 2018. It was 8.3125% and included:

- 4.5% of CET1
- a 1.75% requirement in additional own funds for Pillar 2 (Pillar 2 Requirements)
- 1.875% for a capital conservation buffer (CCB)
- and 0.1875% for a buffer for Other Systemically Important Institutions (O-SIIs).

This requirement does not include the recommendation for additional own funds under Pillar 2 (P2G) which is not provided.

Based on this notification, the overall capital requirement (OCR) is 11.8125% (8.3125 plus 1.5% for AT1 and 2% for Tier 2).

The fully-loaded CET1 and total capital requirements are, respectively, 9% and 12.5% taking in account the increase in the CCB (2.5% vs 1.875%) and the O-SII (0.25% vs 0.1875%) buffers.

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Outlook

La Banque Postale's digital transformation strategy will gain momentum in 2018. It will include the launch of several fully digital products:

- *e-credit immo*, a 100% digital home loan, from application to electronic signature,
- *Prêt Express*, already accessible in post offices since 30 January 2018, will also simplify the life of 100% digital customers by providing an immediate and definitive answer to requests for consumer credit from customers whose solvency is proven,
- *EasyVie*, a fully digital life insurance solution sold by EasyBourse and developed in partnership with CNP Assurances,
- a new Paylib product offering a peer-to-peer loan solution.

2018 will also see the ramping up of Ma French Bank, the digital and civic-minded bank which will provide everyone with the option to open a bank account, with no resource requirements, from their mobile telephone or at the post office. Ma French Bank will be connected and participative. It will provide many useful and innovative banking services as well as non-banking services. The offer will also include access to KissKissBankBank, the Bank's crowdfunding financing subsidiary. Following a test phase at the end of 2018 with a first group of customers and group employees, Ma French Bank will be offered to the general public starting in the spring of 2019.

The diversification of activities will be expanded. The ramping up of Banque de Financement et d'Investissement will complete La Banque Postale's full-service offering and provide an answer to the needs of legal entities and high-net-value customers.

In the Insurance field, 2018 will be dedicated to pursuing a multi-device strategy in a multi-channel approach with all of the networks. La Banque Postale has a complete line of property and casualty, provident and health care insurance products and will complete its offering with new services, in line with its initiatives like the resale guarantee included in home insurance and its new GAV product (Garantie Accident de la Vie). La Banque Postale will also facilitate interactions with its customers via mobile telephone and deploy an interactive prevention system with the launch of a dedicated insurance app. Lastly, as part of its innovation strategy, La Banque Postale will accelerate its cooperation with start-ups in the e-Health and connected insurance fields.

La Banque Postale has set itself four priorities for 2018 with respect to Asset Management: increase its share of the Insurance Management market, develop its skills in conviction equities management to meet the return needs of institutional and individual investors, expand its SRI offering by providing customers with a methodology that meets different needs, and participate in the development of Fintech.

La Banque Postale will continue to closely control its costs. The various operational effectiveness improvement plans (including Excellence 2020) will continue to ramp up throughout 2018 using the most recent and advanced technologies.

Lastly, La Banque Postale will continue its actions for everyone, increasing its partnerships and initiatives throughout 2018. La Banque Postale will review its initiatives and innovations in this respect (banking accessibility mission, Appui programme, banking inclusion via digital tools, responsible saving, etc.) at the second edition of the "Assises de la Banque Citoyenne" next 5 April.

La Banque Postale signed a partnership with the Créa-Sol micro-financing institute, a specialist in personal micro-credit, in early 2018. As a result, La Banque Postale contributes to the operating costs of Créa-Sol and has facilitated the implementation of a solution to enter and manage fully digital micro-credit applications, considerably reducing the wait times for granting this type of loan.

La Banque Postale, a civic-minded bank, will continue to play an essential role in French economic life and remain committed to the regions and all of its customers.

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NOTES

2017 Consolidated income statement

(in € thousands)	31/12/2017	31/12/2016
Interest and similar income	4,486,251	4,491,693
Interest and similar expenses	(1,774,313)	(1,663,822)
Commissions (income)	2,731,890	2,674,666
Commissions (expenses)	(275,585)	(285,651)
Net gains and losses on financial instruments at fair value through profit or loss	(15,327)	(12,253)
Net gains and losses on assets available for sale	278,455	208,069
Income from other activities	1,086,870	1,047,496
Expenses from other activities	(831,058)	(857,903)
NET BANKING INCOME	5,687,183	5,602,295
General operating expenses	(4,438,688)	(4,411,629)
Net depreciation and amortisation of tangible and intangible fixed assets	(180,633)	(175,821)
GROSS OPERATING INCOME	1,067,862	1,014,845
Cost of risk	(191,887)	(181,214)
OPERATING INCOME	875,975	833,631
Share of profits of equity associates	263,399	190,981
Net gains and losses on other assets	(1,275)	(1,936)
Changes in the value of goodwill	0	0
PRE-TAX INCOME	1,138,099	1,022,676
Income tax	(340,145)	(288,391)
NET INCOME	797,954	734,285
Non-controlling interests	34,255	40,460
NET INCOME, GROUP SHARE	763,699	693,825

2017 Segment results

Net income by business segment as at 31 December 2017 (excluding the remuneration cost of equity capital for each segment)

(in € thousands)	Retail banking	Insurance	Asset management	Total
NET BANKING INCOME	5,319,978	221,880	145,325	5,687,183
General operating expenses	(4,250,711)	(104,160)	(83,817)	(4,438,688)
Net depreciation and amortisation of tangible and intangible fixed assets	(173,354)	(4,626)	(2,653)	(180,633)
GROSS OPERATING INCOME	895,913	113,094	58,855	1,067,862
Cost of risk	(191,887)	0	0	(191,887)
OPERATING INCOME	704,026	113,094	58,855	875,975
Share of profits of equity associates	0	256,824	6,575	263,399
Gains and losses on other assets	(1,174)	0	(101)	(1,275)
Goodwill	0	0	0	0
PRE-TAX INCOME	702,852	369,918	65,329	1,138,099
Income tax	(288,192)	(34,065)	(17,888)	(340,145)
CONSOLIDATED NET INCOME	414,660	335,853	47,441	797,954
Non-controlling interests	24,109	(1,233)	11,380	34,255
NET INCOME, GROUP SHARE	390,551	337,086	36,061	763,699

Net income by business segment as at 31 December 2016 (excluding the remuneration cost of equity capital for each segment)

(in € thousands)	Retail banking	Insurance	Asset management	Restated total
NET BANKING INCOME	5,241,792	197,952	162,551	5,602,295
General operating expenses	(4,220,858)	(101,382)	(89,389)	(4,411,629)
Net depreciation and amortisation of tangible and intangible fixed assets	(167,850)	(4,755)	(3,216)	(175,821)
GROSS OPERATING INCOME	853,084	91,815	69,946	1,014,845
Cost of risk	(181,214)	0	0	(181,214)
OPERATING INCOME	671,870	91,815	69,946	833,631
Share of profits of equity associates	0	189,187	1,794	190,981
Gains and losses on other assets	(1,893)	(4)	(39)	(1,936)
Goodwill	0	0	0	0
PRE-TAX INCOME	669,977	280,998	71,701	1,022,676
Income tax	(229,301)	(34,751)	(24,339)	(288,391)
CONSOLIDATED NET INCOME	440,676	246,246	47,362	734,285
Non-controlling interests	21,886	7,777	10,797	40,460
NET INCOME, GROUP SHARE	418,790	238,469	36,565	693,825

2017 consolidated balance

(in € thousands)	31/12/17	31/12/16
ASSETS		
Cash, central banks	3 324 831	2 732 044
Financial assets at fair value through profit and loss	7 596 135	12 329 901
Hedging derivative instruments	1 145 753	1 577 501
Available-for-sale financial assets	17 850 087	18 879 482
Loans and receivables – credit institutions	84 087 559	84 461 375
Loans and receivables – customers	88 135 172	78 783 991
Revaluation differences on rate hedged portfolios	68 751	137 559
Financial assets held to maturity	20 734 014	22 270 714
Current tax assets	204 121	339 671
Deferred tax assets	112 413	84 450
Accruals and other assets	3 411 175	3 412 488
Accrual accounts	1 463 666	1 203 071
Miscellaneous assets	1 418 167	1 733 021
Other insurance assets and reinsurer share of underwriting provisions	529 342	476 396
Non-current assets held for sale	0	0
Deferred profit-sharing	0	0
Investments in associates	3 383 358	3 226 660
Investment properties	0	0
Property, plant and equipment	644 776	661 900
Intangible assets	618 398	519 456
Goodwill	160 227	160 227
TOTAL	231 476 770	229 577 420
LIABILITIES		
Central banks	0	0
Financial liabilities at fair value through profit or loss	532 352	600 095
Hedging derivative instruments	238 202	914 107
Liabilities due to credit institutions	14 154 289	19 003 276
Liabilities to customers	182 563 774	175 994 407
Debt securities	11 373 237	10 483 528
Revaluation differences on rate hedged portfolios	720 758	1 050 505
Current tax liabilities	6 870	17 489
Deferred tax liabilities	112 308	123 126
Debts linked to non-current assets held for sale	0	0
Accruals and other liabilities	4 938 504	4 965 332
Accrual accounts	1 928 097	2 009 099
Other liabilities	2 875 944	2 789 497
Other insurance business liabilities	134 463	166 736
Underwriting provisions of insurance companies and shadow accounting	2 375 566	2 231 202
Provisions	478 383	590 190
Subordinated debt	3 888 976	3 780 398
NON-CONTROLLING INTERESTS	109 064	79 187
EQUITY, GROUP SHARE	9 984 488	9 744 578
Capital and related reserves	9 924 318	9 395 669
Share capital	4 046 408	4 046 408
Consolidated and other reserves	4 041 511	3 821 817
Statutory reserve	212 091	183 887
Regulated reserves	0	0
Other reserves (social)	325 031	325 031
Share premiums	16 719	16 719
Retained earnings	1 282 558	1 001 807
Result Ex. N-1 pending allocation (monthly only)	0	0
Consolidated reserves	2 205 113	2 294 374
Gains and losses recognised directly in equity	1 132 869	1 182 528
Unrealised gains (losses) on translation adjustments	(68 393)	(26 559)
Unrealised gains (losses) on valuation differences	0	0
Unrealised gains (losses) on AFS	1 100 959	1 037 244
Unrealised gains (losses) on hedging instruments	127 649	198 548
Reserves - Actuarial adjustments	(31 295)	(26 705)
Deferred tax assets - Group	3 949	0
Profit (loss) for the period	763 699	693 825
EQUITY	10 093 552	9 823 765
TOTAL	231 476 770	229 577 420

Alternative performance indicators – Article 223-1 of the AMF General Regulation

API	DEFINITION/CALCULATION METHOD
NBI excluding the home savings effect	NBI restated for provisions or reversals of provisions for commitments related to home loan savings accounts and plans (PEL and CEL)
Operating expenses	Sum of general operating expenses, net depreciation and amortisation, and impairment of tangible and intangible fixed assets
Cost of risk (in basis points)	Average cost of commercial banking credit risk for the quarter divided by outstanding loans at the beginning of each quarter
Cost-income ratio	Operating expenses divided by NBI corrected for doubtful interest

La Banque Postale's financial information for 2017 is presented in this press release. It will be supplemented by the Registration Document, which will be published on the company website www.labanquepostale.com.

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About La Banque Postale

La Banque Postale, a subsidiary of Le Groupe La Poste, operates in the retail banking, insurance and asset management markets. As a civic-minded bank, it supports its customers by offering a sustainable banking relationship with a comprehensive range of reasonably priced and accessible products and services. As a local bank providing a public service, La Banque Postale meets the needs of each and all: private individuals, businesses, professionals and the local public sector. It serves its customers through the Post Office network, on-line and over the telephone as part of a fully multi-channel relationship.

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