

**2018 RESULTS<sup>1</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>2</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%  
Total capital ratio: 16.2%  
Leverage ratio: 4.6%<sup>3</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

<sup>1</sup> Unless otherwise stated, all changes are expressed as compared to 31 December 2017

<sup>2</sup> General operating expenses and net depreciation and amortisation and impairment of tangible and intangible fixed assets

<sup>3</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.

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.*

## 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.

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## La Banque Postale Group business activity and results

Consolidated income statement<sup>4</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.

The cost of risk decreased significantly by 30.6% to €133 million. It was 14 bps<sup>5</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.

<sup>4</sup> The 2018 and 2017 figures are not strictly comparable due to the application of IFRS9 starting 1 January 2018

<sup>5</sup> Annualised cost of risk after application of IFRS 9 as from 1 January 2018

## 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>6</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>7</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%.

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.

<sup>6</sup> Balances at 1 January 2018 after the first-time application of IFRS 9

<sup>7</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.

## Retail banking<sup>89</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 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%).

<sup>8</sup> Changes in outstandings are expressed as compared to 31 December 2017

<sup>9</sup> The 2018 and 2017 figures are not strictly comparable due to the application of IFRS9 starting 1 January 2018

*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>10</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**

<b>Asset management (€ millions)*</b>	<b>2018</b>	<b>2017</b>	<b>%</b>
<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

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.

<sup>10</sup> Annualised cost of risk after application of IFRS 9 as from 1 January 2018

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%.

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## 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

<i>(in € thousands)</i>	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 (*)
<b>ASSETS</b>			
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>
<b>LIABILITIES</b>			
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).

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### 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.

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