



BUSINESS
REPORT 2007



LA BANQUE POSTALE. MORE THAN JUST A BANK.



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After a “flying start” with a wide range of challenges, La Banque Postale is now celebrating its second anniversary.

La Banque Postale is a unique and singular bank. It is the “bank like no other” that puts customer care at the centre of its business, faithful to its values of public service and transparency inherited from the La Poste Financial Services.

This means being able to give all our customers the most suitable solution for them, from the lowest incomes to the highest, from young to old, in town and country and in the most sensitive urban areas: la Banque Postale is, through the La Poste group, one of Europe's leading local networks.

It also means providing products and services that customers expect from today's retail banks and make accessible at a reasonable price in a way most suited to the needs of all, including the weakest in society.

La Banque Postale is that bank. It supports both individuals and businesses, 24 hours a day and seven days a week. It is resolutely committed to continued profitable development as a key to its survival in an increasingly competitive environment to which it is constantly adapting itself.

It is driven in this by the relationship of trust it has with its customers. This is a question of education and simplicity in the close and original commercial relationship it has built with its different audiences.

It is also driven by the people that provide the bank's quality and efficiency on a daily basis and give it its public face.

It is driven finally by the attractiveness it has generated around it to build fruitful partnerships to extend its range of products and services and move into new areas to respond better to changes in its environment and customer expectations.

More than ever, La Banque Postale is convinced that these values of simplicity, proximity, straight talking and its service culture will make all the difference in the future.



EDITORIAL



Two years already... Two years of success with La Banque Postale, in a fast-changing environment and especially in 2007 in a context of financial crisis.

In 2007, La Banque Postale confirmed its flying start and its unique place in the French retail banking market. Growth in its net banking income made it a leader in its market and confirmed its capacity to transform the remarkable potential of its customer base.

La Banque Postale was not affected by the financial crisis in 2007. This was above all a crisis of confidence that was first the result of a flow crisis and then of the fall in the value of assets. La Banque Postale has definite advantages; its financial management, of its own balance sheet or that of its subsidiary La Banque Postale Asset Management or its insurer CNP Assurances is of the highest quality and totally suited to the needs of its customers.

2007 was also the year when La Banque Postale provided responses to the new challenges facing retail banking: the breaking down of barriers, the takeover race, the move to Europe and increased competition.



A large number of partnerships are aimed at better responding to the needs of all our customers, saving time, reducing costs and continuing to develop. The number and diversity of these agreements shows La Banque Postale's attractiveness and its openness to all types of partnership as it is to all types of customer.

Finally, the past year was one where two major decisions were taken for La Banque Postale: the opening up of the distribution of the Livret A passbook to all banks and the bank's authorisation to provide consumer loans to its customers. These two decisions open up a new era for the bank that is now undergoing a "second birth".

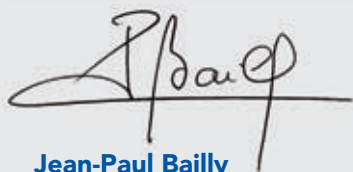
La Banque Postale is preparing for its new responsibilities in a calm, dynamic and professional manner.

With the opening up of the distribution of the Livret A, it is looking to prove its efficiency in the market place and above all to continue to meet the two public service roles it has through the passbook: accessibility to banking services and to finance social housing. No one disputes La Banque Postale's role in providing access to banking services, the European commission has explicitly recognised and assess the cost of this mission. It remains for the French authorities to translate these elements into the new Livret A system to be unveiled in 2008.

This year, La Banque Postale will select a partner in a competition open to all to provide consumer loans that will give the best service to its customers and best assist its development. The aim is to launch products at the end of 2009 or the beginning of 2010.

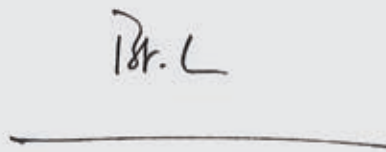
We can see that La Banque Postale is continuing to progress and is successful in serving its customers. It is doing so whilst remaining faithful to its "bank like no other" duties and responsibilities governed by postal values of proximity and service to the greater number. It does so with the professionalism required of any banking institution. This professionalism is shown by all stakeholders in the Bank, whether they are direct employees or they work in financial back-office centres or in the La Poste network, to ensure its daily implementation in contact with its customers.

It is they that every day, and for the benefit of all, make La Banque Postale an institution that is unique in the market place.



Jean-Paul Bailly

Chairman of the La Banque Postale Supervisory Board
Chairman of the Groupe La Poste



Patrick Werner

Chairman of the
La Banque Postale Executive Board

FIGURES THAT SPEAK FOR THEMSELVES

After two years in business, La Banque Postale's figures speak for themselves: €250 billion in deposits, an increase of €11 billion on 2006 confirming the trust our customers have in us. This trust is placed in our Money services on a day-to-day basis and in our advisors with whom they invest their money in a complete range of products. Finally, 4 million customers on labanquepostale.fr and one billion contacts covering all business channels show how much La Banque Postale is a multi-channel bank close to its customers.

29.3

million customers

11.1

million postal current accounts

5.7

million debit cards

5,080

ATMs
France's third-largest network

4

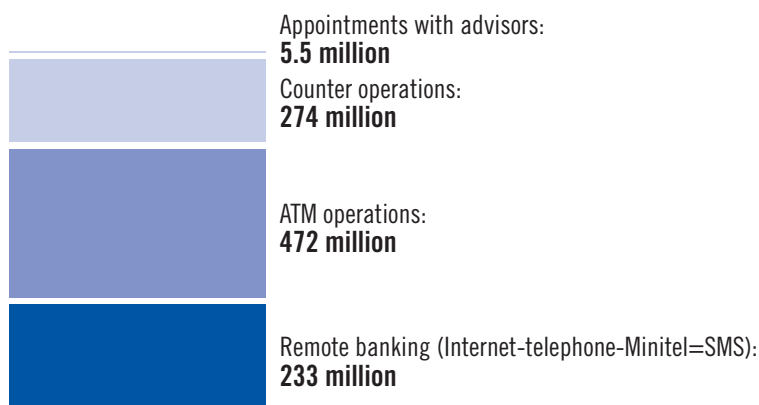
million customers at www.labanquepostale.fr

1

Almost
billion contacts covering all business channels

250.7

billion euros in deposits



Contacts per business channel

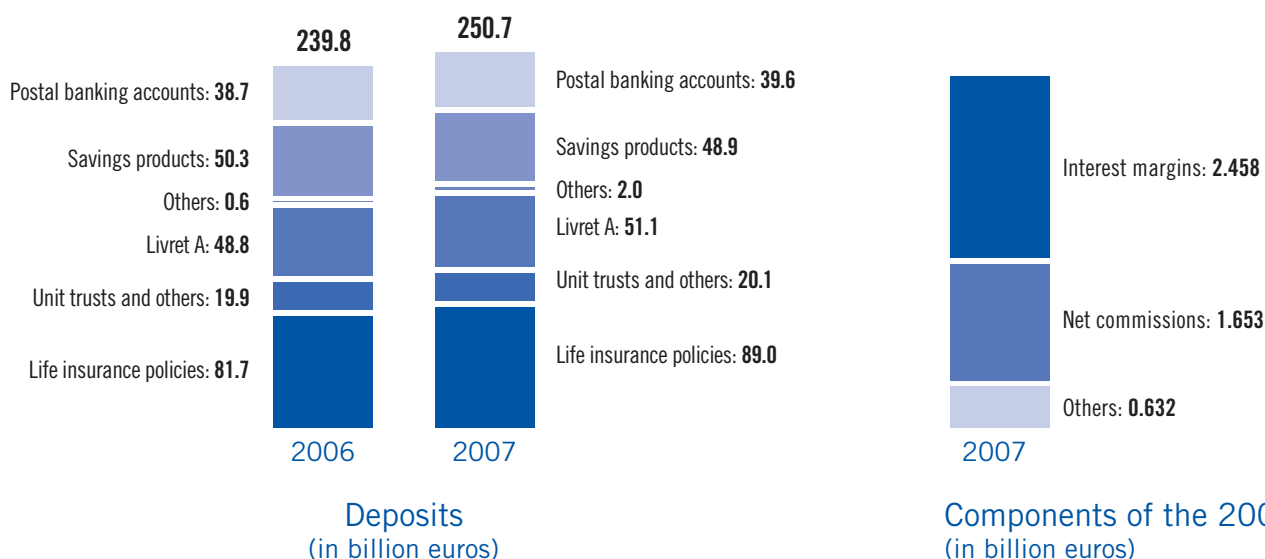
... RESULTS THAT COUNT

La Banque Postale's profits show an increase in consolidated net banking income of 5%. In terms of development, this puts us in the leading group of retail banks in France; it also shows good management of overheads that only grew by 0.6%. Finally, they show extremely low growth of the cost of risk as it was limited in 2007 to less than €18 million. La Banque Postale's efficient management enabled it to post a consolidated gross operating profit of €515 million, an increase of more than 17% on 2006.*

* Excluding provision for PEL/CEL savings accounts and Euronext gains

	2006**	2007
Net banking income (in billion euros)	4.644	4.745
Consolidated gross operating profit (in million euros)	437.5	514.5
Consolidated net profit (in million euros)	496.7	539.6

** Pro forma IFRS standards



HIGHLIGHTS



BUSINESS

18th January 2007 – La Banque Postale was rated “the cheapest network bank” by Challenges magazine.

12th March 2007 – La Banque Postale was the subject of a series of television advertisements entitled “L’oiseau bleu” and a new tagline “La Banque Postale: much more than a bank”.

30th May 2007 – The CECEI granted La Banque Postale an extension on its approval for granting social micro-loans.

19th July 2007 – La Banque Postale launched its new SwiftNet offer as part of its development of its payment services for business customers.



5th September 2007 – To boost La Banque Postale’s development, La Poste recruited 1,000 Financial Advisors.

10th September 2007 – A new range of postal banking and savings account statements was launched. Clearer, more readable and personalised, the statements with new graphics and a message from Yann Arthus-Bertrand give customers new functions that give them a summary and detailed view of their account.

10th September 2007 – La Banque Postale launched Plan Bourse Primiel, a range of services associated with a PEA savings account to provide its customers with complete security on the stock market; a real made-to-measure solution.

21st September 2007 – La Banque Postale was associated with the creation of Coripost Africa SA, a joint enterprise bringing together 26 African Post Offices to exchange international express postal orders. And the same time, it signed an agreement to operate these postal orders with Mali.

27th September 2007 – La Banque Postale Asset Management (LBPAM) joined OFI Asset Management to launch “AMlab”: an incubator for young fund management companies. Its aim is to facilitate and accelerate the development of new fund management companies by providing financial, legal, marketing and commercial support.

28th September 2007 – La Banque Postale received the Corbeille d’Or 2007 from “Mieux vivre Votre Argent” magazine in the network banking category.



PRÉVOYANCE



24th October 2007 – La Banque Postale was authorised by the government to provide a range of consumer loans.

26th October 2007 – As part of the official launch of debit card co-branding, La Banque Postale launched its new Unicef card. For every card bought, La Banque Postale donates €1 to UNICEF

5th November 2007 – La Banque Postale and its partner CNP Assurances, equal shareholders in Assurposte change the name of their health and personal risk insurance subsidiary: it is now called La Banque Postale Prévoyance.

9th November 2007 – La Banque Postale joined the PEGASUS project aimed at developing contact free mobile telephone payments.

The project involves six major banks and four mobile telephony operators.

14th November 2007 – Advisors are now selling annual subscriptions to the GENIUS personal services offer. With this, La Banque Postale customers who are subscribers can access the 21 associated services as many times as they want.

3rd December 2007 – La Banque Postale launched the process to select an industrial and financial partner for consumer loans with a view to launching at the end of 2009.

May 2007 – The European commission announced its decision on the generalisation of the distribution of the Livret A savings passbook. The decision extended it to all banks and recognised the public service duties and responsibilities linked to it to finance social housing and for the first time, access to banking services.



September 2007 – Jean-Paul Bailly, Chairman of the Groupe La Poste, decided to change the way the company is organised. As part of this, La Banque Postale's own national, regional and local commercial organisation was set up on 1st January 2008



PARTNERSHIPS

2nd February 2007 – The international transfer of funds partnership with Western Union was renewed for an additional three years.

7th March 2007 – La Banque Postale signed an agreement with Poste Maroc with a view to providing financial services for Moroccans in France and to increase the use of banking facilities to its customers in France and Morocco.

16th April 2007 – La Banque Postale and Matmut agreed a partnership to sell products and services. The first point of application of this agreement will be the distribution of La Banque Postale home loans across the Matmut network.

18th April 2007 – La Banque Postale jointly financed 65,000 school education kits on biodiversity in partnership with Yann Arthus-Bertrand. Distributed by the Ministry of Education, these kits comprising 20 posters raising awareness of biodiversity were sent to 50,000 schools. An audience of 10 million people, children and parents, were made aware of the challenges of sustainable development.

30th April 2007 – La Banque Postale and IBM joined to train future experts in major information systems at the EPITA computer engineering school.

24th May 2007 – La Banque Postale became a partner of the Volunteer Foundation making a significant contribution to the day-to-day activities of volunteers within the sector.

13th September 2007 – La Banque Postale agreed a commercial and financial partnership with the banking subsidiary of the Crédit Municipal de Paris (CMP-Banque).



GESTION PRIVÉE

9th November 2007 – La Banque Postale signed a three-year sponsorship agreement with the Greffe de Vie Foundation. This confirms its values of solidarity becoming active relay for organ donation.

11th December 2007 – La Banque Postale agreed a partnership with Oddo et Cie, to improve service to its asset management customers. This partnership is based around the Efiposte Gestion subsidiary in which Oddo et Cie will take a minority share. At the same time, Efiposte Gestion became La Banque Postale Gestion Privée on 1st January 2008.

21st December 2007 – La Banque Postale and Société Générale signed an agreement to launch their partnership developing card and electronic banking services. It is part of a policy aimed at developing card and electronic banking tools, providing responses to the challenges of the SEPA and technological change.

COMPANY NEWS

19th April 2007 – La Banque Postale published its first year accounts.

3rd May 2007 – La Banque Postale set up its asset management division. It now has a single management structure responsible for defining guidelines for all asset management activities.

4th May 2007 – Continuing on from the eight agreements signed in 2006, La Banque Postale and three labour organisations representing the majority of staff signed the agreement on salaries and the employer's contribution to employee savings plans (PEE and PERCO).



25th June 2007 – La Poste's Financial Services Operations Department presented to its personnel its plan to join La Banque Postale's Banking Operations Department. In November, 93% of staff or about 200 employees, approved their transfer to La Banque Postale on 1st January 2008.

16th July 2007 – The agreement on career-long training was signed unanimously.

14th December 2007 – The working time agreement created the concept of available time credits and fixed its operation for a better work life balance.

STRATEGY AND OBJECTIVES

Great potential to face the new challenges of the market place

A winning strategy since the year 2000 that is constantly adapting to an increasingly competitive environment.

Two years on, La Banque Postale is continuing its great adventure.

Its flying start in 2006 and the financial year 2007 are indeed the successful conclusion of an ambitious process started in the year 2000 by La Poste's Financial Services division. Carried by an exemplary momentum across the board, it has been marked by much technical know-how and commercial advances, new systems have been deployed, subsidiaries created and fruitful partnerships have been agreed.

La Banque Postale has developed from a simple distributor to a producer providing its customers with a range of products and services that they now expect from their bank: current accounts, card and electronic banking, and multi-channel banking, savings and financial advice, loans, grouped offers and services, insurance, health and personal risk insurance, asset management... The bank status acquired in 2006, its requirement and professional attitude created, all contributed to the solidity of this construction.

The business of retail banking is a "heavy industry" today confronted with new challenges that La Banque Postale must meet.

Started several years ago, the takeover race is speeding up.

The different mergers in France and in Europe and overseas acquisitions by French stakeholders confirm the trend towards consolidation and to "think European" in retail banking. Technical standards such as the implementation of the SEPA (Single European Payment Area) will bring with it processing "factories", European methods and systems to optimise production costs and reduce product conception times. To remain competitive, La Banque Postale is already imagining the future and the new scale of resources it requires.

The extension of banking facilities to private individuals in France has reached maturity and consumerist pressure for greater transparency is not relenting. Finally, **the breaking down barriers between banking, insurance, real estate and personal services is accelerating.**

There are closer links between networks of real estate agents, property developers or insurers for example that are "moving the goalposts" of competition. This is why La Banque Postale is deploying a model compatible with all types of entity.

Increased conformity requirements are also a major change.

Both on a European and worldwide level, changes to regulations are moving towards strengthening control systems and traceability and require better staff training: new Basle II prudential rules, the third European directive on the fight against money laundering, the MIFID directive and new consumer rights (HALDE [French Equal Opportunity Commission], CNIL [French Information Commissioner's Office]). La Banque Postale is in the front line, it must show itself to be exemplary.

Updating its original strategy, La Banque Postale will continue to make it a winning model.

Two years after start up, a second birth for La Banque Postale.

La Banque Postale is today part of the French banking landscape, it has little by little set out its specific model as a bank that is both "like the others" and... "like no other"

Changes in La Banque Postale's environment emphasise the singularity of its model. The specific nature of its balance sheet has been revealed as a unique asset with the onset of the financial crisis in the summer of 2007.

"Everything we have done over the last 10 years has been in the right direction... But we must move on faster, stronger and more effectively".

P. Werner
Chairman of the Executive Board



The reform of the Livret A passbook savings account, the setting up of a consumer loan offer and the probable extension of the entire range will launch La Banque Postale into a new phase of development.

The pillars of La Banque Postale's strategy

■ La Banque Postale is both a "bank like the others" that does not compromise with banking rules, professionalism and the essential profitability and a "bank like no other". This specificity is firstly in its duties and responsibilities, particularly in relation to access to banking services. Beyond this, it permeates all its activities with original products and services, its customer relations, its attractive pricing, its solidarity inspiration and commitment to sustainable development.

■ Assuming its public service duties and responsibilities and creating value, particularly through improvements in its profitability, are the foundations of La Banque Postale's strategy. Conventionally, increasing profit requires action on both costs and development.

■ In 2007, La Banque Postale confirmed its ability, proven for many years, to control its costs. In its financial centres particularly, the improvement in productivity are around 6% per year. Continued improvement in La Banque Postale's productivity rests on re-engineering processes, developing new computer applications and outsourcing low added value operations to ATMs.

■ Given the importance of the fixed cost base supported by La Banque Postale, development is an essential challenge for its future success. It has exceptional development potential in relation to its competitors due to the size of its customer base, the quality of these customers, the trust they have in it and the resources (postal network, financial centres, remote banking) it uses to develop these customers. The progressive losing

of competitive handicaps, particularly limits on its product range, will enable La Banque Postale to accelerate the development that from its creation has placed it in the leading group of French banks.

■ To better realise its potential internally, La Banque Postale has changed the way it organises itself moving from an entity-based system to an operations-based system more in line with banking income statement and quality of service references. Financial centres and the network of Post Offices have been organised even more closely so all their efforts are focused on customers. For greater professionalism and better yield, this work and value chain has become more compact and is still based on shared methods, references, effective systems and inspiring management.

■ Externally, the multi-channel approach helps find appropriate distribution relays for single products: remote channels (Internet), major distributors or partnerships (Matmut, CMP Banque...).

■ Finally, the development of La Banque Postale will accelerate with the growth of partnerships to share skills whilst reducing the cost of operations. Partnerships with Société Générale for card and electronic banking and Oddo et Cie for private banking are moving in this direction. 2008 will see the selection of a partner to provide consumer loans and we are waiting for approval to provide non-life insurance.

CORPORATE GOVERNANCE

From the very outset, La Banque Postale adopted a Corporate Governance model in line with best practices.

The guiding principles

The Supervisory Board manages La Banque Postale and ensures its strategy is implemented. It comprises La Poste directors, employee representatives and independent members.

The Executive Board defines strategy and policies and manages the bank in line with statutes and regulations. It keeps the Supervisory Board regularly informed of the bank's results, its development plans and changes to its strategy.

Management and control structures

■ **The Supervisory Board** is chaired by Jean-Paul Bailly, Chairman of the Groupe La Poste. As of 31st December 2007, it had 13 members, seven members from the Groupe La Poste, three independent members and three employee representatives elected in October 2006 in application of the Law on the Democratisation of the Public Sector. During 2007, the limit of 1000 employees set out in articles 6 and 40 of the Law on the Democratisation of the Public Sector was reached. The effect of this was to increase the number of employee representatives, early 2008, to one third of the members of the Board or five representatives out on a total of fifteen members.

Members of the Supervisory Board are appointed for a five-year term.

In addition, the government has appointed a representative for public service duties and responsibilities given to it.

Members of the Supervisory Board have functions within the Groupe La Poste:

■ Jean-Paul Bailly, Chairman of the La Banque Postale Supervisory Board, Chairman of the Groupe La Poste,

- Marc-André Feffer, Vice-Chairman of the Supervisory Board, Executive Director at the Groupe La Poste responsible for Development Strategy, Legal and International Affairs and Regulations,
- La Poste, represented by Georges Lefebvre, Executive Director at the Groupe La Poste, Director of Human Resources and Labour Relations,
- Didier Brune, Director of Strategy at Groupe La Poste,
- Paul-Marie Chavanne, Executive Director at Groupe La Poste, Director of Parcels and Chairman of GeoPost,
- Nicolas Duhamel, Executive Director at Groupe La Poste, Financial Director,
- Didier Négier, Director of Information Systems, Procurement, Cost Optimisation and Shared Services at Groupe La Poste.

The mandates of the members of the Supervisory Board were renewed by the General Assembly on 12th February 2008.

Independent members of the Supervisory Board

- Gérard Barbot, company director,
- Sylvain Lemoyne de Forges, Director of Risks and Markets at Veolia Environnement,
- Didier Ribadeau Dumas, company director.

The mandates of the independent members of the Supervisory Board were renewed by the General Assembly on 12th February 2008.

Members of the Supervisory Board representing employees

As of 31st December 2007

- Didier Galopin, banking controller, sponsored by the CFDT,
- Frédéric de Saint-Leger, credit derivatives manager, sponsored by the CFE-CGC,





■ Hélène Wolff, project manager at the Marketing Department, sponsored by the CFDT.

Elected in February 2008

- Jean-Robert Larangé, Marketing Department, sponsored by the CFDT,
- Steeve Maigne, Business, Institutions and Associations Department, sponsored by the SNB/CFE-CGC,
- Maryvonne Michelet, Legal Department, sponsored by the CFDT,
- Serge Trinca, Banking Operations Department, sponsored by FO,
- Hélène Wolff, Marketing Department, sponsored by CFDT.

A detailed list of mandates held by each of the members of the Supervisory Board is featured in the Financial Report.

Government commissioner

- Christian Bodin.

The Supervisory Board has created **three special committees** to assess it:

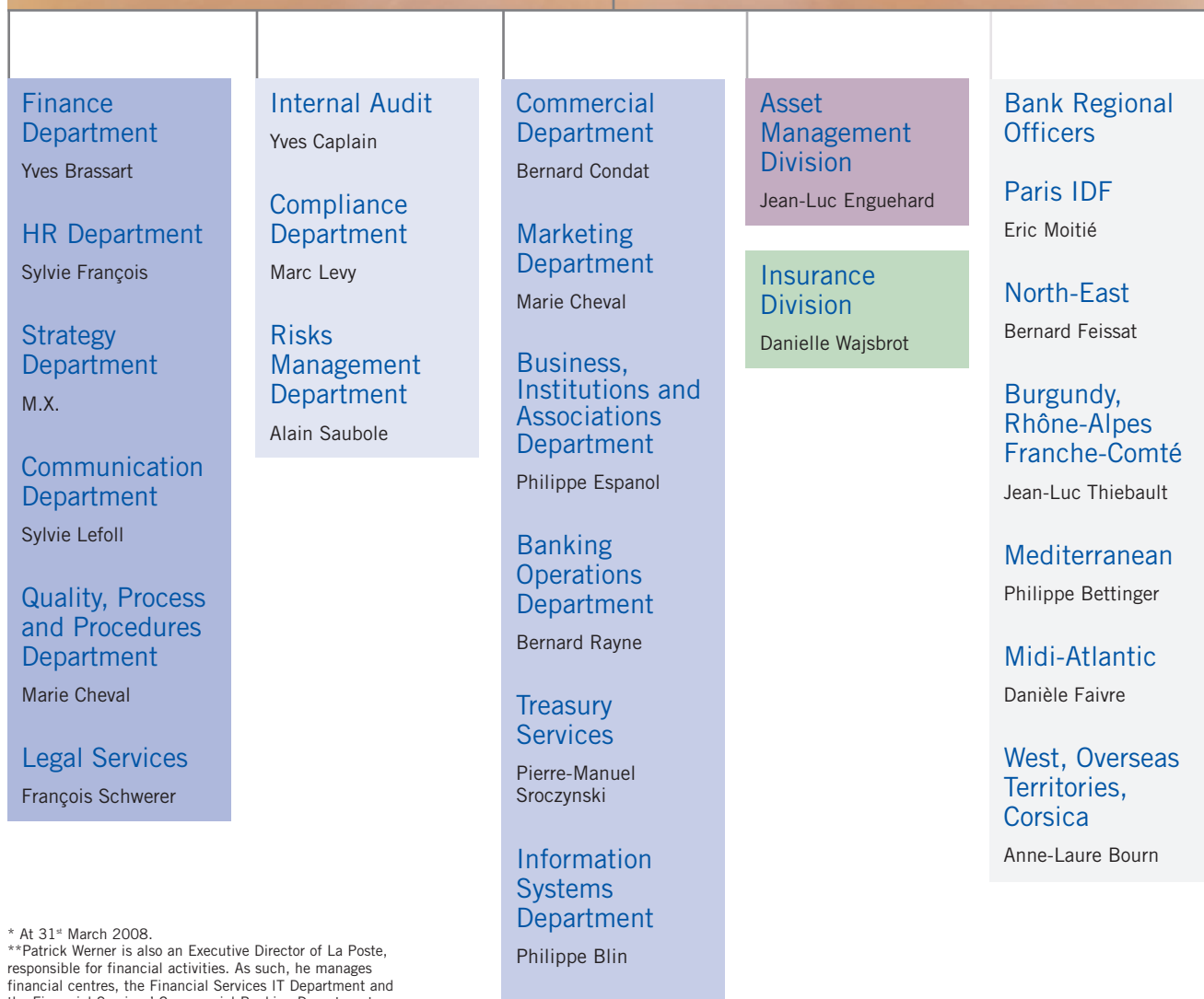
- The audit committee,
- The strategic committee,
- The nominations and remuneration committee.

■ **The Executive Board** has two members, Patrick Werner, President and Philippe Bajou.

■ **Internal governance** at La Banque Postale is marked by regular meetings of the Executive Board, the Executive Committee, the Management Committee and six committees chaired by a member of the Executive Board:

- Marketing committee,
- ALM committee,
- Risk committee,
- Compliance and Ethics committee,
- Customer Quality committee,
- Information Systems strategic committee.

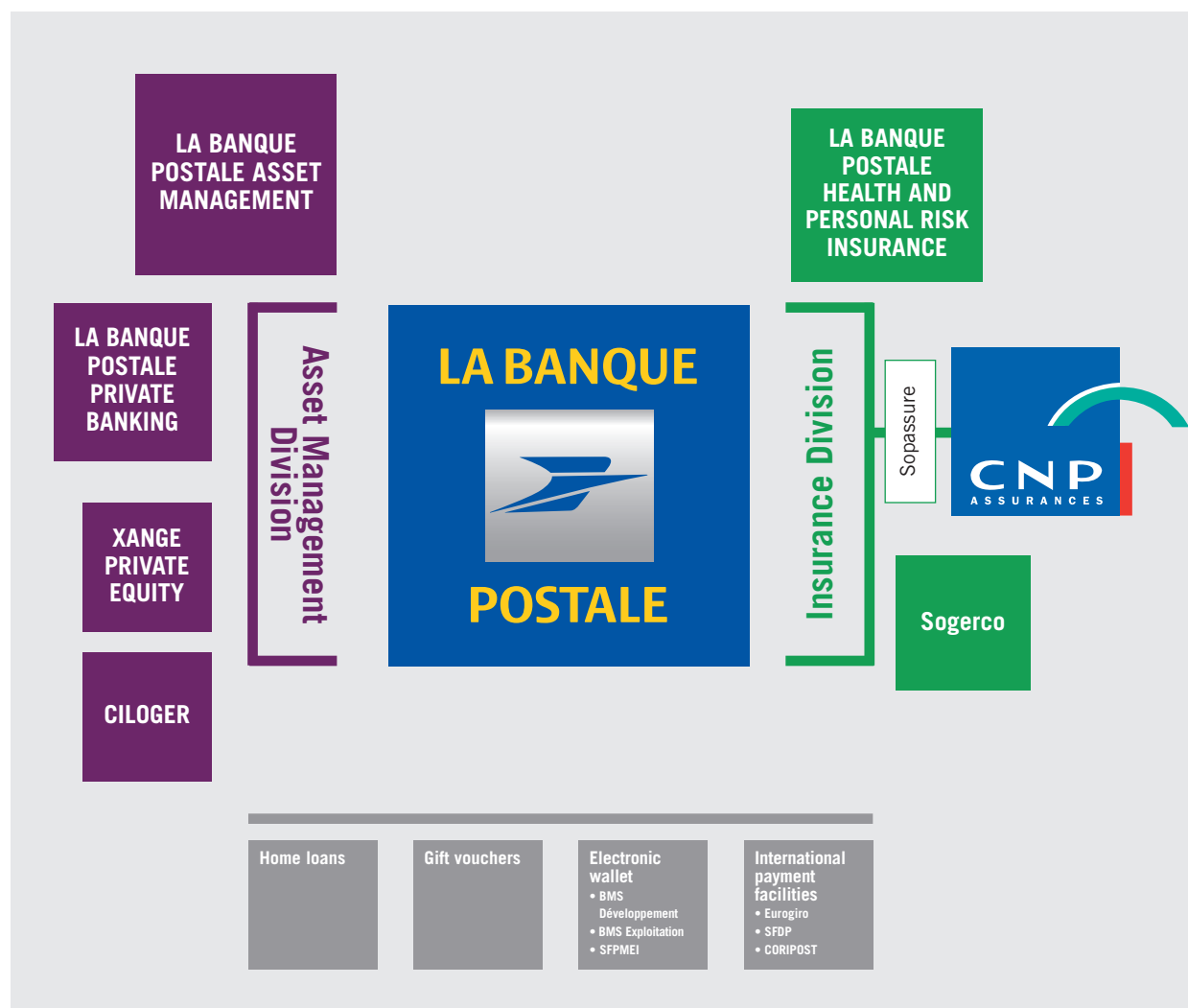
THE ORGANISATION OF LA BANQUE POSTALE*



* At 31st March 2008.

**Patrick Werner is also an Executive Director of La Poste, responsible for financial activities. As such, he manages financial centres, the Financial Services IT Department and the Financial Services' Commercial Banking Department.

THE GROUPE LA BANQUE POSTALE



The Groupe La Banque Postale is organised around three sectors of activity:

- retail banking,
- insurance,
- asset management.

Heavily integrated into the bank's activities, subsidiaries and holdings provide specialised skills and play an increasing role in strategic, financial and technical plans.

La Banque Postale is the mainstay of the **retail banking division** and is responsible for almost all the net banking income.

The **insurance division** is the group's central expertise in this area. It is at the centre of relations with insurance and brokerage partners and La Banque Postale subsidiaries.

More recently, an **asset management division** was set up to develop and diversify this activity in its different components.



THE POSTAL BANKING MODEL

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- P. 24 Multiple channels at the heart of La Banque Postale's strategy





The Postal banking model, an original model in French retail banking, sees 2007 confirm its fundamental principles. The bank orchestrates the work of its different components every day to serve its customers.

It manages this unique chain of talents that works daily in relations with customers in Post Offices, remote banking and financial centres.

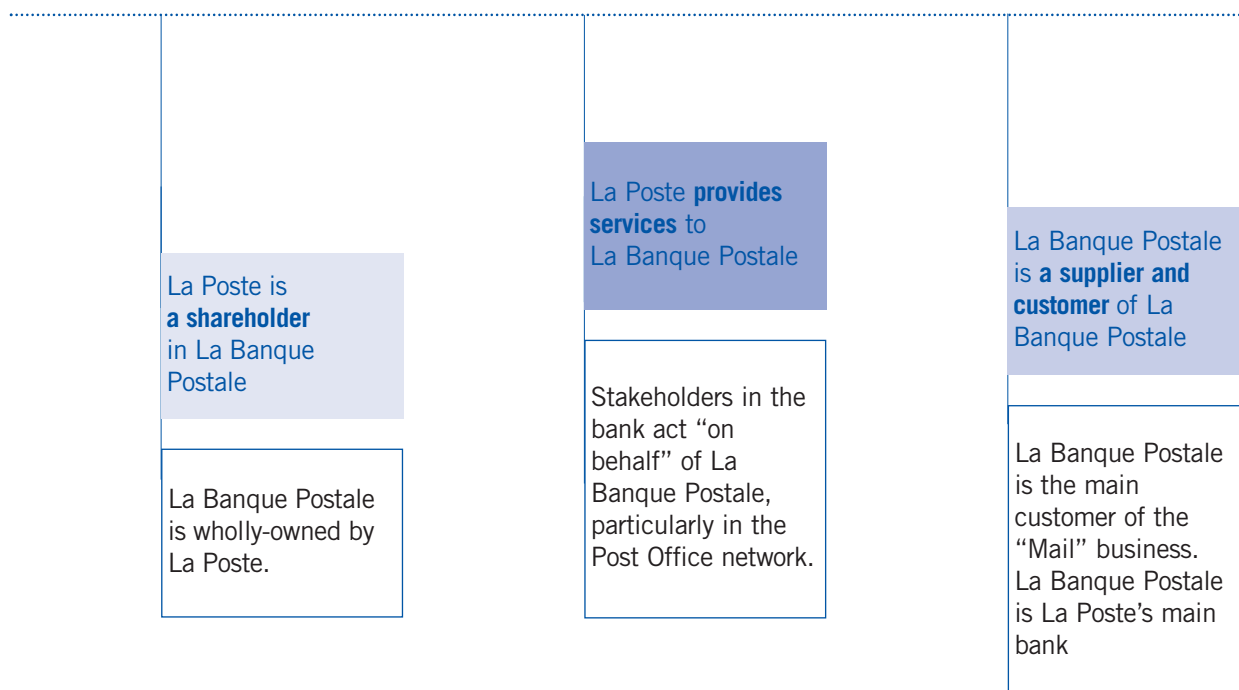
The model is constantly adapting itself to the requirements and needs of its different customers.

The creation at the beginning of 2008 of a commercial department to support and provide expertise to the network, the development of multi-channel products and new partnerships illustrate the diversity of innovative responses that the Bank provides to its customers daily.



LA BANQUE POSTALE AND GROUPE LA POSTE

The Postal banking model: a close relationship between La Poste and La Banque Postale



A fundamental tool: service agreements

The relationship between La Poste as a service provider and La Banque Postale is based on two categories of agreement: staff secondment and service level agreements.

La Banque Postale is responsible providing for banking, financial and insurance operations for its customers. La Poste is responsible to La Banque Postale for the operations it carries out “on behalf of La Banque Postale”.

La Banque Postale:

- defines and develops all banking processes and the tools used,
- is responsible for the controls that it carries out itself or that is sub-contracts to La Poste.

La Poste undertakes that staff working “on behalf of La Banque Postale” comply with ethical rules set out by La Banque Postale as well as directives covering the fight against illicit activities.

Using La Poste staff

La Banque Postale has recourse to La Poste staff to implement its policies. La Poste has a means obligation and provide staff as defined by La Banque Postale.

■ Staff in the Financial Services Operations Department, Financial Centres, the Financial Services IT Department and the La Poste brand Financial Services commercial chain are all involved.

■ This staff is managed by La Poste executives in compliance with La Poste HR rules in addition to rule specific to the banking sector (authorisations, training, recruitment and qualification criteria) as formulated by La Banque Postale.

■ La Banque Postale reimburses La Poste, the entire cost of staff euro for euro and handles planning.

The provision of services

La Poste acts as a service provider for La Banque Postale, mainly for counter operations and ATM operational management. The price of the services has been determined for three years and must cover La Poste's costs.

Other agreements cover additional services such as production accounts or supplying letter cheques.

The main service agreements will last 10 years. They constitute a stable base and were not significantly modified in 2007.





Organisation

La Banque Postale approaches 2008 with a renewed structure within the Bank and a renewed relationship with La Poste.

Three important decisions in 2007

■ **Jean-Paul Bailly, Chairman of La Poste, decided to move all Enseigne La Poste banking support and business expertise teams to La Poste Financial Services. This included Specialist Property Advisors.**

The move was based on a simple principle. Managers at l'Enseigne La Poste manage sales forces in the banking sector, Bank and la Poste Financial Services teams provide support and banking expertise directly to those responsible for implementing it in the network of Post Offices. The aim of this new organisation is to simplify the postal banking model set out when it started on 1st January 2006.

■ **Financial Services Operations Department teams moved to La Banque Postale.** This decision, approved by 93% of staff, responds to the desire to create a united Banking Operations Department at La Banque Postale. This integration brings together all those responsibilities related to the traditional activities of a Banking Operations Department. As staff in financial centres have Post Office contracts, their hierarchical level is La Poste Financial Services.

■ **The decision to create the Business, Institutions and Associations Department.**

This market has real advantages that La Banque Postale is looking to better exploit and develop.

A simplified and more effective postal banking model

Commercial support and expertise to develop the Bank is now organised and structured on national, regional and local levels. This organisation enables the bank's strategies and the challenges it faces to be better shared, strengthens links with people in the field and facilitates their professionalisation. This way, each of La Poste's regional levels has the support of the entire commercial banking line giving it the means to fully control the banking sales forces.

In the regions

■ **The creation on 1st January 2008 of 25 regional banking Commercial Departments**

Commercial departments constitute the Bank's major network across the country.

They work with 107 Commercial Directors and 24 commercial expertise development managers, more than 1.800 people in the sales function from La Poste or La Banque Postale.

■ **Refocusing the Bank's Territorial Representatives on three main duties and responsibilities**

- Representing the bank across the country,
- Control with the network of banking controllers,
- The development of quality and sustainable development.

There will be six rather than eight, following the example of l'Enseigne La Poste.

Central management

■ The creation of the Commercial Department

Since 1st January 2008, the Commercial Department has taken over most of the activities of l'Enseigne La Poste's Banking Activities Department that no longer exists and functions of the former La Banque Postale Marketing and Commercial Department.

The Commercial Director has three Executive Banking Commercial Directors, each one responsible for an area to inspire and manage the 25 Regional Banking Commercial Departments.

■ The growth of the La Banque Postale Banking Operations Department

On 1st January, it integrated the 226 staff at the former La Poste Financial Services Operations Department.

It is now able to fully assume the functions of a Banking Operations Department that will soon be able to include responsibilities for processes and project management.

It is now driving and managing projects that will profoundly modify the organisation of financial centres to increase their competitiveness and expertise.

– **The DCC** (Development and Competitiveness of Centres) project is part of a development towards pooling and massification resulting in a homogenisation of processes and organisations and the regrouping of activities into a smaller number of units. The aim is to strengthen the professionalism of staff, reach a critical size and consequently achieve significant gains in productivity.

– **The AMB labour agreement** on the Future of Banking Activities that has inspired an ambitious training, qualification and staff retraining programme resulting in 3,000 promotions in 2007. It has enabled the operational implementation of the DTC project providing staff with guaranteed jobs and skills development perspectives.

– **The CORE project** involves the banking operations department modernising information systems in line with interbank systems in Europe. The bank has passed community tests and obtained accreditations from the ECB (Target 2) and the ABE (Step 2). It will therefore play a direct role in all these European exchange systems.

– **The SEPA project** has been actively prepared for and enabled La Banque Postale to exchange the first European format transfers fixed by the banking community on 28th January through the two CORE and STEP 2 exchange systems.

■ The decision to create the Business, Institutions and Associations Department.

Relations with business were structured in 1996 with the creation of the Financial Operations Department in La Poste's Financial Services department. At the beginning of 2006 and with the arrival of La Banque Postale, on its 10th anniversary the Business Financial Activity became the business market.

On 1st January 2008, the Business, Institutions and Associations Department was created to make the most of the development potential of €240 million net banking income in 2007.

■ Refocusing the Marketing Department on marketing to consumers

- The Marketing Department is responsible for identifying customer policies, multiple channel distribution and changes to the range of the Bank's products and services for the consumer market.

- It is also the main point of contact for La Banque Postale's current and future partners with whom it will accelerate its development and broaden its product range.

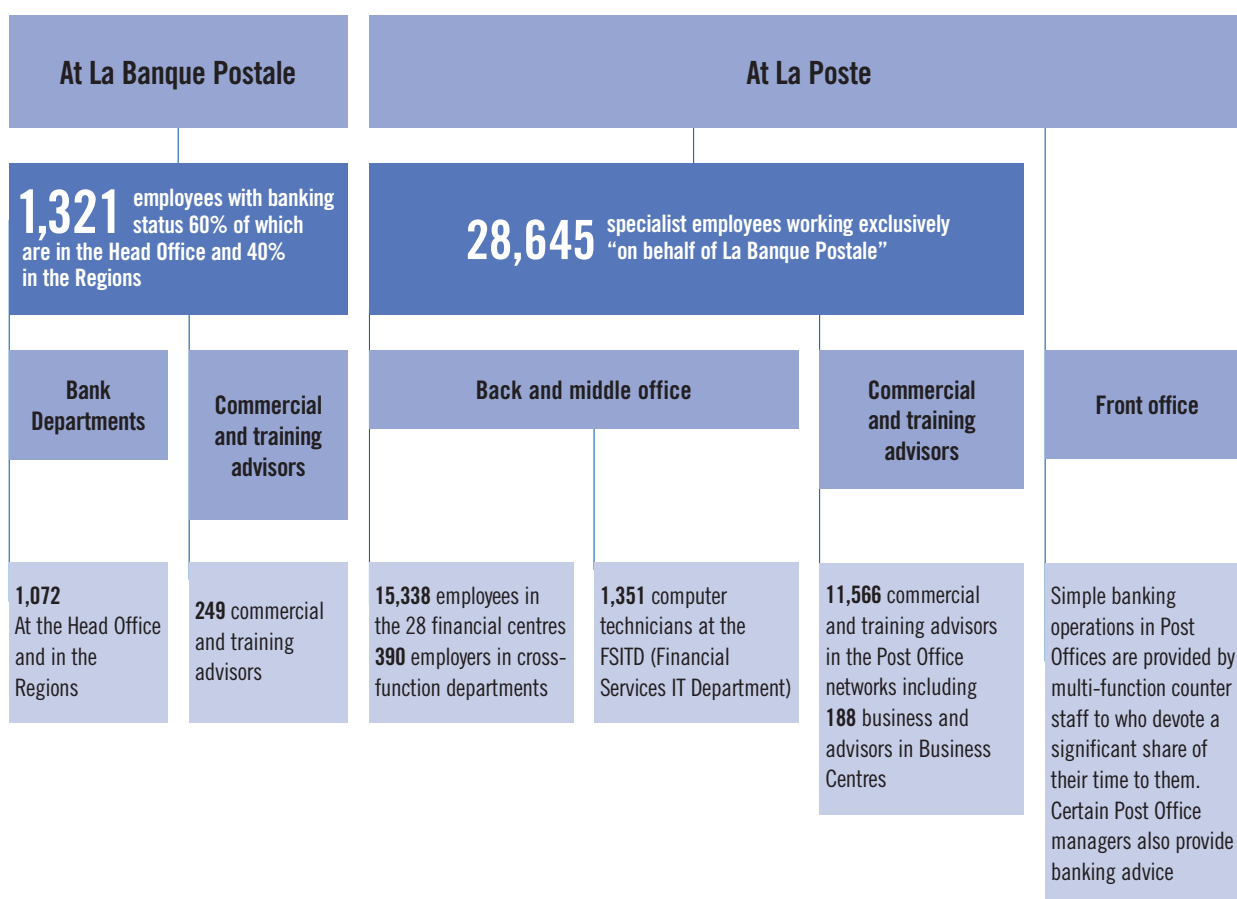
THE PERSONNEL OF LA BANQUE POSTALE*

La Banque Postale is organised around three major groups of personnel.

– At La Banque Postale: bank employees.

– At La Poste Financial Services: staff working in banking activities. They provide commercial support and expertise, advise business, provide back and middle office as well as banking IT services

– At l'Enseigne La Poste in the network of Post Offices: Financial Advisors and Customers Managers provide banking front office services. Multi-skilled counter staff in Post Offices carry out banking transactions as a major part of their activities



* Organisation on 31st December 2007. Numbers mean Full Time Equivalent



RECRUITMENT IN 2007

At La Banque Postale

370 Bank employees

At La Poste:

813 advisors and managers,

70 banking IT experts

To accompany the development of its business, La Banque Postale has implemented a dynamic human resources policy that is attracting new talents and maintaining the loyalty of staff that every day contribute to its success.

■ **In terms of training,** La Banque Postale has created “l'École de la Banque” that provides its ambitious training programme.

Signing an agreement on career-long training on 16th July 2007 with labour organisations, La Banque Postale is showing its support for staff and its intention that they should have high levels of banking expertise through diploma-based qualified. Training has become “cohesion cement” around the spreading of a common culture for all stakeholders in the bank whether they are La Banque Postale or La Poste staff.

■ **In terms of mobility,** La Banque Postale encourages alternate career paths within the Group. The banking model is unique. It encourages diversity in profiles and strengthens skills. This means everybody can develop professionally and contribute through the variety of profiles required to the performance of the business and the satisfaction of customers.

■ **In terms of recruitment,** La Banque Postale gets a significant share of its recruitment through work-based training (apprenticeship, professionalisation) particularly for stakeholders in the bank working at La Poste. It also encourages the integration of young graduates.

It has trained 941 young people including 846 in sales and commercial functions and 59 in head office functions (marketing, cross-function roles).

Finally, La Banque Postale intends playing a full role in society particularly taking part in professional insertion campaigns in recruitment forums in disadvantaged areas. The Bank attaches particular importance to the fight against discrimination by raising awareness of these questions with the different stakeholders in recruitment and all staff on a day-to-day basis.

THE MULTIPLE CHANNELS AT THE HEART OF LA BANQUE POSTALE'S STRATEGY

The multi-channel system rests on principles that are those of La Banque Postale: accessibility, simplicity, security. It plays an essential role in relations with customers that must be able to contact **the bank 24 hours a day and seven days a week, anywhere and at any time**. It also provides access to products and services by the most suitable means.

■ **La Banque Postale is developing its multi-channel strategy using mainly the network of Post Offices.** This remains the point of departure in the relationship with the customer. It is the first point of contact where requirements and expectations are discovered and personal advice is provided. Its spread across the country is a guarantee of proximity with almost 17,000 point of contact in 11,900 Post Offices and 5,080 ATMs.

■ **In addition to its network, La Banque Postale has strong partnerships** aimed at facilitating access of the largest number to its products. It is expanding the distribution of products and services to its partners' customers through their distribution networks.

■ **A pioneer in remote banking, La Banque Postale is increasingly using the skills of its 23 financial centres, true multi-channel managers.**

With integrated customer relations platforms, the telephone plays an important part in the commercial relationship with customers.

■ **Beyond this, La Banque Postale has deployed alternative channels in online banking services** (www.labanquepostale.fr, 3639).

2008 will see:

- extensive development of remote channels and new Internet and telephone functions to accompany changes in customer behaviour and better respond to their needs
- the studying of new commercial partnerships

Key figures for multi-channel distribution:

- **17.7 million** customers calls to financial centres.
- **472 million** ATM transactions of which 266 million were cash withdrawals.
- **Nearly 108 million** visits to the labanquepostale.fr website during 2007.
- **163 million** visits to the online account management service.

Face-to-face relationships with customers

The Bank's services in the Post Office are not limited to advice. They permeate the Post Office from welcoming customers and directing them to counters to the advice areas and ATMs.

The network of Post Offices, pivotal in the face-to-face relationship

2007 saw an increase in La Banque Postale advisors in Post Offices. In 2008, improving customer facilities in Post Offices is a priority objective and will continue as part of the "Contre toute attente" project.

■ **La Banque Postale is actively participating in the "Contre toute attente" project initiated by the Groupe La Poste**, in June 2006, which makes welcoming customers a priority. After a successful test period, roll out took place in 2007 with the extension of the project to 1,000 large Post Offices. For La Banque Postale, this project has led to the installation of self-service terminals, cheque deposit boxes and has generated the deployment of new applications leading, for example, to modernising the international funds transfer offer. All these services contribute to reducing counter waiting times.



■ **La Banque Postale is at the heart of l'Enseigne La Poste's strategy as a local distribution network.**

La Poste has set up a new regional organisation network called "Terrains". Started in 2005, it led in 2007 to the constitution of the banking sales force made up of 10,564 advisors over 4,700 "Terrains". Customer Managers were put in place in Post Offices with high levels of banking activity. 1,516 Customer Managers welcome bank customers, open accounts, provide day-to-day management services and savings and health and personal risk insurance products.

Financial Advisors, Customer Managers and Specialist Investment Advisors are perfectly suited to providing personalised diagnoses and advice. Specialist Property Advisors strengthen this line of advice by providing their expertise in home loans.

■ In partnership with communes, 477 community Post Offices were created in 2007 as well as 210 Post Offices managed in partnership with other services providers. For bank customers, these local points of contact enable them to carry out most of their everyday transactions (particularly cash withdrawals when they can't go to the Post Office).

■ 5,080 ATMs with increased functions give customers greater independence and enable them to consult the accounts and withdraw money. The number of operations carried out by customers in ATMs increased by 4% during the year.

Dedicated bank functions in the network of Post Offices

■ **1,516 Customer Managers** welcome potential customers and customers of the bank in Post Offices.

■ **4,915 Financial Advisors** handle the portfolios of customers with needs and projects and propose a range of banking products and services suited to their situation.

■ **2,670 Customer Advisors** manage a portfolio of customers whose needs and projects are greater and more diversified and provide them with a wider range of products and services that meet their needs.

■ **721 Specialist Investment Advisors** provide highly specialised advice to a portfolio of high net worth individuals with a more complete range of banking products and services (diversification, tax optimisation, succession).

■ **742 Specialist Property Advisors** sell the home loans in the range and make the corresponding financial applications.





Partnerships provide an additional distribution model to La Banque Postale

La Banque Postale favours partnerships in order to pool know-how, develop products together and share customers.

In 2007, La Banque Postale strengthened its multi-channel distribution strategy by agreeing new commercial partnerships.

■ With a major mutual insurer, Matmut.

La Banque Postale signed an agreement to distribute its home loans through the network of 571 Matmut branches.

The demands of members are identified, qualified and directed towards a specialist La Banque Postale telephone platform. After a conclusive test period, the offer has just been extended to the Matmut's 2.6 million members. La Banque Postale manages applications and retains control over the granting of loans. A quality charter that particularly sets out commitments in terms of responsiveness, diligence and transparency has already been established. In the long term, this agreement may be extended to other products and services.

■ With CMP-Banque, Crédit Municipal de Paris's banking subsidiary,

La Banque Postale signed a commercial and financial partnership agreement to propose a wider offer aimed at more disadvantaged customers.

In commercial terms, La Banque Postale customers benefit from CMP-Banque's expertise in the purchase of loans, a product that is part of the fight against exclusion from banking services. The twenty CMP-Banque branches in the Paris region provide their customers with the range of La Banque Postale home loans. The two institutions are therefore encouraging access to loans for the largest number. Products developed jointly will be proposed to City of Paris and Paris Hospital staff as well as for disadvantaged customers. A joint micro-loan campaign for people looking to create their own jobs is currently being studied.

In financial terms, La Banque Postale is committed to CMP-Banque's development and will provide increased investment up to 19.9%.





Remote banking

Financial centres, pivotal in the remote banking relationship

In financial centres, 1,600 customer relations advisors supplement the Post Office network and develop remote banking.

Their work is a guarantee of the quality of the welcome and service provided to the customer. They provide a direct link with customers by telephone, post or email. They provide a response to everyday requests and propose single products and services.

In 2007, 743,300 contracts were sold by telephone, 525,900 for single products, 176,800 packages and 40,600 for health and personal risk insurance products. Customer relations services activities in financial centres grew sharply in 2007 due particularly to the extension of the offer.

Key figures of customer relationships in financial centres

€6.7 billion in loans and 106,450 applications processed
45 million accounts managed including 11.1 million postal banking accounts
6 million letters and 450,000 e-mails processed
17.7 million customer calls received

The 23 financial centres and 5 national finance centres, pillars of the banking activity, are located across the country. There 15,338 staff provide front, middle and back-office services.

They have a range of activities: processing operations for customers, answering their everyday questions and demands for information, providing products and services suited to their requirements, managing risks and processing all operations.





Banking activities in financial centres

■ **The front office** covers all activities in direct contact with customers: remote sales and enquires, customer appointment management, welcome businesses in Business Centres located in financial centres.

■ **Middle office** covers every day and administrative tasks, network support and also checking the regularity of operations and respectable control procedures with the aim of improving quality and risk management.

■ **Back office** endeavours to ensure commercial activities are run smoothly and processes transactions expected by customers including the processing of cheques, transfers and direct debits, control and optimisation of cash flows, computer-assisted printing (production of cheque-books, account statements, sending letters). In 2007, 45 million accounts and

contracts handled led to the issuing of 140 million cheque images and the reception of 600 million cheque images, the printing of 400 million account statements and the production of 24 million cheque books.

National financial centre activities:

5 national financial centres—the National Credit Centre, the National Insurance and Entitlement Centre, the Money Order and Giro Centre, the National Card and Electronic Banking come Centre and the National Securities Centre group together the resources dedicated to these products for centralised processing guaranteeing efficiency and professionalism. They provide support and expertise to the network of Post Offices, financial centres and head office departments. They each provide in their areas the interface with partners and market systems.





The www.labanquepostale.fr portal

Online banking, complement and support to Post Office network activities and customer services in financial centres

La Banque Postale has made the development of its online banking offer one of its priorities. It can be accessed via the Internet, mobile Internet, telephone, (inc. 3639) and the Minitel.

■ www.labanquepostale.fr, a dynamic portal that makes banking easier

It had 9 million visitors per month to the site window, an increase of 60% for the year.

In 2007, La Banque Postale developed its online banking offer and now provides its customers with two levels of service: "online account" services which are free of charge and the "alert services" offer for which a subscription is payable. The "online accounts" service is always provided with new accounts.

In 2007, our customers were given new pages and services

■ **Information sections:** the opening of La Banque Postale Prévoyance, Bagoo for young people, Césu financiers, Efiposte Gestion (that became La Banque Postale Gestion Privée on 1st January 2008) sites or sections.

■ **Transaction services:** searching current and savings account transactions, viewing Vivaccio life insurance contracts and contracts in the Retraite Solésio range, ordering 'statements of account information', prepaid envelopes and travellers cheques, viewing the balance on a charge cards and making transfers to PEA home loans account.



Our customers are increasingly using our consultation and management services on new media

■ **Telephone:** the account consultation service, 3639 touche 2 and Audioposte registered 27.7 million calls.

■ **SMS :** 700,000 subscribers have benefited from this service and 12.8 million text messages sent; an increase of 17.3%.

■ **Internet and mobile Internet:** almost 14 million visits per month in the transactions area of the site to consult accounts and carry out operations, an increase of 27%. And the number of active subscribers was up by 20%.

■ **The connection service, 3639 touche 1,** saw its activities increase by 69%. It particularly helps people that do not know the bank to make an appointment by telephone with a financial advisor.



3639
labanquepostale.fr



ACTIVITIES OF THE GROUPE LA BANQUE POSTALE

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To accompany its customers in a way that is geared to their expectations and resources, La Banque Postale designs products and services that respond to their essential needs with useful guarantees and at reasonable prices.

It establishes the durable banking relationship with its personal and business customers.

In parallel, it develops a specific offer adapted to certain customers, the most disadvantaged and the best-off. Listening to its customers and their changing needs, it extended its range to home loans. It is now a recognised player in this market.

The bank provides made-to-measure savings, insurance and health and personal risk insurance solutions at a fair price at every stage of its customers' lives. It provides them with top skills in retail banking, insurance and asset management.



2007 TRENDS

The year 2007 confirmed the fundamental principles of the bank's postal model, the way it operates and its ability to stick to its trajectory.

La Banque Postale was able to respond to a certain number of challenges sticking to its fundamental principles in a constantly changing environment. This led it to adapt, providing quicker, stronger and better service to its customers.

It grew strongly with a net banking income increased by more than 5% in real terms putting it in the leading group of French banks.

La Banque Postale ended 2007 as the only bank that was not affected by the sub-prime crisis either in terms of its assets or its cash flow. This was the case not only for La Banque Postale but also its partners or subsidiaries that manage its customers' money.

Increased market share and a steady increase in its customers' products and services

The main reason behind the creation of the bank in January 2006, home loans progressed strongly with €6.7 billion in 2007 compared to €5 billion in 2006 in a stagnating market. Conversely, the entire market stagnated last year. La Banque Postale's market share increased in 2007 and exceeded 4.5%.

In the savings market, the bank regained its positions. Particularly, its life insurance turnover held up better than the rest of the market. In total, the bank's market share was about 10% of consumer deposits and savings.

Its customers have more than 486,000 life insurance contracts, 458,000 individual health and personal risk insurance policies, 850,000 new postal bank accounts were opened and 1.1 million debit cards (a level never previously achieved) issued as well as 835,000 packages were sold.

Many new partnerships in 2007: an essential response by the bank to the major challenges of the market

La Banque Postale does not react to the challenges of the market with mergers and buyouts, it reacts with partnerships. This enables it to move quicker, pool its resources, develop joint products and share customer bases. These are all ways to better serve customers, quickly move into new markets, develop expertise and grow efficiently at a lower cost.

This logic has led La Banque Postale into many partnerships in France and abroad in 2007 with major players in the market: Matmut for the distribution of home loans, CMP-Banque for credit restructuring, Société Générale in a field of card and electronic banking, Oddo et Cie for asset management, Poste Maroc to encourage the extension of banking facilities to its customers in France and Morocco and Coripost to develop international electronic money orders.

The opening up of the distribution of the Livret A

The European commission decided to extend the distribution of the Livret A savings passbook in 2007 and recognised the two public service duties and responsibilities attached to it: to finance social housing and for the first time, access to banking services.

With more than €50 billion deposits and 20 million customers, La Banque Postale reaffirmed its attachment to French people's favourite financial product and defended the two public service duties and responsibilities it serves.

The government's green light to provide consumer loans

La Banque Postale was authorised by the government to extend its range of products and services to consumers to consumer loans.

It has started the search for a partner.

RETAIL BANKING

Faithful to postal values of trust, accessibility, proximity and to serve the greatest number, retail banking supports its consumer and business customers in their short and long-term projects. La Banque Postale designs products and services along both simple and very personal lines.

"Identify customers' essential needs, cover all those essential needs, nothing but essential needs, with the best possible accessibility and at a reasonable price".

It does it for each of its customers, in line with their expectations and resources. Heavily involved in the development of the bank, the insurance and asset management divisions provide the specialised expertise and know-how to La Banque Postale's range of products and services.

PERSONAL BANKING

Listening to customers, protecting their interests, knowing how to provide products that are made-to-measure, simple and suited to their changing requirements, these requirements direct the conception of a "consumer" offer to satisfy all its customers. Listening to all society and its diversity, it best accompanies each of its customers at each stage of their lives.

29.3 million French people trust La Banque Postale and almost 10 million of them have a day-to-day relationship with the bank.

It has developed a new banking relationship that is simpler and focused on what is essential with no unnecessary extras and at a fair price.

In parallel, it has been able to supplement its offer to adapt to the specific needs of certain customers.

For example, it supports young people helping them to get used to the financial world through a set of educational and simple tools available on the Internet.

It also provides personalised advice to its high net worth customers using the expertise of its 721 specialist investment advisors. With a range of specialised products and services, La Banque Postale meets the requirements of its private banking customers in terms of inheritance, tax optimisation or portfolio management. Always in the forefront of innovation, it has set itself aside with its Ascendo life insurance products and sophisticated products such as SOFICA.

Finally, La Banque Postale has a long-standing relationship with its more disadvantaged customers shown through its major and recognised role in promoting the accessibility of banking services through the Livret A and the development of well-suited to banking offers such as the Adispo Essentiel account package.

La Banque Postale's personal banking offer is based around the four major themes important in the daily lives of French people: day-to-day money management, savings and insurance, health and personal risk insurance and home loans.



Day-to-day money management

The number of accounts grew constantly in 2007

With 11.1 million current accounts, La Banque Postale is a major player in retail banking in France. This position was confirmed in 2007 both in terms of account openings and the number of products customers hold.

■ **More than 850,000 new postal accounts were opened in 2007.** This volume is explained by the image and values that La Banque Postale conveys in terms of pricing policy, proximity and accessibility to its range of products.

■ Recognised as being among the most competitive in the market, its account packages are based around a wide range of payment cards, personalised overdrafts, card protection and online services at the best price.

– **The Adisipo account package** proposes several levels of service adapted to the needs of everybody:

Adisipo Essentiel, aimed at the most disadvantaged customers

Adisipo Équilibre, for customers with multiple bank accounts

Adisipo Privilège, aimed at customers whose main bank is La Banque Postale

Adisipo Premier, the fully-featured version.

– **The Bagoo account package** is aimed at 16 to 25 year old with two options:

Bagoo 16-17ans, for a first contact with the bank

Bagoo 18-25ans with a wider range of methods of payment and price reductions and advantages on travel, shows, telephony...

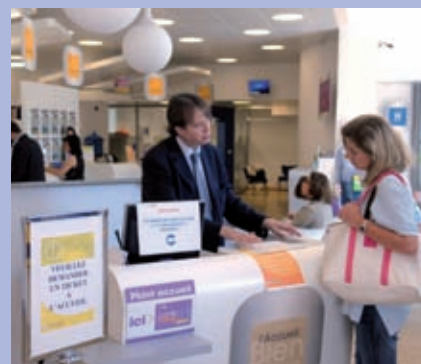
They have already attracted 3.8 million customers. In 2007, La Banque Postale sold more than 835,000 new packages, 75% of which **involved the Adisipo package.**

Distribution of packages

ADISPO : 2.9 million

BAGOO : 900,000

Total number of packages: 3.8 million



Making opening an account easier

The introduction of Customer Managers in the largest offices mean customers can open accounts without an appointment.

Improvements to the quality of account opening have significantly reduced the time required to open one and send out the first cards and chequebooks.



The new account statement

The new statement, a clear summary for a global vision with a message from Yann Arthus-Bertrand that underlines La Banque Postale's commitment to sustainable development:

- Optimised readability, an overview of the account and an A4 format for easy filing.
- Improved account management with information on the outstanding card balance, a reminder of access to remote banking and financial centres as well as the authorised overdraft limit.

An overdraft offer that is changing to better satisfy customers

Launched in mid-2006, the new overdraft offer is competitive and accessible to all and particularly advantageous for Adispo or Bagoo account holders. Customers have a preferential rate (12.5% for an authorised overdraft) and commercial advantages that mean they pay less interest.

■ **Customers can now request changes to their authorised overdraft by simply calling** their Financial Centre that may be able to give an immediate answer. If the authorised overdraft is exceeded, the rate is 15.3% (package customers or not). This is a moderate rate in compliance with La Banque Postale's fair pricing policy for payment incidents.

■ **In 2007, this overdraft offer enabled 3 million it uses on average to manage their budget flexibly,** the overdraft may be used for up to 30 consecutive days without incurring management charges.

Account statements that provide more information, are more readable and more practical

The new account statement launched in July and generalised in December 2007 is a real way of providing information for the bank and its customers and an essential addition to remote banking services.

■ **The postal bank account statement has been expanded** to include charge card operations, the authorised overdraft, Adésio loyalty points and information for accessing remote banking services.

Growth in payment facilities exceeds the market average

La Banque Postale customers were given more than 1.1 million new cards. The number of debit and charge cards in circulation is progressing faster than the market: 6% compared to 4.4%. We have also seen a strong growth in the Visa Premier cards (more than 40,000 new cards in one year with 98,000 cards at the end of 2007).

■ **Use of these cards has sharply increased by** with a growth of 9.8% in payments and 595 million operations worth €25.4 billion. Cash withdrawals grew by 5.7% to reach 186 million operations for a total of €12.3 billion.

■ **Unlike other banks, La Banque Postale does not charge for withdrawals from other networks' distributors.** It endeavours to provide the best possible service to its customers through its 5,080 ATMs.

A range of payment facilities that is always at the cutting edge of innovation

The CA DO CHÈQUE

The first multi-brand gift voucher distributed by a bank, the CA DO CHÈQUE is already accepted by 70 national brands in more than 10,000 retail outlets across France. Access to the gift voucher has been facilitated by the innovative distribution model of the CA DO CHÈQUE that uses the complementarity of the La Banque Postale and the Groupe Banque Populaires networks. 400,000 consumers have already used it. Turnover has exceeded €55 million since its launch in October 2006. In 2008, CA DO CHÈQUE will continue developing with an overseas territories offer and a dematerialisation project to meet the demands of the 100 partner brands. A multi-brand CA DO Carte that can be re-used and topped up on request will also be launched.





The range of gift cards

Mindful of all key times in life, La Banque Postale has added to its range of gift cards with new visuals and the ability to personalise the gift for a wedding, birth, an anniversary or Christmas...

It is also showing its ability to respond to new customer expectations in terms of affinity cards. As soon as restrictions on co-branding on debit cards were lifted in France, it launched two cards in October 2007. The first one in partnership with UNICEF and a second with DreamWorks issuing a card with a picture of Shrek in time for the holiday period.

Moneo, the electronic wallet

To make small payments easier, La Banque Postale distributes the electronic wallet, Moneo, with its debit cards. 120,000 customers use it regularly. Partnerships have been agreed with the transport and ticket machine sectors, local government, telecoms, fast food outlets, newsagents and Post Offices to extend the opportunities to use it.

The e-debit card

Because customers make an increasing number of purchases remotely, La Banque Postale has developed a secure Internet payment solution. At the end of December 2007, the e-debit card service had more than 165,000 subscribers, an increase of 16%. 1,260,000 transactions were completed worth €83 million, an increase of 41.9% on 2006.

The "Pay Mobile" service

To accompany its customers in their increased use of new technologies, La Banque Postale is exploring the possibilities of new added-value services in the field of card and electronic banking. It has joined the Pegasus project in Caen and Strasbourg that is testing contact-free payment by mobile phone. Contact-free payment has a practical "all in one" side that combines rapidity, simplicity and security.

A new partnership in card and electronic banking solutions

La Banque Postale and Société Générale signed a partnership agreement in December 2007 to pool their card and electronic banking development and operation activities. Pooling their investment, the cost of maintaining and running of an card and electronic banking platform, these two major players in electronic money solutions in France are looking to share their skills and reduce the cost of their operations. This agreement is part of a strategy to meet the challenges of the SEPA (Single European Payment Area) and changes in secure banking transactions. It will process the total volume of 10 million cards in circulation, more than 100,000 retail contracts and in network of 10,000 ATMs.

A complete and modern range of international money transfer solutions

The international fund transfer range

In 2007, La Banque Postale deployed a new **international funds transfer portal** to accelerate processing and secure the traceability of operations abroad. A major player in this market, it processes €2.625 billion per year or about one third of the funds transferred by private individuals between France and overseas.

Since the generalisation of the portal in 2007, 650,000 Ordinary International Money Orders have been processed in Post Offices. The second stage of the project will involve the integration of Express International Money Orders and Western Union Money Transfers that currently represent more than 6.1 million transactions. By 2010, TFI will include the entire La Banque Postale range of international products, bank transfers, traveller's cheques and currency exchange.

The partnership with Western Union

La Banque Postale has renewed its cooperation with Western Union for five years. The offer will be extended to 6,000 Post Offices making the service is even more accessible.

Two new international agreements

To extend its coverage of International Express Money Orders, La Banque Postale signed two new agreements in the autumn of 2007 with the Malian and Russian Post Offices. No previous agreement existed between France and Russia for postal financial transfers (money orders) and exchanges of postal transfers.

International funds transfers: the new portal

This provides new functions in the relationship with customers. It enables, for example, the best product to be selected according to destination country, price and delivery time required.

This unique solution also memorises the profile of regular clients making processing quicker at the counter. It also helps fight against money laundering and the financing of terrorism.

Agreements with Post Offices in Mali and Russia

In 2007, La Banque Postale signed its 13th and 14th agreement covering International Express Money Orders with Post Offices in Mali and Russia.



■ In Bamako, the money order agreement was officially signed on 21st September 2007 by Philippe Bajou, a member of La Banque Postale's executive Board and Amadou Toumani Touré, President of Mali.



■ On 16th November 2007, the International Express Money Order contract was signed at the Hôtel Matignon between La Banque Postale and the Russian Post Office in the presence of the Prime Ministers of the two countries.

Savings and Insurance

La Banque Postale confirms its good performance in the market

With almost 40.3 million savings and insurance accounts and contracts, at the end of 2007 La Banque Postale handled €211,1 billion in assets.

The philosophy behind the offer remains unchanged: to propose a complete range of products and services to enable all customers, whatever their situation all levels of income, to find a solution best suited to them.

In life insurance, La Banque Postale confirms its good performance in the market. It had turnover of more than €10 billion excluding Fourgous transfers.

In addition, Fourgous transfers have been very successful with €2 billion transfers and €1.3 billion in additional payments.

486,000 accounts have been opened including 147,000 pension contracts.

For its second year, Vivaccio, the latest of the bank's life insurance contracts, has confirmed its success with 322,000 new contracts in 2007.

With its five options, Vivaccio accompanies every customer throughout their lives combining guarantees, services and assistance to their savings.

During the year, the Vivaccio offer was extended and now provides three new options in the Vivaccio Vitalité Pluriel package.



The Vivaccio range wins several awards

- Trophée d'Or for the best multi-product life insurance contract for Vivaccio (performances as of 29/12/06).
- The Actifs du Patrimoine prize awarded by Agefi for the Vivaccio Actions share fund (for its results between 1st April 2006 and 31st March 2007 in the shares over one year category).

Libriel the first fund guaranteed by La Banque Postale.

With Libria, customers have a minimum guaranteed yield of 9% over three years and money invested remains available and secure throughout this period. Launched on 15th November 2007, Libria has collected €180 million in 1 ½ months.

Le Livret A, French people's preferred savings product is held by more than 20 million La Banque Postale customers

With its role as the Livret A collection network, La Banque Postale fully meets to public service requirements to encourage accessibility to banking services and to finance social housing.

La Banque Postale will open a Livret A free of charge to anybody who asks for it.

- It must provide all transactions free of charge from €1.50: deposits, withdrawals, transfers to another of the account holder's accounts, issuing counter checks for the account holder...
- It pays pensions and benefits by transfer to the passbook as well as direct debits to certain authorised creditors (electricity, gas, water, landline telephone bills and taxes).
- It also provides a cash withdrawal card (Postépargne) to all Livret A account holders. They can then view operations carried out on the passbook and withdraw money from all La Banque Postale ATMs.
- Livret A deposits were €51.1 billion on 31st December 2007.



Young customers, a priority that incites creativity

■ More than 5 million young people trust La Banque Postale. Specific products have been designed to respond to their preoccupations and their lifestyle. They have been the subject of specific communication campaigns.

■ **Savings products**, the Livret Jeune Swing for the over 12s attracted 237,000 new accounts in 2007, a growth of 42%.

■ **The site internet Swinggy** provides information on the world of banking and savings through these products.

■ The giant Shrek came to Post Offices to celebrate the holiday period and the release of the “Trek the Third” DVD and was an opportunity for La Banque Postale, in partnership with DreamWorks, to present its **savings solutions aimed at the under 15s**: Livret A, Vivaccio Initial life insurance contract and Livret Jeune Swing. The www.labanquepostale.fr and www.swinggy.labanquepostale.fr web sites were also decked out in the green giant’s colours and a quiz enabled users to win hundreds of prizes. The “KIKEVERT” game attracted more than 200,000 entries. Advisors also gave their young customers a giant Shrek sticker every time they opened one of these products.

■ **For day-to-day money management**, the Compte Bagoo 16-25 ans wants to fit in with young people’s daily lives and the way they manage their money. Successfully launched in 2000, this offer had more than 900,000 customers at the end of 2007.

■ **In the autumn, Bagoo.com** amazed young people with seven films illustrating their relaxed relationship with the bank. For this, they could create a virtual identity listed in a gallery and downloadable to a mobile phone or computer.

Stocks and bonds are growing steadily

On 1st November 2007, the regulatory environment changed markedly with the application of the transposition into French law of the FID directive. This reinforces the conditions for carrying out operations on financial instruments in the best interests of customers whilst ensuring greater protection.

Changes demanded by the FID directive are completely integrated into practices already used by La Banque Postale in the following areas:

- the annual publication of prices and displaying operation charges,
- the readability of the unit trust range was completely reviewed in 2006,
- the link between the expertise of advisors and customers requirements,
- the policy of selecting intermediaries to transmit and execute orders on the financial markets.

■ **To accompany its customers on the stock market, La Banque Postale has devised Plan Bourse Primiel**: a made-to-measure range of services for investing in the stock market as part of a PEA share savings account and implementing effective stock market principles such as “buy when prices are falling” or “take your profits”. So with the Bourse Primiel, customers can use the regular payment service Régulys Bourse to regularly invest in the stock market at good prices without worrying about timing. When the time is right and when profits should be protected, La Banque Postale will take care of the entire operation. Finally, for greater security, loss insurance is an integral part of the offer if things go wrong. More than 50,000 contracts were agreed in three months, 80% of which with regular deposits.

■ **In 2007, La Banque Postale entirely renewed its guaranteed funds offer launching Sprinto, Intenseo and Libriel**

Subscriptions reached €1.3 billion, double the 2006 level. This is essentially due to new promises and indexes associated with guaranteed capital on maturity (at any time for Libriel).

■ **Its management has won many prizes:** receiving the “Corbeille d’Or 2007” from Mieux Vivre Votre Argent for the best major banking network, La Banque Postale saw all its unit trust products awarded.

In a period marked by strong fluctuations, this prize confirms the quality of investment funds distributed by La Banque Postale.

A number of funds such as LBPAM Actions “Midcap” or LBPAM Actions Télécom won prizes for their performances in 2007.



Christine Lagarde, Minister of the Economy, Finance and Employment, awarding the Corbeille d’Or 2007 to Patrick Werner.

Unit trust performances won prizes:

■ **Mieux Vivre Votre Argent’s Corbeille d’Or 2007** for the performance of the entire unit trust range over one year (performances as of 31/08/2007).

■ **Trophée d’Or 2007 du Revenu** for the best range of sector shares over three years in the network banking category (performances as of 31/03/2007).

■ **Investir’s Laurier d’Argent 2007**, in the network banking category for its range of unit trusts over five years (performances as of 28/09/2007).

■ **La Vie Financière’s bronze medal 2008** for the three-year performance of its range of consumer unit trusts as of 28/12/2007.

■ **2 Lipper Fund Awards France 2008** a for the five-year performance of its LBPAM Actions Midcap and LBPAM Actions Telecom (performances as of 31/12/2007).



La Banque Postale develops a specific offer for its high net worth customers

More than 700,000 of them trust La Banque Postale, 9,000 of them have given the bank deposits of more than €500,000. High net worth individuals have a specific range of products and services.

■ **Actions Midcap**, Actions Finance, Actions Santé, Actions Technologie and Actions Télécom unit trusts.

■ **Ascendo, multi-product life insurance policy.** Le Revenu awarded Ascendo the Trophée d’Or for the best multi-product life insurance contract in 2007.

■ **Tax optimisation products** such as the Fonds Communs de Placement en Innovation (FCPI – high-tech mutual fund), de Robien “Atout Pierre Habitation” REIT and the SOFICA “La Banque Postale Image 1” complete the range.

■ **The portfolio investment offer** developed by Efiposte Gestion, now La Banque Postale Gestion Privée, is aimed at customers who want to diversify their financial markets investments. **The partnership signed on with Oddo et Cie** improves the service provided to investment customers and provides them with a wider range of products and services that respond to their specific needs. In addition, business owner portfolio management is an area that La Banque Postale is looking to develop given the large number of small business and professional customers in its database.

Specialised advisors for investment customers

In 2008, 54 Wealth Management Advisors will complement the 721 Specialised Investment Advisors located across the country. This line of advice draws on the skills and expertise of the bank’s subsidiaries and partners to meet the requirements of private banking customers in terms of asset management, portfolio management, specialised fund management, property savings, life insurance and health and personal risk insurance.

Health and personal risk insurance

La Banque Postale confirms its position as the third-largest bank insurer in France for individual health and personal risk insurance products

With 458,000 new policies in 2007, individual health and personal risk insurance business grew by 21% bringing the number of La Banque Postale policies to 1.5 million. This places La Banque Postale in the top group of banking insurers in the marketplace.

The range was expanded in 2007 with the extension of Futurys to all the banks savings products. Similarly, the Séralys Premiers Frais offer was supplemented with a new option aimed at joint postal bank account holders. With 11 products available in the areas of health, life accidents and death insurance, dependency and funeral expenses, the banks' range of products is one of the most complete at need at all stages of life.

La Banque Postale has individual health and personal risk insurance offers that provide essential cover with useful services at a fair price.

■ **Health insurance:** La Banque Postale contributed to a better coverage for French people. One of every two Complétys Santé policyholders had no health cost coverage. Accessible and complete, the Complétys Santé offer is a "responsible" policy as understood by the 2004 reform of health insurance. Policyholders benefit from assistance in acquiring complimentary health insurance through a substantial reduction in the level of premiums.

■ **Accident insurance:** La Banque Postale is interested in the composition of the family (single person, couple and children including recomposed families) and single-parent families and proposes suitable tariffs with Prévialys Accidents de la vie.

In addition, it includes, with Forfaitys Accidents, the first level of coverage in the event of accident that leads to invalidity for customers with Vivaccio policies.

■ **Life insurance:** La Banque Postale proposes solutions accessible to all with very low premiums.

With Avisys Protection Famille, spouses get a reduction of 20% if they take the policy out simultaneously. With Prémunys Accidents, close family members are protected in the event of accidental death. The policy requires no formalities and the premium does not increase with age.

■ **Dependency insurance:** La Banque Postale sets itself aside with Protectys Autonomie, which provides an "emergency costs" capital of €3000, a monthly income in the event of dependency and access to many support services. With Quiétude Autonomie, it combines inheritance and financing the cost of dependency.

Unlike dependency insurance policies where the income comes from a reduction in the capital gained, Quiétude Autonomie is structured so that the capital gained remains intact even in the event of dependency. It can therefore be passed on or used for any other project.

■ **Funeral expense insurance:** La Banque Postale gives its customers a choice, to pass on a capital amount solely intended to finance a funeral or to pay for it in advance with an undertaker capable of intervening anywhere in France, overseas territories included.

The health and personal risk insurance product range wins prizes

The magazine Les Dossiers de l'Épargne Santé Prévoyance gives its overwhelming support to the excellence of La Banque Postale's health and personal insurance product range.

Avisys Protection Famille

Label d'Excellence since 2004

Protectys Autonomie

Label d'Excellence since 2005

Prévialys Accidents de la Vie

Label d'Excellence since 2004

Résolys Obsèques Prestations

Label d'Excellence since 2004

Résolys Obsèques Financement

Label d'Excellence in 2008



Home loans

La Banque Postale continues to grow and extend its range

In 2007, €6.7 billion in loans was granted, a 33% growth of 1.7 billion on 2006. La Banque Postale helped more than 95,500 households achieve their aim of owning or renovating their home. Outstanding loans on 31st December 2007 were €24.5 billion including zero rate loans.

These performances are the result of permanently adapting the offer, competitive rates, increased professionalism in the sales force and innovation in distribution.

This quality requirement makes La Banque Postale today a recognised player in the banking market.

The Pactys range was extended in 2007 with two new options making nine in all.

Home loans experts at La Banque Postale

742 Property Specialist Advisors use their professionalism and knowledge of the market to help their customers, whatever their aims, buying a main or second home, buy-to-let or renovation. **The 484 staff in loan department's in financial centres and the 116 staff in the National Loan Centre** are there to process loan applications and make offers as soon as possible. Their expertise supports advisors in Post Offices. In 2007, they approved 106,450 applications.

Since June 2007, **12 home loan specialists** provide advice and process home loan applications made as part of the partnership with Matmut for its **571 branches**.



“Normalement, ça passe.
On a choisi un crédit
immobilier sur mesure.”

LA BANQUE POSTALE

Bien plus qu'un crédit immobilier, **PACTYS** vous permet d'élaborer un prêt parfaitement adapté à vos besoins.

- Taux compétitif • Assurances parmi les moins chères du marché
- Pas de frais de dossier**

LA BANQUE POSTALE, BIEN PLUS QU'UNE BANQUE.

3639

The Pactys Avenir for working young people is available at a preferential rate in terms of insurance (attractive equivalent cover rate with the CNP group contract) and cover (with the new Crédit Logement INITIO guarantee).

Pactys Environnement is aimed at people in private or collective housing as their main or secondary home for more than two years. It enables them to benefit from interesting fiscal legislation (tax credit or reduced NA) Between €3000 and €10,000, Pactys Environnement gives borrowers a particularly attractive rate for a three or seven-year period and has simplified formalities: no cover and little supporting documentation.

Pactys Avenir encourages access to property for young people aged between 18 and 35.

It provides an entire range of advantages: a very attractive rate, early repayment conditions without penalties, the possibility subject to conditions of financing secondary costs.

Since it was launched in April 2007, Pactys Avenir has already attracted 16,000 young working people whose projects are financed up to €1.4 billion. 2007 saw the real growth in the number of young working people among La Banque Postale's borrowers.

Pactys Simplicité, the renovation loan was expanded in 2007. It can now finance up to €20,000 renovation work. In addition, La Banque Postale responds even quicker and more efficiently to its customers' applications with a new computerised loan processing application. In 2007, 27,600 Pactys Simplicité loan applications were made for a total of €200 million.

In June 2007, La Banque Postale launched, as part of its partnership with Matmut, an innovative concept in the distribution of home loans with the creation of a remote home loans sales platform.



Consumer loans

On 24th October, Christine Lagarde, Minister for the Economy, Finance and Employment gave La Banque Postale the green light to sell consumer loans.

The bank has started consulting the market with a view to selecting a partner to accompany it in designing and promoting the consumer loans activity it is looking to develop.

La Banque Postale aims to launch consumer loans at the end of 2009 or the beginning of 2010 as part of a joint enterprise with a professional in the sector of which it will be a majority shareholder. It will use these two years to select its partner, design its range of products, prepare its products promotion, adapt the bank's information systems and train the staff concerned. In addition, La Banque Postale may, with its partner, ask for suitable accreditations from the CECEI (Comité des Établissements de Crédit et des Entreprises), the French banking regulator.



THE BANK FOR THE BUSINESS, INSTITUTIONS AND ASSOCIATIONS SECTOR

With more than 415,000 associations, 68,000 retailers and professionals, 24,000 SMEs and 1,500 corporate customers, La Banque Postale has a significant place on the business market.

This diversity has given it a great expertise in innovative solutions in three essential areas: payments, cash flow and social engineering.

Its competitive pricing, its values of proximity and simplicity create the conditions for a unique relationship to accompany all those looking to cultivate the spirit of enterprise.

2007, an intense year for the business market

“Each category of customers must have its own team and dedicated organisation”: this is the guideline for the development strategy that has been started.

The setting up of a dedicated commercial organisation continued with the creation and installation of new roles focused on the professionalisation and technical and commercial support for Specialised Business Advisors. At the same time, more than 550 employees in the Business sector have had more than 8,000 days of training.

The launch of a new Business Centre concept focused on proximity and top-quality customer relations with the 50,000 most representative business customers.

The creation of a “Key Accounts” division within the Business, Local Government and Voluntary Organisations Department has provided better support for key corporate customers. With more than €75 million turnover, this integrated strategy enables and encourages increased responsiveness to the specific expectations of these customers.

The creation of a “Calls for Tender” division enabled 120 calls for tender to be answered in 2007 compared to 26 in 2006.



A complete offer to optimise and protect flow management

In a highly competitive environment, a large range of conventional and innovative tools is available for both small and medium-sized enterprises and corporate customers to manage their payments, expand their payment facilities and settlement and secure their transactions. They illustrate the bank’s ambitions in this market: **to become a reference in the processing and management payments by 2010.**

Payments: a complete range

All conventional payment methods supplemented with specific products:

- Letter cheques to pay beneficiaries without bank details,
- International money orders to enable creditors to collect cash payments if they have no bank account.

Collections: a global solution to business realities

■ **Monétude**, with more than 2000 contracts at the end of 2007, is the made-to-measure (terminal + services) solution for payment by debit card. "Monétude IP", a new range of payment terminals to be launched at the beginning of 2008 to be included in current ADSL offers.

■ **Moneo** simplifies the collection of small amounts of money. In 2007, La Banque Postale was responsible for collecting and processing Moneo income from 25 local authorities. These local authorities enable their citizens to use Moneo for car parking, school meals, libraries, swimming pools, etc.

■ **The Scellius Net solution** for secure payment over the Internet, by telephone or mail continues to develop. Almost 550 e-business sites had Scellius Net in 2007 and more than 900,000 debit card transactions were processed.

■ **Cheque, direct debit or Giro**

- units big enough to process large volumes,
- an ISO 9001 certified Giro processing centre,
- a new service, Externéris, to enable businesses to completely outsource the processing of their cheque collection.

■ **Cash**: a presence and accessibility across the country.

Banking communication services: a permanent and secure link

■ **Internet** : a flow management offer - **OPnet**.

■ **Teletransmission**: extensive services that expanded in 2007 with a SWIFTNET offer enabling businesses to communicate in any standard and secure manner with other banks in all the countries covered. This offer covers customer-to-bank (direct debits, bank transfers) and bank-to-customer (account statements, cash flow reporting) services.



Social landlords at La Banque Postale

Today more than 200 social housing organisations trust La Banque Postale for its wide range of collection tools available to their tenants (cash payments at La Poste counters, cheque payments, debit cards, giro payments and direct debits). 4.6 million rent payments were collected in 2007 by La Banque Postale, including 1.7 million giro payments, at 1.1 million direct debits, 1.8 million cash payments and 8,500 debit card transactions. In addition, these organisations trust the bank for their cash investments: €143 million have been invested in time accounts, €103 million in Livret A planned €400 million in unit trusts. Present at the 68th National Congress of the Social Union for Housing, La Banque Postale presented its know-how to the H'Expo exhibition.

An expanded range to remunerate cash flow and give a lift to investments

The range of investments has been expanded for businesses that want to grow their available cash flow with maximum flexibility and, if they want, they can do so through socially responsible investments.

Remunerating cash flow

To expand the range of investments for business, the Marketing Department and Treasury Services have launched a certificate of deposit and time and account.

■ **La Banque Postale issues certificates of deposit for its business customers** with a minimum amount of €500,000 and a maturity period of between one month and one year.

Certificates of deposit supplement the range of short-term investments developed by La Banque Postale Asset Management. This range of short-term unit trusts has been expanded with the creation of products aimed at institutional investors (LBP AM Trésorerie I).

Cash flow management in a few figures

On 31st December 2007, certificate of deposit and unmatured time account deposits were €602 million, €111 million in time accounts and €491 million in certificates of deposit. At the end of 2007, almost 200 customers had invested in one of these short-term cash flow products.

The number of portfolio customers was 177 including 94 social housing organisations that, for regulatory reasons, cannot invest in time accounts.



Giving a lift to investments

La Banque Postale provides a range of unit trusts designed for businesses and institutional customers that cover all the major classes of assets, specialised funds and socially-responsible investment funds. Specific products respond to the needs of institutional customers working in a regulated framework. 5 FCPE open and specialised FCPE, portfolio management and specialised funds.

A social engineering offer to motivate the staff of the bank's customers

Combining technical assistance in employee savings and a sense of innovation with Titres CesuMD and CA DO CHÈQUE, La Banque Postale's offer continues to develop in 2007.

La Banque Postale's social engineering: advice and support that developed in 2007.

Faithful to its values of proximity and accessibility, La Banque Postale expanded its social engineering offer in 2007. A leading player in terms of Titres CesuMD and CA DO CHÈQUE, La Banque Postale expanded its Décisiel employee savings offer and developed real skills with key accounts:

– **Décisiel is now available with two complementary offers.** One that is simple, Décisiel Pack, for companies with less than 20 employees, the other modular, Décisiel Entreprise for larger companies integrating all existing regulations (including time savings payments). Décisiel is one of the employee motivation tools.

– **La Banque Postale manages the employee savings of La Poste and 45,000 postal staff.**

These different elements demonstrate the support and advice support given by La Banque Postale in the development of an organisation's human capital.

The pre-paid employment cheque (La Banque Postale's Titre Cesu^{MD})

Offered and subsidized by employers, this voucher gives employees, within certain limits, an additional tax-free income to pay for personal services (domestic maintenance, additional school support, gardening...) After 18 months, 550 businesses are currently customers and more than 300,000 vouchers have been issued by La Banque Postale to almost 6000 beneficiaries.

■ The “Social Titre Cesu^{MD}” is provided by La Banque Postale to meet specific requirements of local social organisations who want to use the Titre Cesu^{MD} to distribute benefits.

■ Two websites have been developed to comply with the Accessiweb “niveau Argent” label: one for financiers to order vouchers and the other for beneficiaries who can easily pay direct interveners within 48 hours. To make the day-to-day lives of Titre Cesu^{MD} holders easier, La Banque Postale has included the **GENIUS** service (proposed by the Groupe La Poste) in its 2007 offer for finding government approved personal services easily.

The CA DO CHÈQUE

Spring 2007 saw the launch of the CA DO CHÈQUE offer to businesses. This offer issued by Titres Cadeaux, a subsidiary of La Banque Postale and Natixis, is aimed at encouraging and motivating staff in small and medium-sized businesses. It expands the range of service vouchers along with the Titre Cesu^{MD}. Commercialisation grew steadily with the return to school in the autumn and the festive season at the end of the year. The 110 Specialist Business Advisors completed 628 contracts worth €1385 million in CA DO CHÈQUE.

This launch that can be called promising is very encouraging for 2008 after the offer's success with individuals.



A redesign for the titres Cesu^{MD}

Following their success in 2007, the design of Titres Cesu^{MD} has been changed to promote La Banque Postale's sustainable development policy (recycled paper, Imprim'vert charter, paper from sustainably-managed forests), improve information and access to it.

THE INSURANCE DIVISION

THE STAKEHOLDERS

Insurance at La Banque Postale is primarily a network of expertise and a coordinated structure of subsidiaries and partners.

The insurance division

The insurance division is La Banque Postale's insurance test and innovations "laboratory". It is also a centre of expertise that provides the strategy and manages the development of the bank's insurance business.

- At the centre of relations with La Banque Postale's insurers, brokers and subsidiary partners of which it coordinates the activities, it defines with the bank's Marketing Department all research, development and design of new insurance products. It ensures the existing range is complete as possible in line with approved management guidelines.
- Representing La Banque Postale in the market bodies and professional organisations, it ensures the bank complies with insurance sector or rules. It is responsible for insurance project management.

La Banque Postale's subsidiaries and shareholdings in the insurance division

CNP Assurances: a strong partnership and preferred capitalistic links



CNP Assurances has been providing a complete range of savings, pension and health and personal risk insurance products distributed by financial advisors for 150 years. La Banque Postale

naturally inherited the historical commercial and capital agreements between CNP and La Poste. In 2007, La Banque Postale represented 38% of CNP Assurances' turnover with innovative and high profile products such as Vivaccio.

■ **La Banque Postale is CNP Assurances main collection network** with €10 billion (excluding Fourgous transfers). This performance is the result of the innovation and creativity of teams in the insurance division and La Banque Postale's marketing department combined with CNP Assurance's know-how. This dynamism supported by the commercial activities of the La Poste network produces the excellent results seen in this business.

■ **The commercial partnership between La Banque Postale and CNP Assurances was renewed in June 2006 until 2015.** This renewal comes alongside the signature of a quality agreement in April 2007: it strengthens requirements in terms of production, management and commercialisation of policies in order to reach the best levels of reliability and service to customers. This particularly means the creation of joint quality bodies with CNP Assurances the main aim of which is to improve the service provided to La Banque Postale customers.

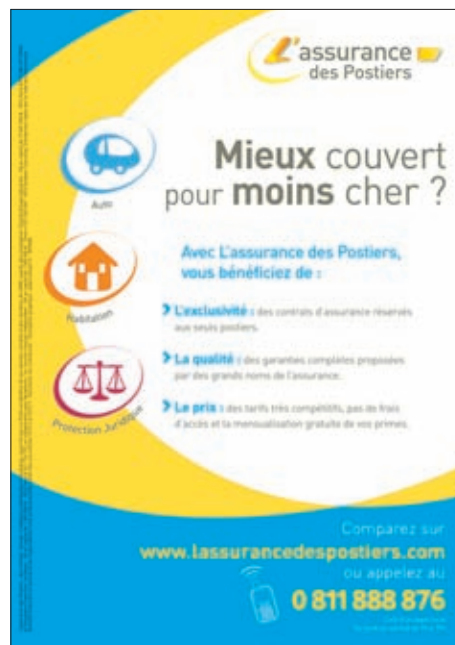
Assurposte became La Banque Postale Prévoyance in 2007

Created in 1998, **Assurposte**, jointly owned by La Banque Postale and CNP Assurances, **develops and manages individual and collective health and personal risk insurance products.**

Prioritising values of accessibility, transparency and serving the greatest number, the range covers the essential needs of customers to protect them against the hazards of life (health, death, dependency, general expenses, everyday accident cover). It offers a wide range of services beyond financial.

■ It offers "responsible" products and contributes to the development of the health and personal risk insurance market in France: in 2007, La Banque Postale Prévoyance's turnover reached €320 million, an increase of 54% on 2006. Production was 458,000 policies, an increase of 21%.

■ Assurposte reached a significant level of maturity making it the third largest banking insurer in individual health and personal risk insurance products with more than 1,500,000 policies in his portfolio.



Post office staff insurance: distribution by policy type

Multi-risk home: 33 %
Car and motorbike: 60 %
Legal protection: 7 %

■ Assurposte became **La Banque Postale Prévoyance** on 5th November 2007. This name change does not modify commitments or customer policies. The company has given itself a new visual identity a new logo that is now fully part of the La Banque Postale brand architecture.



PRÉVOYANCE

La Banque Postale's pricing policy. Some 100,000 customers have been studied since the launch of the offer. The range has four contracts with simple guarantees and very competitive prices: Multi-risk Home, Motorbike, Car and Legal Protection. A solidarity fund has been created to help policyholders in difficulty following an accident without any necessary link to the cover taken out.

Other just as attractive insurance policies (pleasure boating, caravan) will be added to this specialist offer in 2008. The success of this test underlines La Banque Postale's know-how and it could soon provide all its customers with a complete range of fire, accidents and miscellaneous risk insurance.

Sogerco: brokerage and risk insurance

Sogerco, a wholly owned subsidiary is La Banque Postale and the Groupe La Poste's **insurance brokers**.

■ Both a financial optimisation tool and a designer of new "made-to-measure" products, Sogerco provides new insurance products and associated assistance services distributed by La Banque Postale. **In 2007, Sogerco became one of the 15 leading French brokers and had more than €33 million turnover.**

■ Experts in developing products and respectful of postal values social, solidarity and performance), **Sogerco has created "L'Assurance des Postiers", a fire, accidents and miscellaneous risks cover developed specifically for the 430,000 working and retired postal staff.** Since its launch on 15th October 2006, 30,000 policies had been taken out by Post Office staff. They have been won over by a range of products that is innovative and good value for money in line with

The CNAH (National insurance and Housing Centre)

Created in 1997, La Banque Postale's expert insurance Centre has a team of 116 people. It supports the network with a hotline service available for advisors.

It also assists customers and in 2007 answered more than 171,000 requests. It has an Internet unit that also answers the question of Web users (more than 150,000 e-mails a day) and makes appointments for advisors.

THE PRODUCT RANGE

A range of insurance products that is still expanding to offer good cover at a fair price and with controlled costs to the greatest number.

Life insurance and pensions

■ Created to supply a direct requirement of La Banque Postale, Vivaccio is a multi-product general public life insurance policy.

Its approach is innovative and is a complete “all-in-one” offer. It is the first contract that combines savings, guarantees, assistance services and specific health care and personal risk policies that are capable of changing depending on the stage of life.

■ La Banque Postale gives its customers that hold GMO life insurance policies the benefits of all Vivaccio's innovations.

GMO has been profoundly changed and benefited from Vivaccio's advantages and innovations.

Health care and personal risk

Innovative products have widened the market. In health insurance, the solutions proposed by La Banque Postale not only reimburse health costs but also services that make day-to-day life easier. The La Banque Postale dependency or funeral expenses offer has been highly successful as it satisfied a need. These insurance products were until now rare in France and unique to specialist companies.

■ With 11 products available, the La Banque Postale's offer is one of the most comprehensive in the market and covers all stages of life and all situations.

■ To facilitate access to information on these products, a dedicated new information site was launched at the end of 2007: www.labanquepostale-prévoyance.fr



Card protection

Constant tracking of the market has led La Banque Postale to continually update its Alliatys insurance policy associated with a debit card as part of an account package. It includes card protection and loss of keys insurance but also mobile telephone, sports and leisure insurance as well as legal assistance. Available also to Adispo Essentiel account holders and priced at €3 per month, it is at the centre of the bank's social vision.

Payment protection

Payment protection insurance is offered in partnership with CNP Assurances and provides extremely comprehensive cover at some of the lowest prices in the market.

Other innovations

Innovative insurance products based on the principles of solidarity and closer to the needs of everyone.

■ **To protect borrowers against the vagaries of life, “home” cashback and legal protection in the Pactys Immo loan offer** covers the risk of premature reselling of the home in the event of job transfer, death of spouse, divorce and other vagaries. It also provides complete legal assistance for any disputes connected to the home (renovation work, neighbours).

■ **In the same spirit, the cashback guarantee provided in the Plan Bourse Primiel** is currently unique in the market. It protects against stock market losses in the event of personal disaster: serious illness, redundancy or end of unemployment benefit.

■ **The Tékemel offer aimed at expatriates from North Africa resident in France is a result of the close relationship between La Banque Postale and Poste Maroc.** This is a product designed to meet the specific needs of a community. Because in Arabic, Tekemel means: “All that is behind...”, this highly innovative product includes repatriation in the event of death or hospitalisation of the policyholder during a stay in North Africa. It is supplemented with a money transfer insurance that guarantees the payment of a monthly sum to a designated beneficiary in the event of death. This policy may be opened individually or for the holder's entire family.

Available from €58 a year, this offer is a clear demonstration of La Banque Postale's proximity to its customers and its desire to combine simplicity and peace of mind in the respect of peoples individual requirements.



The partnership between La Banque Postale and Poste Maroc

La Banque Postale and Poste Maroc signed a partnership on 1st March 2007 to develop a range of products and services aimed at Moroccans resident in France. This agreement



Anass Alami and Patrick Werner

aims to encourage the extension of banking facilities in France and Morocco. It also allows for Poste Maroc Financial Advisors to work at La Banque Postale in Post Offices. This cooperation will subsequently be extended to developing the financial services provided by the two partners as well as the Bank support in creating a postal bank in Morocco.

REGULATIONS

La Banque Postale fully complies with the statutory requirements of the insurance industry

New regulations on insurance mediation

Recent regulations on insurance mediation have dramatically changed the status of insurance brokers. To be part of the new register of insurance brokers held by ORIAS, La Banque Postale and La Poste have declared all the mediation activities with it.

- New professional modular capacity and honourability conditions depending on the activity and functions have also been created.

- In 2007, the insurance division launched a cross-function analysis project of La Poste and La Banque Postale's managers and sales forces. In July, it redefined all levels of professional capacity.

- Finally, to comply with strengthened customer information and advice conditions, the insurance division participated in the definition of new legal notices applicable to La Banque Postale and the putting in place of a specific advice sheets (life insurance, loan protection, healthcare and risk protection particularly).

The AERAS convention (Insurance and Loans with a Serious Health Risk)

To provide access to insurance and loans for people that are not covered by standard conditions due to their health or handicap, the government, consumer associations, banks (through the French Bankers Association) and insurance companies (via the FFSA) held talks to establish a new agreement in 2007.



- The principles chosen for all stakeholders in the market were the subject at La Banque Postale of particular mobilisation focused on informing customers and advisors (brochures, special Web page, training), the speed at which applications were processed and the different management of insurance and associated guarantees.

- To meet its obligations, La Banque Postale will integrate an invalidity guarantee in its second and third level offers to comply with all points of the AERAS convention.

Partages, an integrated tool that combines commercial efficiency, productivity and conformity

Insurance certificates are now issued immediately. In 2007, the Partages application included new membership and policy operations transactions (additional regular payment clauses, partial buybacks and arbitration) for the entire range of life insurance, health and personal risk insurance and pension products.

With its user-friendliness, immediate controls constantly available user help, it makes a large contribution to the professionalism of advisers, quality and productivity and gives an effective overview of the relationship with the customer. Since 2004, the integrated Partages application has been the reference and common tool for securely uploading the bank's insurance policies with all insurance partners.

THE ASSET MANAGEMENT DIVISION

AN ASSET MANAGEMENT DIVISION FOR BETTER MANAGEMENT

Created in 2007, the asset management division controls the strategic guidelines and their implications on the organisation for all management activities. It tracks changes in the environment, initiates and coordinates the setting up of partnerships or acquisitions and tracks the activities of each entity part of it, particularly in terms of risk management and compliance with management processes.

In asset management, serving customers means being able to provide a complete range of products and services. La Banque Postale continues to develop around four major activities: Third-party asset management, portfolio management, capital investment and property and housing investment.

A VARIETY OF SKILLS BROUGHT TOGETHER BY THE LA BANQUE POSTALE ASSET MANAGEMENT DIVISION

La Banque Postale Asset Management subsidiaries

La Banque Postale Asset Management (LBPAM) is the eldest of La Banque Postale's asset management subsidiaries, heir to Sogépost that was created 1988 by the Caisse des Dépôts et Consignations and La Poste. With €30 billion deposits on 31st December 2007, LBPAM currently handles accounts for two types of third-party:

■ **Personal banking** (74% of deposits) covers a wide range of mutual funds in traditional categories: shares, bonds, profiled, money market and dynamic money market. In 2007, the net collection of these unit trusts was positive despite more than €1 billion coming to maturity in guaranteed funds. The great success of recent Vivaccio Actions and Plan Bourse Primiel products is promising.

■ **Corporate banking** (26 % of deposits) proposes open unit trusts, dedicated funds that meet the requirements of institutions working in a regulated environment (social housing for example), high added-value specialised funds (themed, small, mid caps, convertible



bonds, socially responsible investment) and specific portfolio management that comply with regulations and accounting constraints specific to pension funds, mutual funds and insurance companies. Total collections were close to breaking even in 2007.

Two specialised subsidiaries were created in 2007:

■ **LBPSAM** (La Banque Postale Structured Asset Management) that manages, designs and puts together structured or “packaged” funds. On taking over management of structured unit trusts previously handled by LBPAM and the commercial success of the first offers launched at the end of the year, LBPSAM was already handling €3.3 billion on 31st December 2007.

■ **AMlab is an incubator for a young fund management companies.** Launched in partnership with OFI Asset Management, it concentrates on young fund management companies selected that it will provide financial, legal, marketing and commercial support to. It provides venture capital for these start-up companies and it injects development capital into already profitable young companies that want to start a new stage of growth. AMlab is aiming to see emerge in five years about 15 fund managers that may become drivers of performance providing an extended range of products and “different” management. At the beginning of 2008, projects were coming to fruition with the incubation of two new fund management companies: Mandarine Gestion and Delta Alternative Management.

Investment in Thiriet Gestion

■ On 30th January, LBPAM took a 33.4% share in Thiriet Gestion that handles flexible unit trusts. Thiriet Gestion deposits were €627 million at the end of 2007.

An expert specialism in the asset management division at the LBPSAM subsidiary: structured asset management and the role of structured asset manager

Reconciling performance and risk management, means both making the most of the dynamism of markets and protecting capital: this is the core business of the structured asset manager. He is the alchemist, rigorous, expert and creative command responsible for designing a package that will reconcile performance and risk control.

Creation within constraints

With a guaranteed fund, there is indeed a contractual commitment to deliver performance in the long-term. Putting together a fund requires both the yield formula, the asset ("underlying") on which this formula will be indexed and the cost of the insurance that will cover the risk associated with this asset ("the structured option").

Knowing how to get to the right place

Innovation in products rests particularly on the search for new underlying assets and the creative determination of yield formulae that can be associated with them. It is a construction that the structured asset manager must then bring to its term: from the initial structuring of the fund, day-to-day management and on to maturity. The priority remains to deliver guaranteed performance in the long term within AMF constraints and in line with promises made to the subscriber.

Five structured asset manager work at LBPSAM.

Efiposte Gestion becomes La Banque Postale Gestion Privée

■ In addition to portfolio management, La Banque Postale Gestion Privée is expanding its activity in two directions: the management and training of Asset Management Advisors employed by La Banque Postale and the strengthening of the range of products and services particularly in terms of asset engineering. On 31st December 2007, €139 million assets were managed (excluding FCPI (high-tech mutual fund) liquidities). Almost 1,100 new instructions were received in the year thanks to the commercial dynamism of the network that was able to show the originality of the network

■ In parallel, **La Banque Postale signed a partnership with Oddo et Cie.** As part of it, La Banque Postale Gestion Privée, currently wholly-owned by La Banque Postale, will accept an investment from 49% Oddo et Cie in 2008.

X'Ange Private Equity spreads its wings

After taking over unit trusts previously managed by ABN Amro Capital Finance in 2004, X'Ange Private Equity is now under majority ownership by La Banque Postale and combines the management. X'Ange Private Equity has an advisory capacity with XAnge Capital, with €65 million.



■ It manages 9 mutual funds invested mainly in innovation companies including LBP Innovation 4 worth more than €150 million.

■ It manages the X'Pansion Private Equity Fund with €50 million, launched in July 2006 and focussed on development capital and transmission capital for industrial, services and distribution SME.

■ In 2007, XAnge Private Equity invested €37.6 million including €32.2 million new investment in 23 operations.

X'Ange supports entrepreneurs as an active minority shareholder, looking for solutions that enable it to express its added value. Based in France, it regularly works in Europe and North America and has just moved into Germany.

Ciloger, creator of REIT (Real Estate Investment Trust) and "non-listed" REITs

Created in 1984 and 45%-owned by La Banque Postale, Ciloger has designed and developed thirteen REIT invested in business property and housing. They are proposed to customers of La Banque Postale.



- In July 2007, Ciloger obtained a “non-listed SIIC” portfolio management accreditation to sell new savings vehicles.
- 2007 funds were €175.2M spread between €29.8M in primary REIT collection, €7.7M in secondary REIT market and €137.7M in simplified non-listed REITs created at the end of the year.
- Ciloger REITs had almost 47,500 associates and 250,000 m2 assets worth €591M in disposable value on 31/12/07. The 2007 collection was €72M.

HIGHLY STRUCTURING CHANGES IN REGULATIONS

The MiFID (Markets in Financial Instruments Directive) reform

Started by the European Union, this reform was transposed into the new general AMF regulations in November 2007. It makes extensive modifications for management companies that provide portfolio management services:

- investors are better protected (prior segmentation, product suitability, transparency of management fees).
- organisational requirements were strengthened (compliance, traceability, prevention of conflicts of interest).

Since 2000, La Banque Postale and its subsidiaries have applied extremely strict procedures for rating and selecting intermediaries using a certain number of criteria to fix the volume of transactions by intermediary. “Best Execution” as defined by the MIF has strengthened this operation at La Banque Postale and all its stakeholders through an even more rigorous selection of its intermediaries.

Synergies between all stakeholders

Generally, the formation of the asset management division has made the provision of cross function know-how across its different components easier to optimise management decisions and make the most of available expertise. Experts in the market and changes to its business, LBPAM, for example, work alongside La Banque Postale Marketing Department to develop innovative products that best match the requirements of its customers. The Marketing Department permanently checks that the unit trusts managed respond properly to the expectations of customers. La Banque Postale Asset Management teams support and back up advisors in the network. They train and raise awareness of the performances of the unit trusts available. They attend asset management evenings organised for customers. In the same way, X'Ange is at LBPAM's side to provide expertise in Private Equity in the due diligence process for the selected dossiers.

A new investment vehicle: regulations on “non-listed” REITs

In May 2007, the AMF opened the way to “non-listed” REITs by allowing savers to invest in non-listed “stone paper” with widened management powers and better in relation to previous packages. This new property savings vehicle gives France a high-performance tool, capable of competing with European funds.

FINANCIAL MANAGEMENT AT THE BANK

The bank's structure is not typical of a retail bank with a level of deposits much higher than customer loans.

The bank's balance sheet reflects the limited level of activity in home loans due to restrictions imposed by La Poste's Financial Services before the creation of La Banque Postale. It is moving towards progressively rebalancing the situation with the expansion of home loans that the bank can now provide.

In addition, the financial assets held by the bank are mainly liquid and very good quality.

The liquidity in La Banque Postale's balance sheet was a precious asset when the financial crisis struck in the Summer of 2007.

With no need for finance from the market to carry on its retail banking activities, it continued to use its cash flow on the interbank market making the most of the persistent tensions on rates.

Apart from these specific features, La Banque Postale is following the traditional objectives of a retail bank:

- make financial margins in line with the bank's strategic NBI objectives,
- ensure these margins are regular, limiting the impact of the volatility of interest rates to which they are naturally exposed.

Consequently, the financial management policy permanently anticipates medium-term changes to the Bank's assets and liabilities that are a result particularly of changes in the customer's behaviour.

LIABILITIES

Customer operations represent total deposits of €92 billion on 31st December 2007

Current account deposits (€38.9 billion)

Regulated savings accounts (€49.2 billion) and notably:

- Deposits in home loan saving schemes (€20.9 billion in PEL and €6.2 billion in CEL),
- Livrets d'épargne populaire (€13.3 billion),
- Livret de Développement Durable (€3 billion). Time accounts (€1.3 billion) increased sharply in 2007.

The challenge of financial management is to determine the average period over which these funds can be committed. Although the majority of deposits are "current account deposits", historic records show that they are stable. Following statistical analysis and simulations, the deposits are split into two:

- a volatile section, which must be made available at all times to meet customers' day-to-day cash requirements,
- a larger stable section which can be committed over the long-term once any unfavourable macro-economic and/or commercial scenarios have been taken into consideration.

2007 saw the continued decline of 10-year old and more PEL that started at the end of 2005 due to changes to fiscal rules.

This structural change has led to the forecasted disposing of PEL being adapted, explaining some of the write-back of the home loans provision.



ASSETS

Customer transactions, essentially home loans, represented a total of **€24.4 billion in deposits** on 31st December 2007.

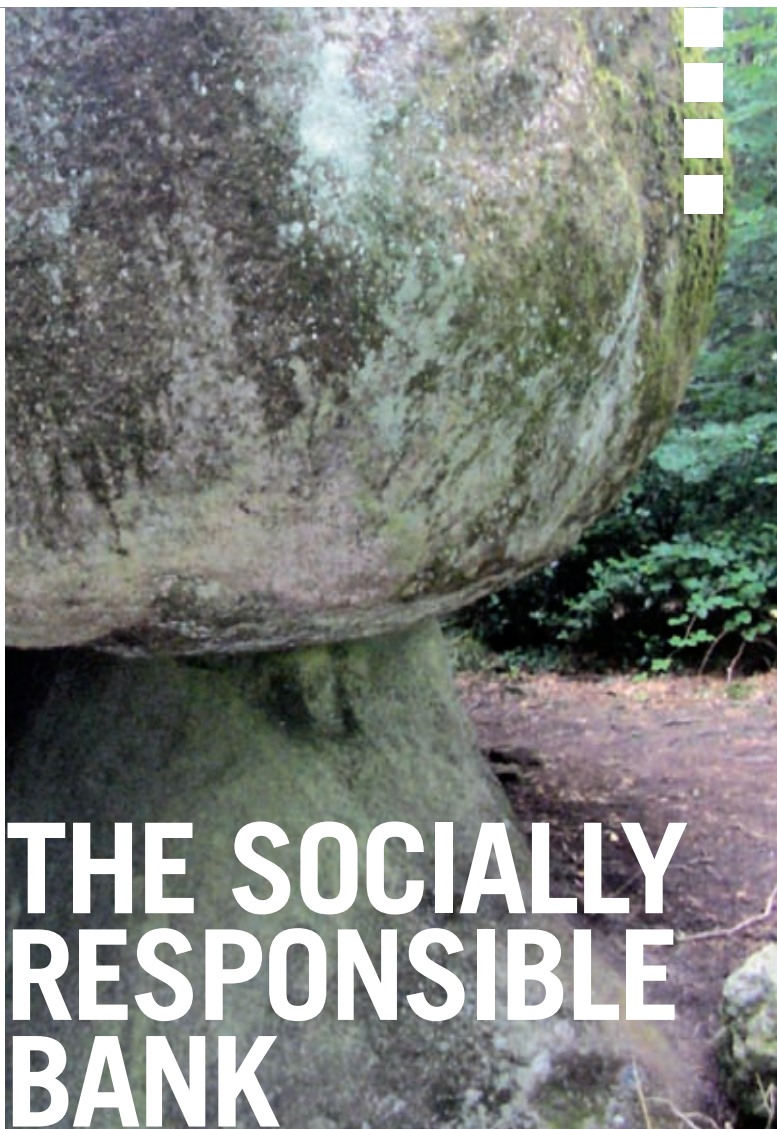
Financial assets were €84.6 billion. They are fundamentally important both in terms of the amount handled and the net banking income and are a large component of the La Banque Postale's balance sheet management. Except for amounts centralised for regulated savings products (LEP, LDD), there are broken down as follows:

- a portfolio held to maturity worth €40.4 billion, made up of high-quality bonds (mostly government bonds or similar), accounted at their amortised cost in order to limit the volatility of the financial margin,
- a portfolio available for sale worth €12.3 billion accounted for at its fair value by equity according to a strategic allocation based on a yield/risk analysis. They are mainly made up of government or financial sector bonds. It also includes other classes of assets such as share indicators, alternative management or private equity,
- a cash portfolio, accounted at its fair value by result, worth €15.4 billion. Covering the volatile section of deposits as well as good condition market financing, it enables the bank's cash flow to be managed whilst making the most of the opportunities presented by the interbank market.

DERIVATIVE COVERAGE INSTRUMENTS

They represent notional deposits of €5 billion. These are swap rates that reduce the sensibility of the bank's future margins.

The accounting distribution (coverage of current accounts or financial asset cash flow) of these long-term swaps (more than one year) helps avoid variations in value of these instruments having an impact on the income statement.



- P. 60 The economic dimension
- P. 63 The societal dimension
- P. 65 The social dimension
- P. 66 The environmental dimension





At La Banque Postale, responsible development is more than a commitment, it is a state of mind. Proximity, a sense of service, accessibility and taking into account social and environmental change are all part of its values. This translates into its day-to-day activities, in the selection of its partners, in the attitude and diversity of all stakeholders in the Bank.

This ambition is a mobilising factor: 92% of Bank staff say they are ready to involve themselves in sustainable development initiatives. Determined, they provide concrete sense and know how to relay commitments in an educational manner.

They make a daily contribution to making La Banque Postale a socially responsible bank.



THE ECONOMIC DIMENSION

La Banque Postale develops a range of products to meet the expectations of individual and investor customers looking to support, through their savings, projects that are of use to society and respect the environment

Responsible financial products that make sense of its customers' savings

With its first ethical funds proposed in 1997, La Banque Postale was a pioneer in ethical investment. Today, with its "Investir Autrement", La Banque Postale Asset Management (LBPAM) is continuing to defend its values.

Multiplied by five in four years with €456 million on 31/12/2007, assets in the ethical mutual fund represent a large share of this range that meets the needs of each type of investor.

“ La Banque Postale was the fourth largest French bank collecting ethical funds at the end of 2007 in terms of consumer collective management. ”
(Source: Europerformance).

Private individuals

The LBPAM Sustainable Development Equities fund is the best-known and is one in its category that has collected most in the last two years.

■ Before taking account of financial performance, this fund first selects the best-rated companies in the sector based on criteria such as respect for the environment and human rights, the promotion of social cohesion and good governance.

■ Sales staff receive a special training for promoting ethical funds to customers and are made highly aware of the challenges of responsible development.

■ With assets multiplied by 15 in four years, or €328 million on 31/12/2007, this fund has performed at least equally to the market.

The Libertés et Solidarité fund is an ethical fund invested in bonds (80 %) and international shares (20 %). Half the revenue is capitalised and the other half paid to the International Federation for Human Rights Leagues a tax reduction is obtained for these donations.

■ Since the end of 2003, assets have grown by 50% to €16.4 million at 31/12/2007. This fund has the Finansol label that promotes ethical savings and an "M" rating from Novethic, an ethical funds ratings agency.

Business

Voie Lactée 1 and 2 are diversified mutual funds. The first particularly excludes the arms and tobacco sectors. The second is invested in securities that combine economic and financial performance and respect for the natural environment and social cohesion.

■ with €100 million assets in 2007, these funds have doubled in four years.

To promote employee savings, the FCPE Décisiel

Actions Solidaires profits from the dynamism of the share market and rate market (€7.6 million assets on 31/12/2007), whilst partly investing in solidarity businesses.

Beyond asset management, original products clearly directed towards responsible development

Pactys Environnement loans to finance energy-saving projects offering attractive rates from savings in their Livret de Développement Durable (formerly Codevi).

■ At the end of December 2007, 1,741 Pactys Environnement loans were subscribed for an overall amount of €12.6 million.

The Toniciel Banque Mondiale time deposit account

combines saving and solidarity with developing countries: funds paid into this product are lent to the World Bank to finance different projects aimed at reducing poverty and promoting economic development. A minimum payment of €500 is enough to open one.

■ La Banque Postale is the only retail bank to distribute a consumer product in partnership with the World Bank.

■ **Unicef gift cards** work as a conventional debit card subject to the amount purchased. La Banque Postale pays €1 to UNICEF for each card purchased.



Ethics and Compliance, at the centre of La Banque Postale's day to day operations

La Banque Postale's compliance policy is obviously a set of rules but it is above all a state of mind serving customers to provide products and services that meet their expectations: accessible and with transparent general conditions.

The Compliance Department protects customers from a lack of advice, the bank and its employees from risks and failure to comply with regulations. It serves the interests of everybody by fighting the financing of terrorism and money-laundering.

This is why compliance, the driver of trust in the relationship with the customer, is a driver of growth for the company.

In 2007, it continued deploying initiatives to improve ethics, compliance, the fight against money laundering and the financing of terrorism under the management of the Compliance Department.

Compliance and ethics are:

The initiative covers both statutory controls for the compliance of investment services and an ethics function.

Beyond statutory regulations, La Banque Postale wanted to set up a system in line with its values where ethics has a leading role.

■ In 2007, the Ethics Monitor, the bank's "standards setter" and who ensures standards and conduct required of the banking profession are distributed and explained, undertakes to provide a network of ethics correspondents through training and awareness (particularly popularisation booklets adapted to different business lines),

■ The extensive work aimed at integrating the new instructions in the European directive on financial markets was finalised in 2007: the "seven winners" sales method developed in 2006 in part anticipated these requirements and was highly rated by the ethical ratings agency Video. This method set out a systematic financial diagnosis to get greater knowledge of customers, keep records and ensure that different categories of financial products are in line with customer segments and specialised sales forces.

■ Finally, procedures that organise the "right to notify" set out in regulation 97-02 and the "prevention of conflicts of interest" have been distributed at La Banque Postale itself and at La Poste in order to strengthen internal understanding of these challenges.

The fight against money laundering and the financing of terrorism

With the support of 180 staff in banking control, the fight against money laundering and anti-terrorism has been developed in operational units in financial centres. These effective control methods and procedures guarantee the compliance of procedures and operations. **Given the density of its network, the number of customers and the success of its money transfer operations,** La Banque Postale remains specifically vigilant in this area.

■ In 2007, the deployment of specialised IT tools continued: profiling tools to analyze the operation of accounts and detect suspect transactions and automatic transaction filtering tools as part of the fight against the financing of terrorism.

■ Training continued for staff with almost 48,000 employees trained currently.

Quality, and initiative at the heart of the Bank's values

The quality initiative at La Banque Postale is omnipresent and cross-divisional. It is guided by its values that prioritise the interests of the customer in all circumstances. It covers a wide range of aspects in post offices, in its remote relationship with customers or throughout the chain of production.

Quality, and initiative organised around for essential areas:

Customers

From its creation, La Banque Postale has had a customer quality committee and set up a quality policy aimed providing the best service to customers in their daily relationship with their bank whatever channel they use. Carefully listening to what customers say in studies and meetings with consumer associations are at the centre of the customer quality initiative started at the beginning of 2007. The result of customer satisfaction measurements, 10 priority areas have been identified from the first contact to the service provided. For each of them, the quality required is defined very precisely. It is shared by all stakeholders in the bank who make a daily contribution to it. They use evaluation criteria, assess the quality provided and establish action plans when required.

Processes

The management of processes is directed towards customer satisfaction. They prioritise projects that guarantee optimum quality of service for customers right across the country.

Performance

Permanent dialogue between the financial centres and post offices helps share the vision of service wanted by La Banque Postale for its customers. This means that the right decisions can be taken locally to reach the quality required.

La Banque Postale stakeholders

Employees, whether they are at the bank, La Poste, in direct contact with customers or in support services mobilise to provide better service.

Their ideas are an inexhaustible source of innovation and implementation of customer expectations. This is why La Banque Postale encourages participatory innovation.

The customer is at the centre of participatory innovation

For more than 10 years, the participatory innovation initiative has been firmly in place in financial centres. In 2007, the initiative was focussed mainly on simplifying our customers' relationship with their bank and the systematic search for performance at all levels. More than 7,000 ideas were placed in the Eureka system by the 15,338 staff in financial centres. They are still as heavily involved with a participation rate of 47%. 82% of these ideas have been implemented generating savings estimated at almost €1.4 million.

On the theme of customer satisfaction, the autumn challenge alone collected 2,120 new ideas in two months. The dynamism of this initiative is recognised outside the company. The Limoges financial centre was presented with the special prize of the inter-company jury at the annual Carrefour de l'Innovation Participative by Louis Schweitzer, President of the Fight against Discriminations and for Equality Authority.

A joint La Banque Postale and CNP Assurances process received ISO 9001 certification in September 2007.

Post offices in the Meurthe et Moselle department, the Nancy financial centre and the CNP Assurances in Arcueil were involved. The certification of a process common to several companies is original. It shows La Banque Postale's constant efforts to coordinate the action of internal stakeholders and its partners for the benefit of customers.

THE SOCIETAL DIMENSION

La Banque Postale is necessarily careful to assert its citizen commitment in line with the values it personifies.

Promoting “banking inclusion” to fight against exclusion

La Banque Postale’s commitment to the fight against banking exclusion was initiated a long time ago with the Livret A then more recently with the creation of Adispo Essentiel (services targeted at customers in disadvantaged financial circumstances).

■ **La Banque Postale also supports customers with learning difficulties** (language, cognitive disability) or material difficulties generating banking problems as part of an Agreement with UNCCAS (National Union Community Social Action Centres).

■ **La Banque Postale is a founder member of the “Entrepreneurs de la cité” (City Entrepreneurs)** to support the development of micro-insurance, a creator of social links and local development, particularly in disadvantaged urban areas.

The partnership between La Banque Postale and CMP-Banque

Building on their joint missions and values fighting against banking exclusion and supporting disadvantaged customers, **La Banque Postale et CMP-Banque**, the banking subsidiary of Crédit Municipal de Paris, have decided to come together in a commercial partnership. They propose an expanded offer together to better serve fragile and disadvantaged customers.

Developing social micro-credit

During the first half of 2007, La Banque Postale attained an extension of its authorisation from the banking regulator (CECEI) to distribute social micro-credits. In addition to this, the Social Cohesion Fund Approval Committee agreed on 10th May to provide access to the guarantee for this fund.

■ **These social micro-credits can finance projects set up by people victims of banking exclusion** due to their low level of solvability. To obtain a loan, the beneficiary is always supported by a voluntary organisation involved in the fight against social exclusion.

■ **The micro-credit activity is coordinated in regions by the regional representatives of the bank** in coordination with the network of post offices. Launched in the Poitou-Charentes region in June 2007, the test will be progressively deployed to other regions in 2008 with the search for new support networks.

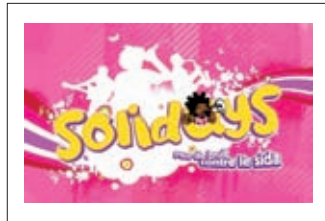
Encouraging disabled access to products and services

La Banque Postale encourages the search for technological solutions for:

- Voice recognition ATMs for the visually impaired (being tested in Paris since the summer of 2007,
- A new website in 2008 to facilitate access to the bank’s offer and enable online account management. The future Business Centres will also be a model of physical accessibility and a window on responsible development.

Supporting the citizen commitment of employees

■ **In partnership with the Groupe La Poste and Planète Urgence**, La Banque Postale tested “solidarity leave” in 2007. It supported the commitment of 6 employees in a two-to-three week international solidarity mission to taken on their own holiday time and paid then transport costs. They provided school support work in Benin and Mali.



Participate in the collective promotion of responsible development

■ Since 2004, La Banque Postale has been an active member of the ORSE (Study Centre for Corporate Social Responsibility) Finance Club.

This particularly means:

- internal awareness campaigns (responsible purchases...),
- Dialogue on the challenges of Corporate Social Responsibility (professional in quality, taking into account of environmental, social and governments criteria),
- sharing good practice with stakeholders in the financial sector, methods of reporting, socially responsible investment management).

Partnerships with the voluntary sector

■ **Solidarité Sida:** La Banque Postale has partnered the Solidays Festival organised in Paris since 1999. Its 100 m² “Café slam” stand welcomed more than 2.500 visitors showing their personal commitment “slaming” their own texts.

■ **The Greffe de Vie Foundation:** La Banque Postale became involved with the Greffe de Vie Foundation to respond to the need to support thousands of people waiting for organ grafts. To create a real “donation culture”, a universal act and a sign of hope that makes altruism, generosity and solidarity available to all, La Banque Postale helps the Foundation distribute its “Passeport de Vie” (Donor Card) to as many people as possible starting with the 40,000 stakeholders in the bank. The “Passeport de Vie” enables everybody to take a position on organ donation and inform their close family. Sharing, values such as solidarity, accessibility, an ability to convey and “do the right thing” simply, La Banque Postale is regularly involved in key Greffe de Vie Foundation events.

■ **The Entrepreneurs de la Cité Foundation** proposes a new insurance product for very small companies including essential guarantees: health and personal risk insurance and professional multi-liability. This Foundation brings together micro-entrepreneur support agencies (insurance companies, public organisations...), and its aim is to develop micro-insurance for disadvantaged people that are creating their own jobs. La Banque Postale is a founder member.



45 million French people have a Livret A savings book

La Poste has been distributing it for more than 125 years. Today, La Banque Postale affirms its attachment to this financial product “like no other” and defends the duties and responsibilities linked to it: finance social housing and promote access to banking services.

■ **The Fondation du Bénévolat** works for volunteers working in voluntary organisations. To facilitate access to quality insurance, particularly in terms of legal protection, La Banque Postale, the government and other sponsors cover a large part of the cost of this insurance. In six months, 456 volunteers from 245 La Banque Postale customer volunteer organisations have been insured. For each volunteer insured, the bank pays one euro to the Foundation.

■ **Telethon:** since its creation, La Banque Postale has taken part in the Téléthon de la Bourse et de la Finance (Stock Market and Financial Sector Telethon). The issuing of convertible bonds in donations is proposed by the majority of the finance institutions in the market. In parallel, La Banque Postale contributes to employee donations pledged online. In addition, through its “Investir Autrement” range, it sells LBPAM Téléthon, a mutual fund that pays a share of the interest income as a donation to the French Muscular Dystrophy Association (AFM).

THE SOCIAL DIMENSION

Promoting accessibility to all roles in the bank is La Banque Postale's commitment in terms of diversity. This covers all types of diversity (age, sex, origin...). In 2007, particular emphasis was placed on the disability programme.

Taking disability into account through an innovative and determined programme

■ Financial centres have implemented innovative actions on the ground in favour of the disabled.

This has particularly lead to awareness training for departments employing disabled staff, the installation of ergonomic (seats, large computer screens) and suitable (Braille-enabled keyboards, telephones with optimised listening devices) equipment, the adaptation of premises (access ramps, security rails, Braille keys on lifts) or the designation of tutors to ensure safety and support in the event of emergency evacuation. Financial centres recruited 28 disabled workers in 2007.

■ 10 financial centres participated in the **Office Accessibility Trophy**. The Nancy financial centre to distinguish itself with the lowering of displays and the creation of a telephone newsletter for the visually impaired.

■ In April 2007, **La Banque Postale joined seven other banks and the CFPB to create Handiformabanques** aimed at promoting the insertion through training of the disabled.

■ An **"Agreement for Diversity at La Banque Postale: employment for the disabled"** was signed in January 2008. It set out the creation of a Disability, Diversity and Equal Opportunities mission.



THE ENVIRONMENTAL DIMENSION

La Banque Postale includes its environmental initiative in a proximity approach by including the regions and cultivating it on a day-to-day basis.

Choosing to use responsible paper

To combine good forestry management and customer satisfaction, La Banque Postale aims in 2008 to use 90% responsible paper, recyclable paper or paper from sustainably-managed forests according to wood industry labels and certifications. In 2007, 70% of this objective was reached and account statements, for example, are printed on responsible paper.

Reducing CO₂ emissions daily

■ In 2006, La Banque Postale started measuring its CO₂ emissions (8,500 tonnes per year). Since then, it has continued its proactive strategy to reduce this volume, both in terms of transport and buildings.

■ In 2007, all financial centres in urban areas with more than 100,000 inhabitants committed to setting up a formal **"Employee Commuter Plan" (ECP)** for daily home to work on journeys.

■ 25% of staff spontaneously took up this initiative taking public transport season tickets in part paid for by La Banque Postale.

■ **A buildings energy performance diagnosis was carried out for 13 financial centres.**

This move opens the way to better control over energy consumption.



From left to right: "The gift of life" and "Man, a force in nature" by Yann Arthus-Bertrand.

Continuing the partnership with Yann Arthus-Bertrand and Good Planet

■ As in 2006, **La Banque Postale** joined the project run by the photographer **Yann Arthus-Bertrand** to raise the awareness of 10 million school children of sustainable development. It contributed to financing 65,000 educational kits biodiversity distributed by the Ministry of Education to 50,000 schools and voluntary organisations in France.

■ **The illustration of La Banque Postale chequebooks, MasterCard and account statements** with photographs taken from “The Earth from Above” continued in 2007 contributing to the photographers Good Planet project.

Commitment to a High Environmental Quality project for the bank's future head office

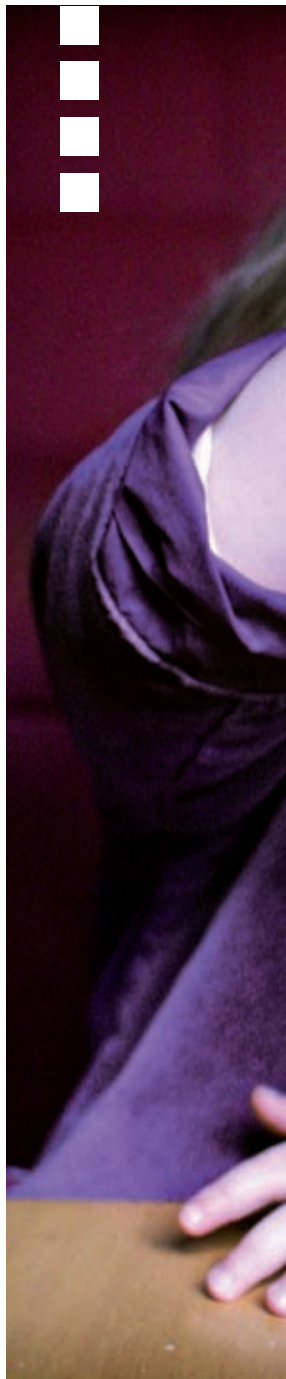
For its new Head Office for which a building permit has just been delivered, the bank is implementing an exemplary environmental management initiative aimed at High Environmental Quality certification. The current design of the project includes the setting up of photovoltaic panels on the roof and strengthened installation for all buildings.



Responsible paper label

Labels in the wood sectors such as the FSC (Forest Stewardship Council) or the European eco-label aimed at certifying good forest management or producing paper as “cleanly” as possible (eco-label). La Banque Postale encourages its suppliers to adopt and exceed these levels of reference.





SIMPLIFIED FINANCIAL INFORMATION

P. 70 Consolidated balance sheet and income statement



SIMPLIFIED FINANCIAL INFORMATION

2007 was for banking institutions marked by the “sub-prime” crisis that led to a cash flow crisis and tensions on interbank rates. There was also increased competition between retail banks and a growing number of rapprochements and acquisitions increasing the size and power of current players.

In this environment, La Banque Postale was in no way affected by the crisis due to its structurally liquid balance sheet and prudent management of its investments.

It was even able, due to its excess resources, to make the most of the interbank market rates to improve its economic performance.

La Banque Postale's 2007 results were characterised by a steady growth in its net banking income of 5% (excluding home loan savings provisions and the Euronext gains) confirming the success of its development model. This has led to regular growth in the number of active customers (an increase of almost 140,000 active customers in the year) and high net worth customers with a total of more than 700,000 at the end of 2007. La Banque Postale has a stronger position in the home loans market to which it has only had total access for two years. In 2007, it saw a sharp increase in outstanding home loans as well as a growth in products sold to customers. The number of its customers with account packages grew by 18% in a year to 3.8 million at the end of 2007.

Operating expenses were almost stable with an increase of 0.6% despite the continued investment in IT and the growing number of customer advisors.

This performance was reached particularly through the continuation of back office productivity programmes and through the progressive disappearance of pensions overcosts supported by La Poste.

Gross operating profit in 2007 reached €514.5 million, an increase of 17% on the 2006 IFRS pro forma; the operating coefficient sharply improved therefore to reach 89.15%

Given the cost of risk that remains extremely low at €17.8 million, the operating profit reached €496.7 million in 2007, an improvement of 15.7% on 2006 (an improvement of €67.3 million in relation to the previous year.

The profits of companies accounted for by the equity method contributed €227 million to the net share of Group profits that were €539.6 million after tax for 2007, they grew by €46.5 million, an increase of 9.4%.

CONSOLIDATED BALANCE SHEET

in € thousands

	31 st December 2007	31 st December 2006
Assets		
- Cash, central banks	2,667,865	1,371,620
- Fair value of financial assets	15,404,436	13,086,504
- Derivative coverage instruments	104,885	174,440
- Financial assets available for sale	12,266,475	11,433,657
- Loans & debtors on credit institutions	16,571,502	14,173,051
- Customer loans & debtors	24,422,360	20,849,228
- Gains and losses of interest-rate hedging reserve	317,114	217,883
- Financial assets held to maturity	40,350,306	39,250,366
- Tax assets and other assets	7,430,628	9,487,119
- Intangible securities	2,467,479	2,306,210
TOTAL	122,003,050	112,350,078
Liabilities		
- Fair value of financial liabilities	129,185	728,350
- Derivative coverage instruments	120,647	36,741
- Interbank debts	15,835,829	7,360,171
- Customer debts	92,066,465	91,581,273
- Debts represented by a security	2,912,291	690,288
- Tax liabilities and other liabilities	5,916,230	6,975,907
- Technical provisions of insurance companies	253,508	185,637
- Provisions	349,375	434,479
- Subordinated debt & other equity	501,417	624,874
Equity Attributable to the Group	3,918,101	3,731,704
Minority interests	2	654
TOTAL	122,003,050	112,350,078

CONSOLIDATED INCOME STATEMENT

in € thousands

	31 st December 2007	31 st December 2006
Net banking income	4,745,277	4,644,352
General operating expenses:	(4,124,293)	(4,120,892)
Net depreciation and depreciation of tangible and intangible assets	(106,474)	(85,967)
Gross operating profit	514,510	437,493
Net additions to provisions for loan losses	(17,790)	(8,061)
Operating profit	496,720	429,432
Share of net profits for companies accounted for by the equity method	227,057	220,356
Net gains and losses on other assets	(3,876)	(2,300)
Pre-tax profits	719,901	647,488
Corporation tax	(180,322)	(150,727)
Consolidated net income	539,579	496,761
Minority interests		(3,695)
Net profit	539,579	493,066

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