

**SECOND SUPPLEMENT DATED 8 MARCH 2019  
TO THE BASE PROSPECTUS DATED 5 SEPTEMBER 2018**



**La Banque Postale**

**€10,000,000,000**

**Euro Medium Term Note Programme**

This second supplement (**the Second Supplement**) is supplemental to, and should be read in conjunction with, the Base Prospectus dated 5 September 2018 (**the Base Prospectus**) and the first supplement to the Base Prospectus dated 8 January 2019 (**the First Supplement**) both prepared in relation to the €10,000,000,000 Euro Medium Term Note Programme of La Banque Postale (**La Banque Postale** or the **Issuer**). The Base Prospectus as supplemented constitutes a base prospectus for the purpose of Directive 2003/71/EC as amended (**the Prospectus Directive**).

The *Autorité des marchés financiers* (the **AMF**) has granted visa No.18-417 on 5 September 2018 to the Base Prospectus and the visa No.19-008 on 8 January 2019 to the First Supplement.

Application has been made for approval of this Second Supplement to the AMF in its capacity as competent authority pursuant to Article 212-2 of its *Règlement Général* which implements the Prospectus Directive.

Unless the context otherwise requires, terms defined in the Base Prospectus shall have the same meaning when used in this Second Supplement.

To the extent that there is any inconsistency between (a) any statement in this Second Supplement or any statement incorporated by reference into the Base Prospectus by this Second Supplement and (b) any other statement in or incorporated by reference in the Base Prospectus, the statements in (a) above will prevail.

Save as disclosed in this Second Supplement, there has been no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus which is material in the context of the Programme since the publication of the Base Prospectus.

To the extent applicable, and provided that the conditions of Article 212-25 I of the *Règlement Général* of the AMF are fulfilled, investors who have already agreed to purchase or subscribe for the Notes to be issued under the Programme before this Second Supplement is published, have the right, according to Article 212-25 II of the *Règlement Général* of the AMF, to withdraw their acceptances within a time limit of minimum two working days after publication of this First Supplement. This right to withdraw shall expire by close of business on 12 March 2019.

This Second Supplement has been prepared pursuant to Article 16.1 of the Prospectus Directive and Article 212-25 of the AMF's *Règlement Général* for the purpose of :

- (a) updating the section “Summary of the Programme” of the Base Prospectus related to “Profit forecast of estimate” (B.9), “Selected historical key financial information (B.12) and “Recent material events relating to the Issuer’s solvency” (B.13);
- (b) updating the section « Résumé en français du Programme » (French Summary of the Programme) of the Base Prospectus related to « « Prévission ou estimation du bénéfice » (B.9), « Informations financières sélectionnées historiques clés » (B.12) and « Evènement récent relatif à l’Emetteur présentant un intérêt significatif pour l’évaluation de sa solvabilité » (B.13) ;
- (c) updating the “Recent Developments” section of the Base Prospectus
- (d) updating item 4 and inserting a new item 16 of the “General Information” section of the Base Prospectus.

This Second Supplement will be available on the website of the AMF at [www.amf-france.org](http://www.amf-france.org), and, together with the document incorporated by reference in this Second Supplement, on the website of the Issuer at [www.labanquepostale.com](http://www.labanquepostale.com).

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## SUMMARY OF THE PROGRAMME

The Items “Profit forecast of estimate” (B.9), “Selected historical key financial information (B.12) and “Recent material events relating to the Issuer’s solvency” (B.13) on page 9 of the Base Prospectus are updated and completed with the following information:

<b>B.9</b>	<b>Profit forecast or estimate</b>	La Banque Postale group generated net banking income 5,570 million euros in 2018 (unaudited)																																	
<b>B.12</b>	<b>Selected historical key financial information</b>	<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;"><b>Consolidated financial information (€ millions)</b></th> <th style="text-align: center;"><b>2018</b></th> <th style="text-align: center;"><b>2017</b></th> </tr> <tr> <th></th> <th colspan="2" style="text-align: center;"><b>(unaudited)</b></th> </tr> </thead> <tbody> <tr> <td>Net Banking Income</td> <td style="text-align: center;">5,570</td> <td style="text-align: center;">5,687</td> </tr> <tr> <td>Operating expenses</td> <td style="text-align: center;">4,615</td> <td style="text-align: center;">4,619</td> </tr> <tr> <td>Gross Operating Income</td> <td style="text-align: center;">955</td> <td style="text-align: center;">1,068</td> </tr> <tr> <td>Cost of risk</td> <td style="text-align: center;">133</td> <td style="text-align: center;">192</td> </tr> <tr> <td>Net Income, Group Share</td> <td style="text-align: center;">726</td> <td style="text-align: center;">764</td> </tr> <tr> <td colspan="3"><hr/></td> </tr> <tr> <td>Total balance sheet (€ billions)</td> <td style="text-align: center;">245,2</td> <td style="text-align: center;">231,4</td> </tr> <tr> <td>Cost income ratio</td> <td style="text-align: center;">83.4%</td> <td style="text-align: center;">81,8%</td> </tr> <tr> <td>Common Equity Tier 1 ratio<sup>1</sup></td> <td style="text-align: center;">11.7%</td> <td style="text-align: center;">13,4%</td> </tr> </tbody> </table> <p>In addition, as of 31 December 2018, the non-consolidated subordinated debt issued by the Issuer amounts to 3 824 422 (in € ‘000s) (3 822 611 (in € ‘000s) as of 31 December 2017) and the non-consolidated senior debt issued by the Issuer amounts to 1 967 771 (in € ‘000s) (1 206 426 (in € ‘000s) as of 31 December 2017).</p> <p>There has been no material adverse change in the prospects of the Issuer since 31 December 2017 and there has been no significant change in the financial or trading position of the Issuer since 31<sup>st</sup> December 2018.</p>	<b>Consolidated financial information (€ millions)</b>	<b>2018</b>	<b>2017</b>		<b>(unaudited)</b>		Net Banking Income	5,570	5,687	Operating expenses	4,615	4,619	Gross Operating Income	955	1,068	Cost of risk	133	192	Net Income, Group Share	726	764	<hr/>			Total balance sheet (€ billions)	245,2	231,4	Cost income ratio	83.4%	81,8%	Common Equity Tier 1 ratio <sup>1</sup>	11.7%	13,4%
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<sup>1</sup> CET1 ratio fully-loaded

	<b>Issuer's solvency</b>	Not applicable. Except as disclosed in the Base Prospectus, there are no recent events that the Issuer considers as material for investors since the publication of the "2018 Results and business activity of La Banque Postale Group".
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### RESUME EN FRANÇAIS DU PROGRAMME (FRENCH SUMMARY OF THE PROGRAMME)

The Items « Prévision ou estimation du bénéfice » (B.9) , « Informations financières sélectionnées historiques clés » (B.12) and « Evènement récent relatif à l'Emetteur présentant un intérêt significatif pour l'évaluation de sa solvabilité » (B.13) on pages 37 to 38 of the Base Prospectus are updated and completed with the following information:

<b>B.9</b>	<b>Prévision ou estimation du bénéfice</b>	Le groupe La Banque Postale a dégagé en 2018 un résultat net bancaire (non audité) de 5 570 millions d'euros.																													
<b>B.12</b>	<b>Informations financières sélectionnées historiques clés</b>	<table border="1" data-bbox="451 955 1182 1749"> <thead> <tr> <th data-bbox="451 955 849 1104"><b>Information financière consolidée (en millions d'euros)</b></th> <th data-bbox="849 955 1032 1104"><b>2018 (non audité)</b></th> <th data-bbox="1032 955 1182 1104"><b>2017</b></th> </tr> </thead> <tbody> <tr> <td data-bbox="451 1104 849 1171">Produit Net Bancaire</td> <td data-bbox="849 1104 1032 1171">5 570</td> <td data-bbox="1032 1104 1182 1171">5 687</td> </tr> <tr> <td data-bbox="451 1171 849 1239">Frais de gestion</td> <td data-bbox="849 1171 1032 1239">4 615</td> <td data-bbox="1032 1171 1182 1239">4 619</td> </tr> <tr> <td data-bbox="451 1239 849 1306">Résultat Brut d'exploitation</td> <td data-bbox="849 1239 1032 1306">955</td> <td data-bbox="1032 1239 1182 1306">1 068</td> </tr> <tr> <td data-bbox="451 1306 849 1373">Coût du risque</td> <td data-bbox="849 1306 1032 1373">133</td> <td data-bbox="1032 1306 1182 1373">192</td> </tr> <tr> <td data-bbox="451 1373 849 1440">Résultat Net part du Groupe</td> <td data-bbox="849 1373 1032 1440">726</td> <td data-bbox="1032 1373 1182 1440">764</td> </tr> <tr> <td data-bbox="451 1440 849 1549">Total de bilan (en milliards d'euros)</td> <td data-bbox="849 1440 1032 1549">245,2</td> <td data-bbox="1032 1440 1182 1549">231,4</td> </tr> <tr> <td data-bbox="451 1549 849 1617">Coefficient d'exploitation</td> <td data-bbox="849 1549 1032 1617">83,4%</td> <td data-bbox="1032 1549 1182 1617">81,8%</td> </tr> <tr> <td data-bbox="451 1617 849 1749">Common Equity Tier 1 ratio</td> <td data-bbox="849 1617 1032 1749">11,7%</td> <td data-bbox="1032 1617 1182 1749">13,4%</td> </tr> </tbody> </table> <p data-bbox="451 1780 1461 1915">Par ailleurs, au 31 décembre 2018, la dette subordonnée non-consolidée émise par l'Emetteur s'élève à 3 824 422 milliers d'euros (contre 3 822 611 milliers d'euros au 31 décembre 2017) et la dette senior émise par l'Emetteur s'élève à 1 967 771 milliers d'euros (contre 1 206 426 milliers d'euros au 31 décembre 2017).</p>			<b>Information financière consolidée (en millions d'euros)</b>	<b>2018 (non audité)</b>	<b>2017</b>	Produit Net Bancaire	5 570	5 687	Frais de gestion	4 615	4 619	Résultat Brut d'exploitation	955	1 068	Coût du risque	133	192	Résultat Net part du Groupe	726	764	Total de bilan (en milliards d'euros)	245,2	231,4	Coefficient d'exploitation	83,4%	81,8%	Common Equity Tier 1 ratio	11,7%	13,4%
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		Il n'a été constaté aucune détérioration significative des perspectives de l'Emetteur depuis le 31 décembre 2017 et il n'y a eu aucun changement significatif de la situation financière ou commerciale de l'Emetteur depuis le 31 décembre 2018.
<b>B.13</b>	<b>Evenement récent relatif à l'Emetteur présentant un intérêt significatif pour l'évaluation de sa solvabilité</b>	Sans objet. Excepté ce qui figure dans le Prospectus de Base, il n'y a pas d'évènement récent que l'Emetteur considère comme significatif pour les investisseurs depuis la date de publication des « résultats et activité 2018 du groupe La Banque Postale ».

## RECENT DEVELOPMENTS

The Section under the heading “**Recent Developments**” on page 233 of the Base Prospectus is updated by addition of the following information at the end hereof:

On 26 February 2019, La Banque Postale published the following press release :

### 2018 RESULTS<sup>2</sup> AND BUSINESS ACTIVITY OF LA BANQUE POSTALE GROUP

#### Resilient earnings and a solid balance sheet

##### **Resilient NBI despite a worsening economic environment (low interest rates and difficult equities markets conditions):**

Net Banking Income: €5,570 million (-2.1% and -1.6% excluding the home savings provision)

Net Banking Income up +0.7% by restating 2017 from the General Interest Mission compensation (paid in 2017 in respect of 2016)

##### **Well-managed operating expenses:**

Operating expenses:<sup>3</sup> €4,615 million (-0.1%)

With a reported cost-income ratio of 83.4%, comparable to 2017 proforma (83.7%)

##### **A particularly low cost of risk across all business lines:**

Cost of risk: €133 million (-30.6%)

Of which a commercial bank cost of credit risk stable at 14 bps

##### **Robust earnings:**

Pre-tax income: €1,039 million (+3.1% excluding the General Interest Mission)

Net income, Group share: €726 million (+5.1% excluding the General Interest Mission)

##### **A solid balance sheet structure despite a difficult environment:**

Fully loaded CET1 ratio of 11.7%

<sup>2</sup> Unless otherwise stated, all changes are expressed as compared to 31 December 2017

<sup>3</sup> General operating expenses and net depreciation and amortisation and impairment of tangible and intangible fixed assets

Total capital ratio: 16.2%

Leverage ratio: 4.6%<sup>4</sup>

Liquidity coverage ratio (LCR): 145%

In 2018, La Banque Postale's short and long-term ratings were confirmed by Fitch (A-/F1) and S&P (A/A-1). The latter also upgraded La Banque Postale's outlook to Positive

**Retail Banking sales momentum confirmed:**

Consumer loan outstandings up 3.3%

Outstanding loans to legal entities up by 27.8%

**A strong contribution from the Insurance business unit:**

Insurance operating income up by 17.1%

**Growth in the Asset Management business unit:**

Asset Management NBI increased by 5.2% over 2018

**A bank committed to serving each and all:**

- Stated carbon neutrality in 2018
- Active Project Financing focused on renewable energies
- No financing in fossil fuels
- A commitment by LBPAM to become the first 100% SRI Asset Manager by 2020
- Capping of banking fees for 1.6 million vulnerable customers
- Over 130,000 customers have been provided with assistance on the Appui bank orientation site since 2013

La Banque Postale's Supervisory Board, meeting under the chairmanship of Philippe Wahl on 20 February, examined the audited 2018 consolidated financial statements, approved by the Executive Board of La Banque Postale and presented by its Chairman Rémy Weber.

*"In 2018, La Banque Postale completed most of the major social and organisational transformation projects it will fully deploy in 2019. A new phase in its development will begin in 2020 with the major merger project with CNP Assurances. Despite a difficult environment, La Banque Postale's pre-tax income was above €1 billion for the fifth consecutive year, demonstrating its continued resilience", emphasised Remy Weber.*

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<sup>4</sup> Excluding outstanding savings funds centralised at the CDC in accordance with the Delegated Act of 10 October 2014. The ratio was 3.4% at 31/12/2018 including centralised savings.



## 2018 highlights

### **AMBITIOUS, LA BANQUE POSTALE IS GAINING STRENGTH IN ALL AREAS OF EXPERTISE**

La Banque Postale is growing in all of its markets. In the retail market, an improved retail banking sales scheme and new offerings are helping to expand its general public clientèle thanks, notably, to the “maisons de l’habitat” (habitat homes) located throughout the country and the delegation of credit granting in all markets.

La Banque Postale also pursued its regional deployment for private customers during 2018. Twenty-three new BPE private management locations were opened in post offices.

The launch of “Business Energies”, which combines banking and insurance services for the Corporate clientèle, has enabled La Banque Postale to intensify its contribution to the economic development of all regional players. This activity started in 2012 and continues to lead the market in the annual production of loans to local authorities.

La Banque Postale completed an ambitious recruiting programme in 2018, to support its growth and better serve its customers: 2,200 account managers, 1,800 retail bank advisers and 300 corporate customer advisers have strengthened the network. In addition, the “Ecole de Banque et du Réseau” provided over 285,000 training days 2018.

A project to create a major public finance unit for the regions led by the Caisse de Dépôts and La Poste was announced by the Minister for the Economy and Finance on 30 August 2018. This project is entirely consistent with La Banque Postale’s transformation plan and contributes to the achievement of its strategic goals: to build a major, full-service, diversified bank and insurance group with CNP Assurances, providing citizens with access to high-quality, innovative financial services.

### **INNOVATIVE, LA BANQUE POSTALE IS ACCELERATING THE DIGITISATION OF ITS PRODUCTS FOR ALL ITS CUSTOMERS**

In 2018, La Banque Postale announced the launch of its 100% digital bank by the summer of 2019: Ma French Bank. Ma French Bank will be accessible without conditions on resources. It will offer useful, innovative services to customers 18 to 35 years old who are permanently connected to their communities. It will also be available in 2,000 post offices. Ma French Bank will enable users to manage their account and carry out all transactions in real time with extensive functionality: current account, revolving credit and participative financing with KissKissBankBank.

La Banque Postale has launched increasingly better-performing payment solutions this year (Paylib contactless, Instant Payment) and new digital functionality to make everyday life easier for everyone (scannable account information, account aggregator, a mobile application with more options, selfcare card management functionality from mobile telephones, a new insurance application and streamlined customer contract management).

Several new online offerings have also been deployed: a 100% digital micro-credit solution in partnership with Crea-Sol, Prêt Express via internet (express loans), EasyVie (online life insurance) and e-crédit pro to meet the needs of VSEs and professionals.

La Banque Postale is continuing to innovate for its insurance customers with the new disability insurance scheme policy (128,000 policies already taken out). The offering has been completed with the new borrower's insurance with individual pricing and the development of the collective health insurance paired with a digital platform.

La Banque Postale received an award in the "Innovation Services" category during the *Trophées de l'Assurance* event on 4 October 2018.

In addition, LBPAM also took a holding in the capital of IZNES, illustrating the acceleration of its blockchain technology strategy.

Innovation is also apparent at the operational level. Excellence 2020 delivered tangible results in 2018 by capitalising on the overhauling of La Banque Postale's information systems. The development of digital services and reduced processing times have simplified access and optimised processes.

## **WORKING IN THE BEST INTEREST OF THE COMMUNITY, LA BANQUE POSTALE IS DEEPENING ITS COMMITMENT**

La Banque Postale's commitment to environmental and social issues was recognised by the extra-financial rating agency ISS-Oekom. La Banque Postale is rated B-, an excellent rating which places it first among French banks and second worldwide.

Thanks to its local presence, La Banque Postale is involved in the daily lives of all French people. As the only bank with a public service mission, it is committed to assisting the financially vulnerable. Thanks to Appui, its budget planning advice and orientation platform, 20,000 customers a year have received assistance since 2013. In addition, it is deploying a sweeping digital banking inclusion plan which will equip 250 post offices during the first half of 2019. Determined to meet the needs of all of its customers, La Banque Postale is also pursuing its commitment to people with disabilities by completing its system with after-sales service accessible to its deaf and hearing-impaired customers.

La Banque Postale is committed to national solidarity and, at the end of 2018, announced several measures benefiting the purchasing power of private individuals (freeze on bank fees, caps on incident fees for vulnerable customers), artisans, VSEs and Pros in difficulty due to social unrest (advances on insurance reimbursements) and local authorities that have suffered material damage (€100 million short-term credit facility at zero percent).

In 2018, La Banque Postale increased its commitment to innovative community services in crowdfunding with the deployment of the KissKissBankBank offering in post offices and the acquisition of Goodeed, a digital donation platform for NGOs and solidarity non-profits. It also contributed to the financing of 2,843 projects, including two photovoltaic power stations in Guadeloupe, through its crowdfunding subsidiaries (KKBB, Lendopolis and Goodeed).

2018 was also notable for the increased number of projects for the environment. La Banque Postale was the first bank to promote its carbon neutral status. It has launched a digital platform to assist private individuals and local authorities in their energy renovation efforts.

The Corporate and Investment Bank (CIB) has developed its project financing activity with a focus on the renewable energies sector. Commitments in this sector reached €1.4 billion at the end of 2018 (versus €846 million in 2017). For example, La Banque Postale financed the first, large-scale offshore wind farms in the North Sea.

In addition, in terms of asset management, La Banque Postale Asset Management (LBPAM) agreed to shift all of its assets to SRI (Socially Responsible Investment) management by 2020. First concrete examples: implementation of its GREaT (**G**overnance, **E**nergy and **E**conomical Transition and **T**erritories) extra-financial analysis methodology for all assets under management and the launch of the “Conviction ISR” line which collected €260 million in six months. Twenty funds were already labelled SRI by the end of 2018.

Lastly, La Banque Postale increasingly contributes to equal opportunity through L’Envol, its societal sponsorship programme supported by the Ministry of National Education. La Banque Postale employees sponsor 584 talented students from low-income households.

## La Banque Postale Group business activity and results

Consolidated income statement<sup>5</sup> (in € millions):

Main items on the income statement	2018	2017	%	2017 proforma**	%
<b>Net Banking Income</b>	<b>5,570</b>	5,687	-2.1	<b>5,557</b>	+0.2
Net Banking Income excluding the home savings provision	5,528	5,619	-1.6	<b>5,489</b>	+0.7
Operating expenses	4,615	4,619	-0.1	<b>4,619</b>	-0.1
<b>Gross operating income</b>	<b>955</b>	<b>1,068</b>	-10.6	<b>938</b>	+1.8
Cost of risk	133	192	-30.6	<b>192</b>	-30.6
Cost of the ACPR penalty	50	0	NA	<b>0</b>	NA
<b>Operating income</b>	<b>772</b>	<b>876</b>	-11.9	<b>746</b>	+3.4
Equity method CNP Assurances and AEW Europe*	268	263	+1.9	<b>263</b>	+1.9
<b>Pre-tax income</b>	<b>1,039</b>	<b>1,138</b>	-8.7	<b>1,008</b>	+3.1
Income tax	274	340	-19.4	<b>283</b>	-3.3
<b>Net income, Group share</b>	<b>726</b>	<b>764</b>	-5.0	<b>691</b>	+5.1
Cost-to-income ratio	83.4	81.8	+1.7 pt	<b>83.7</b>	-0.3 pt

\*essentially CNP Assurances, and AEW for €5.4 million

\*\*excluding the GIM restatement

Net Banking Income (NBI) restated for exceptional items (home savings provision) was up slightly at 0.7% to €5,528 million compared to 2017 proforma NBI.

Despite growth, the Group's management fees declined by 0.1% to €4,615 million over the financial period.

The operating ratio was down 0.3 basis points compared to 2017 proforma.

<sup>5</sup> The 2018 and 2017 figures are not strictly comparable due to the application of IFRS9 starting 1 January 2018

The cost of risk decreased significantly by 30.6% to €133 million. It was 14 bps<sup>6</sup> compared to the retail bank's outstanding loans.

Gross operating income reached €955 million. Gross operating income was up 1.8% compared to 2017 proforma.

The share of income from equity associates reached €268 million for the financial year.

Pre-tax income restated for the delayed collection of the General Interest Mission increased by 3.1%.

Net Income, Group Share restated for the delayed collection of the General Interest Mission rose by 5.1% to reach €726 million.

### La Banque Postale Group balance sheet and financial structure

The consolidated balance sheet at 31 December 2018 stood at €245.2 billion, versus €231.4 billion at 1 January 2018<sup>7</sup>, i.e. an increase of €13.8 billion.

La Banque Postale's financial structure is sound. Regulatory capital reached €11.3 billion:

- La Banque Postale's fully loaded CET1 ratio was 11.7%, down 1.7 points compared to the end of December 2017. The decrease in La Banque Postale's common Equity Tier 1 capital was due to three reasons: the negative impact of the first application of the IFRS 9 standard (€140 million), the growth in customer loan outstandings, and the unrealised capital losses generated by the volatility of markets conditions, which have a full impact on La Banque Postale's own funds since 1 January 2018<sup>8</sup>.

- La Banque Postale's overall solvency ratio was 16.2%, down 2 points compared to December 2017;

- the Bank's leverage ratio, excluding savings outstandings centralised at the Caisse des Dépôts in accordance with the Delegated Act of 10 October 2014, was stable at 4.6%. The ratio was 3.4% including centralised savings.

La Banque Postale's liquidity position is much higher than required by regulations:

- the LCR ratio was 145% (compared to 157.4% in 2017).
- the loan-to-deposit ratio increased by 5.1 points to 86.4%.

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<sup>6</sup> Annualised cost of risk after application of IFRS 9 as from 1 January 2018

<sup>7</sup> Balances at 1 January 2018 after the first-time application of IFRS 9

<sup>8</sup>In application of Articles 467 and 468 of regulation (EU) no. 575/2013, the deductibility of unrealised gains and losses on regulatory capital could be handled via temporary measures until 31/12/2017.

Rating agencies confirmed the short- and long-term credit ratings of La Banque Postale in 2018 which are, respectively, A-/F1 for Fitch and A/A-1 for S&P.

In addition, S&P upgraded La Banque Postale's outlook to Positive on 30 October 2018, following the rise in La Poste's outlook, in expectation of the merger project with CNP Assurances:

	<b>Standard &amp; Poor's</b>	<b>Fitch</b>
Long-term rating	A	A-
Short-term rating	A-1	F1
Outlook	Positive	Stable
Ratings updated on	30 October 2018	12 April 2018

Finally, following the Supervisory Review and Evaluation Process (SREP) carried out by the ECB, the latter notified La Banque Postale of its consolidated CET1 own funds requirement applicable as of 1 March 2019. It was 9.00% and included:

- 4.50% of CET1
- a 1.75% requirement in additional own funds for Pillar 2 (Pillar 2 Requirements)
- 2.50% for a capital conservation buffer (CCB)
- and 0.25% for a buffer for Other Systemically Important Institutions (O-SIIs).

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

Based on this notification, the Overall Capital Requirement (OCR) is 12.5% (9% plus 1.5% for AT1 and 2% for Tier 2).

These requirements do not take into account the countercyclical buffer, applicable as of 1 July 2019, which is 0.25% for exposures in France.

## Retail banking<sup>910</sup>

(€ millions)	2018	2017	%	2017 Proforma*	%
<b>Net Banking Income</b>	<b>5,156</b>	<b>5,320</b>	-3.1	<b>5,190</b>	-0.7
Operating expenses	4,395	4,424	-0.7	<b>4,424</b>	-0.7
<b>Gross operating income</b>	<b>762</b>	<b>896</b>	-15.0	<b>766</b>	-0.7
Cost of risk	133	192	-30.6	<b>192</b>	-30.6
Cost of the ACPR decision	50	0	NA	<b>0</b>	NA
<b>Operating income</b>	<b>579</b>	<b>704</b>	-17.8	<b>574</b>	+0.9

\*excluding the GIM restatement

### Commercial results of retail banking customers:

#### *Adequate evolution in savings outstandings in an uncertain environment*

In a continuing environment of historically low interest rates and weak inflation, sight deposits reached €65.7 billion at the end of 2018 (+4.7%), buoyed by deposits by individuals (up by 4.4% to €58.4 billion). Ordinary savings outstandings, which continued to be penalised by low interest rates, were up by 1.2% to €82 billion (of which €60.6 billion for the Livret A, at +1.1%).

The Corporate and Investment Bank (CIB), in particular, structured €315 million in EMTN issued by La Banque Postale and successfully placed by the network's bank advisers.

Home loan outstandings were virtually stable at €31.8 billion.

All in all, balance sheet savings increased by 1.9% to reach €180.3 billion.

Life insurance outstandings fell by 1.6% due to the market effect at €124.1 billion while the share of outstandings in units of account increased by 1 point to reach 11.9% over the financial period. Collective investment scheme

<sup>9</sup> Changes in outstandings are expressed as compared to 31 December 2017

<sup>10</sup> The 2018 and 2017 figures are not strictly comparable due to the application of IFRS9 starting 1 January 2018

outstandings (excluding units of account) were down by 13.9% to €10.2 billion, reflecting the drop seen in the financial markets over the financial year.

At BPE, total private banking savings outstandings grew by 6.5%, totalling €8.4 billion.

Overall, customer savings outstandings were virtually unchanged over the period at €314.6 billion.

*An increase in personal loan outstandings, up 3.3%*

The production of home loans reached €10.3 billion in a normalised environment,

Consumer loan production growth was satisfactory at 6.4% and €2.5 billion.

Loan outstandings to individuals rose by 3.3% to €65.8 billion, including €4.9 billion in consumer loan outstandings (+1.9%) and €60.4 billion in home loans (i.e., an increase of 3.4%).

Regarding BPE Private Banking, total loan outstandings continued on a positive trend, reaching €3.1 billion (+9.6%).

*The financing of Legal Entities remained very positive.*

The production of loans to companies increased by 27% in 2018 to reach €26.3 billion with a strong increase in factoring (€6.4 billion in revenue purchased at the end of 2018 compared to €3.7 billion in 2017), an increase in medium-long term financing of 12.3% (at €12.7 billion) and a 5.8% increase in short-term financing.

Loan outstandings to legal entities reached €27.2 billion at the end of the financial period, up by 27.8% and broken down as follows: €18.5 billion in loans to companies, Very Small Enterprises and Professionals and €8.7 billion in loans to the Local Public Sector. Outstandings transferred to CAFFIL, which refinances medium- and long-term loans granted by La Banque Postale to local authorities and public health institutions were €3.4 billion in 2018.

La Banque Postale has been the leading bank lender to local authorities and public hospitals in terms of annual loan production for the past four years.



In all, loan outstandings increased by 9.5% to €93 billion.

## Retail Banking financial results

NBI, excluding non-recurring items (i.e. the temporal lag in the collection of the 2016 and 2017 GIM remuneration and the home savings provision) was virtually stable at €5,114 million, or -0.15% compared to 2017. The restated Net Interest Margin (NIM) fell by 2% to €2,748.1 million while commissions were up slightly by 0.6% over the period thanks to increased sales.

Retail bank operating expenses remained under control, down slightly by 0.7% over the period to €4,395 million.

The cost of risk decreased significantly by 30.6% to €133 million. This is 14 basis points<sup>11</sup> in terms of loan outstandings.

Retail Banking operating income was €579 million. It was up by 0.9% over the period compared to the 2017 proforma.

The decision of the ACPR published on 24 December 2018 regarding La Banque Postale's AML/CFT system was recorded in operating income in the amount of €50 million. Restated for the ACPR penalty and the General Interest Mission, operating income increased by 9.5%.

## Asset management

Asset management (€ millions)*	2018	2017	%
<b>Net Banking Income</b>	<b>153</b>	<b>145</b>	<b>+5.2</b>
Operating expenses	93	86	+7.1
<b>Gross operating income</b>	<b>60</b>	<b>59</b>	<b>+2.5</b>
Cost of risk	0	0	
<b>Operating income</b>	<b>60</b>	<b>59</b>	<b>+2.5</b>

\*reported figures

<sup>11</sup> Annualised cost of risk after application of IFRS 9 as from 1 January 2018

The Assets Under Management consist of the assets of La Banque Postale Asset Management and of those of Tocqueville Finance, now 97.7% held by LBPAM. They totalled €218 billion, down 2% over the period.

La Banque Postale Asset Management's assets decreased by 1.9% over the period to €216.3 billion due to a negative market effect. However, collections remained positive, in particular for the funds distributed by Retail Banking.

The assets of Tocqueville finance (excluding the LPBAM management delegation) decreased by 7.8% in 2018 to reach €1.68 billion due to the market effect.

The NBI of the Asset Management business unit rose 5.2% over the period to €153 million.

LBPAM continues to invest to finance its development and operating expenses increased by 7.1% to €93 million.

Operating income increased by 2.5% compared to the previous year to reach €60 million.

## Insurance

Insurance (€ millions)	2018	2017	%
<b>Net Banking Income</b>	<b>261</b>	<b>222</b>	<b>+17.6</b>
Operating expenses	128	109	+17.7
<b>Gross operating income</b>	<b>133</b>	<b>113</b>	<b>+17.6</b>
Cost of risk	1	0	N/S
<b>Operating income</b>	<b>132</b>	<b>113</b>	<b>+17.1</b>

The non-life insurance business continued to grow with the portfolio now at nearly 4.6 million contracts (+1%). In particular:

- The portfolio of Property and Casualty insurance contracts (37.3% of total volume) increased by 3.6% over the period to reach 1.7 million contracts, boosted by a solid sales dynamic;

- La Banque Postale's Prévoyance provident savings portfolio (58.6% of the total portfolio) was virtually stable over the period at about 2.7 million contracts;

- The health care insurance contract portfolio (4.1% of the portfolio by volume) decreased by 3.8% at 0.2 million contracts.

The Insurance unit's NBI increased by 17.6% to €261 million over the period, driven by the strong performance of Prévoyance (51.7% of the insurance unit's NBI, +22.7%) and Property and Casualty (24.5% of the insurance unit's NBI, +23.1%).

The operating expenses of the insurance subsidiaries reached €128 million (+17.7%) due to development costs.

Lastly, the insurance unit's operating income came in at €132 million for the period, up significantly by 17.1%.

## Outlook

2019 would be a key year for the implementation of the major merger project with our partner CNP Assurances. This transaction was announced in August 2018 by the Minister of the Economy and Finance. It is part of a broader operation including the Caisse des Dépôts will increase its stake in La Poste Group. This will position La Banque Postale as a powerful provider of banking and insurance services in Europe where it will play a major role in community finance.

Willing to support the development of La Banque Postale and subjected to the approval of its governance bodies, La Poste Group plans to undertake in the first half of 2019 a capital increase by converting €800 million of AT1 into equity. In accordance with Article 26 of (EU) no. 575/2013, the recognition in capital of the securities issued for this transaction is subject to the approval of the European Central Bank.

2019 is also a turning point for the deployment of La Banque Postale's digital offering with the launch of the Ma French Bank digital bank and new digital functionality for all customer segments: for private individuals (changes in digital payment functionality, implementation of electronic home loans, reworking of property and casualty, savings and consumer credit information and access) and for legal entities (reworking of the Banque en Ligne and launch of a dedicated mobile application).

La Banque Postale is a bank that works in the best interest of the community at large. It intends to provide an alternative to 100% digital whenever possible and to assist customers in their digital transition with a suitable system and community partner networks.

Thanks to its Platform58 incubator, La Banque Postale plans to create a fintech and assurtech ecosystem for its customers to prepare for the bank and insurance company of tomorrow. The incubator will host start-ups in the seed phase which are developing solutions in the bank, insurance and technology fields as well as for finance-related services such as data management, health and education. Seven start-ups have already been selected.

In terms of asset management, La Banque Postale Asset Management will continue to gradually move its open and dedicated funds and mandates to SRI. To do so, it will implement its GREaT methodology in other asset classes, such as sovereign bonds. It will also enrich its offering with new absolute return products, in particular in money market funds, starting in the first half of 2019.

La Banque Postale will continue to closely control its costs. Several projects under way to improve operational effectiveness, including Excellence 2020, will continue to deliver concrete results, aligning La Banque Postale's industrial processes with the best market standards in many different fields (cheque processing, simplification of customer balances, etc.). In addition, the CAP Client programme will be completed in 2019, considerably improving customer service quality.

Finally, the third edition of the "Assises de la Banque Citoyenne" next 17 April will provide La Banque Postale with the opportunity to reconfirm its community commitments and initiatives, in particular, its banking accessibility mission, the plan for banking inclusion via digital tools, the development of micro-credit, notably in partnership with Crea-sol, and the launch of zero-interest "green" loans.

As a bank that works in the best interest of the community at large, La Banque Postale will continue to play an essential role in French economic life, remain committed to the regions and at the service of each of its customers.

## NOTES

### 2018 Consolidated income statement

(in € thousands)	Notes	31.12.2018
Interest and similar income		4,068,096
Interest and similar expenses		(1,840,295)
Commissions (income)		2,689,251
Commissions (expenses)		(225,378)
Net gains and losses on financial instruments at fair value through profit or loss		25,419
Net gains and losses on financial instruments at fair value through other comprehensive income		341,760
Net gains or losses resulting from the derecognition of financial assets at amortised cost		-
Net gains or losses resulting from the reclassification of financial assets from amortised cost to fair value through profit or loss		-
Gains or losses resulting from the reclassification of financial assets from fair value through other comprehensive income to fair value through profit or loss		-
Net income from insurance activities		415,299
Impacts of the overlay approach (gross impact)		15,023
Income from other activities		259,856
Expenses from other activities		(179,096)
<b>Net banking income</b>		<b>5,569,936</b>
General operating expenses		(4,418,494)
Net depreciation and amortisation and impairment of tangible and intangible fixed assets		(196,516)
<b>Gross operating income</b>		<b>954,926</b>
Cost of risk		(133,183)
Cost of the ACPR penalty		(50,000)
<b>Operating income</b>		<b>771,743</b>
Share of profits of equity associates		268,227
Net gains and losses on other assets		(637)
Changes in the value of goodwill		-
<b>Pre-tax income</b>		<b>1,039,333</b>
Income tax		(273,690)
<b>Net income</b>		<b>765,643</b>
Non-controlling interests		39,735.
<b>NET INCOME, GROUP SHARE</b>		<b>725,908</b>
<i>Undiluted earnings per ordinary share (in euros)</i>		20.63
<i>Diluted earnings per ordinary share (in euros)</i>		18.26
<i>Dividend per ordinary share (in euros)</i>		9.28

## 2018 Segment results

### Net income by business segment as at 31 December 2018 (excluding the remuneration cost of equity capital for each segment)

(in € thousands)	Retail banking	Insurance	Asset management	Total
<b>Net banking income</b>	<b>5,156,034</b>	<b>260,985</b>	<b>152,917</b>	<b>5,569,936</b>
General operating expenses	(4,206,059)	(123,588)	(88,847)	(4,418,494)
Net depreciation and amortisation and impairment of tangible and intangible fixed assets	(188,471)	(4,379)	(3,666)	(196,516)
<b>Gross operating income</b>	<b>761,504</b>	<b>133,018</b>	<b>60,404</b>	<b>954,926</b>
Cost of risk	(132,637)	(546)	0	(133,183)
Cost of the ACPR penalty	(50,000)	0	0	(50,000)
<b>Operating income</b>	<b>578,867</b>	<b>(132,472)</b>	<b>60,404</b>	<b>771,743</b>
Share of profits of equity associates	0	262,859	5,368	268,227
Gains and losses on other assets	(637)	0	0	(637)
Changes in the value of goodwill	0	0	0	0
<b>Pre-tax income</b>	<b>578,230</b>	<b>395,331</b>	<b>65,772</b>	<b>1,039,333</b>
Income tax	(210,636)	(41,821)	(21,233)	(273,690)
<b>Consolidated net income</b>	<b>367,594</b>	<b>353,510</b>	<b>44,539</b>	<b>765,643</b>
Non-controlling interests	27,758	576	11,401	39,735
<b>NET INCOME, GROUP SHARE</b>	<b>339,836</b>	<b>352,934</b>	<b>33,138</b>	<b>725,908</b>

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

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

**2018 consolidated balance**



(in € thousands)

Notes **31.12.2018** **01.01.2018 (\*)**

**ASSETS**

Cash, central banks	2,006,794	3,324,831
Financial assets at fair value through profit or loss	10,238,167	10,088,503
Hedging derivatives	1,159,300	1,135,974
Financial assets at fair value through equity	13,864,449	14,619,940
Securities at amortised cost	23,581,891	23,079,999
Loans and receivables due from credit institutions and similar at amortised cost	87,351,923	83,611,312
Loans and receivables due from customers at amortised cost	95,735,985	84,359,455
Revaluation differences on rate hedged portfolios	81,915	75,517
Investments of the insurance activities and reinsurers' share of technical provisions	2,810,350	2,768,064
Current tax assets	343,672	204,121
Deferred tax assets	234,580	176,095
Accruals and other assets	2,981,245	3,149,216
Equity associates	3,266,820	3,383,358
Property, plant and equipment	638,447	644,776
Intangible fixed assets	745,188	618,398
Goodwill	160,227	160,227
<b>TOTAL</b>	<b>245,200,953</b>	<b>231,399,786</b>

**LIABILITIES**

Central banks	-	-
Financial liabilities at fair value through profit or loss	809,214	534,132
Hedging derivatives	347,654	236,419
Liabilities due to credit institutions and similar	18,877,248	14,154,290
Liabilities to customers	185,810,952	182,563,774
Debt securities	16,933,918	11,373,236
Revaluation differences on rate hedged portfolios	742,855	720,758
Current tax liabilities	17,758	6,870
Deferred tax liabilities	105,564	111,395
Accruals and other liabilities	5,059,790	4,938,507
Insurance company underwriting provisions and shadow accounting	2,479,619	2,375,657
Provisions	468,767	541,158
Subordinated debt	3,879,757	3,888,976
<b>EQUITY</b>	<b>9,667,857</b>	<b>9,954,615</b>
<b>Non-controlling interests</b>	<b>119,112</b>	<b>109,843</b>

<b>Equity, Group share</b>	<b>9,548,745</b>	<b>9,844,772</b>
Share capital	4,046,408	4,046,408
Consolidated and other reserves	4,305,756	4,695,631
Gains and losses recognised directly in equity	470,672	1,102,733
Profit (loss) for the period	725,908	0
<b>TOTAL</b>	<b>245,200,953</b>	<b>231,399,786</b>

(\*) balances at 1 January 2018 after application of IFRS 9

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

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

La Banque Postale's financial information for 2018 is presented in this press release. It will be supplemented by the Registration Document, which will be published on the company website [www.labanquepostale.com](http://www.labanquepostale.com).

### About La Banque Postale

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

### Press contacts:

Florian Pontarollo

florian.pontarollo@laposte.fr

Victor Labrusse

victor.labrusse@laposte.fr

### Investor contact:

Estelle Maturell Andino

estelle.maturell-andino@labanquepostale.fr

## GENERAL INFORMATION

The section “General Information” on pages 297 *et seq.* of the Base Prospectus is amended as follows:

- (a) The paragraph under the heading “**4. Significant change**” on page 298 of the Base Prospectus is deleted in its entirety and replaced by the following:

“There has been no significant change in the financial position of the Issuer or La Banque Postale Group since the 31 December 2018.”

- (b) The following paragraph 16 is added at the end of page 300 of the Base Prospectus :

“16. “Unaudited consolidated financial statements relating to the previous financial year:  
In relation to the unaudited consolidated financial statements as of and for the year ended 31 December 2018, published on 26 February 2019 in the press release “2018 results and business activity of La Banque Postale Group”, pursuant to Article 8.2 paragraph 2 of Annex XI of Commission Regulation (EC) No.809/2004, the Issuer makes the following statements:  
a) The Issuer approves that information;  
b) The statutory auditors have agreed that this information is substantially consistent with the final figures to be published in the next annual audited consolidated financial statements of the Issuer; and  
c) This financial information has not been audited.”

## PERSON RESPONSIBLE FOR THE INFORMATION GIVEN IN THE SECOND SUPPLEMENT

I hereby certify, having taken all reasonable care to ensure that such is the case, that, to the best of my knowledge, the information contained in this Second Supplement is in accordance with the facts and contains no omission likely to affect its import.

**La Banque Postale**  
115, rue de Sèvres  
75275 Paris Cedex 06  
France  
Represented by  
Florence Lustman  
*Chief Financial Officer*

Dated 8 March 2019



In accordance with Articles L.412-1 and L.621-8 of the French *Code monétaire et financier* and with the Regulations (*Règlement général*) of the *Autorité des marchés financiers* (“**AMF**”), in particular Articles 212-31 to 212-33, the AMF has granted to this Second Supplement the visa no. 19-089 on 8 March 2019. This Second Supplement was prepared by the issuer and its signatories assume responsibility for it.

In accordance with Article L.621-8-1-I of the French *Code monétaire et financier*, the visa was granted following an examination by the AMF of "whether the document is exhaustive and comprehensible, and whether the information it contains is consistent. It does not imply that the AMF has approved the appropriateness of the transaction or authenticated the accounting and financial information presented herein.

Pursuant to Article 212-32 of the General Regulations (*Règlement général*) of the AMF, this document may only be used for the purposes of a financial transaction if completed by Final Terms.