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The English language version of this report is a free translation from the original, which was prepared in French. All possible care has been taken to ensure that the translation is an accurate presentation of the original. However, in all matters of interpretation, views or opinion expressed in the original language version of the document in French take precedence over the translation.



This amendment to the Universal Registration Document was filed on 25 October 2019 with the French Financial Markets Authority (AMF), as the competent authority under Regulation (EU) 2017/1129, without prior approval in accordance with Article 9 of the regulation.

The Universal Registration Document can be used when securities are offered to the public or for their admission to trading on a regulated market if it is completed by a note on the securities and, if applicable, a summary and all of the amendments made to the Universal Registration Document. The complete document has been approved by the AMF in accordance with Regulation (EU) 2017/1129.

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GENERAL INFORMATION



1. GENERAL INFORMATION

This amendment (the “Amendment”) completes and must be read jointly with the Universal Registration Document prepared by La Banque Postale and filed with the French Financial Markets Authority (the “AMF”) on 9 August 2019 under number D.19-0747 and the 2018 Registration Document prepared by La Banque Postale and filed with the AMF on 14 March 2018 under number D.19-0152.

Documents accessible the general public

All documents made available to the public under legal conditions may be consulted at La Banque Postale’s registered office at 115, rue de Sèvres, 75275 PARIS Cedex 06. La Banque Postale’s Universal Registration Documents are also available on the website www.labanquepostale.com.

RISK FACTORS - PILLAR III INFORMATION

2. RISK FACTORS

Chapter 4 of the Universal Registration Document has been amended as follows: Section “4.1.1 Principal structural risk factors” of the Universal Registration Document has been amended and replaced by the one provided in this document.

4.1.1 Principal structural risk factors

La Banque Postale is a credit institution and the parent company of a group operating in the bank, insurance and investment services sectors and, notably, in portfolio management for third parties.

The risks presented in the “Risk factors” section have been identified as being significant and specific to La Banque Postale and of a nature, should they materialise, to have a significant negative impact on its business activity, its financial position and its access to various sources of financing.

The risks have been classified in four categories which list the most significant risks on a net basis within each:

- risks related to the macroeconomic environment
- risks related to the legal and regulatory framework
- risks related to La Banque Postale’s operations
- risks related to the strategy implemented by La Banque Postale.

This section complies with the new provisions of Article 16 of Regulation “Prospectus 3” 2017/1129 of 14 June 2017 applicable to risk factors as of 21 July 2018.

4.1.1.1 Risks related to the macro-economic environment

- 1. An ongoing low-interest environment could impact the profitability and the financial position of La Banque Postale Group

Due to the risk of a durable slowdown in economic growth and a slower adjustment of inflation than anticipated in the eurozone, the ECB has given up on its normalisation plans for the foreseeable future and will keep its interest rates at their currently very low level until mid-2020 at least and, in any event, as long as required to ensure the continued sustainable convergence of inflation to a level of about 2% in the medium term.

During this type of low-rate period, interest rate spreads could have a negative impact on the La Banque Postale’s net interest margin level.

In this environment, regulated savings accounts (*Livret A*, *Livret de développement durable et solidaire* - LDDS, *Livret d’épargne populaire* - LEP) would provide remuneration rates above market rates. However, La Banque Postale, the long-term distributor of these products (with outstandings of €83.6 billion in the first half of 2019), and notably of the *Livret A* (€62 billion in outstandings as at 30 June 2019), would see its ability to decrease the cost of its customers’ deposits reduced.

In addition, an environment in which interest rates remain low for an extended period of time could result in an increase in early repayments and the refinancing of mortgages and/or of other fixed-rate loans granted to private customers such as La Banque Postale companies. Given that home loan outstandings totalled €61.8 billion in the first half of 2019 on credit outstandings of €98.7 billion, these items have the potential to significantly impact the revenue and profitability of La Banque Postale.

- 2. Unfavourable economic and financial conditions have had an impact on La Banque Postale Group and the markets in which it operates in the past and could again in the future

La Banque Postale only operates in France but it is, nevertheless exposed to trends in the financial markets and, generally, to the evolution of the economic situation in France, Europe and the rest of the world.

A deterioration in the economic and financial environment in France would have an impact on:

- the business plan, leading to lower credit production;
- the deterioration of borrower solvency, including both natural persons and legal entities.

The impacts would be all the more significant given that a substantial segment of La Banque Postale's customers are already financially vulnerable as meant by regulations (1.6 million people fit this definition out of the 3.4 million people counted by the OIB¹ in 2018) and could see their financial resources impacted by a deterioration of the macroeconomic environment.

In addition, a significant deterioration in macroeconomic conditions could increase the number of people excluded from traditional banking, which is the banking accessibility public service mission provided exclusively by La Banque Postale.

Should the economic environment in France, or elsewhere in Europe and the rest of the world deteriorate, La Banque Postale Group's operations could be impacted and its business activity, results and financial position could suffer a significant negative impact.

- 3. Several political and geopolitical uncertainties could have negative impacts on the business activity, profitability and financial position of La Banque Postale

In France, vehement protests took shape as the "yellow vest" movement at the end of 2018 and during 2019. The movement impacted several business sectors. Should this environment be ongoing or take a negative turn, La Banque Postale could encounter difficulties paying company, merchant and artisan customers.

In addition, in 2018, La Banque Postale, like other credit institutions, committed to capping bank incident fees. This could have had a significant impact on the La Banque Postale's results, particularly on its Net Banking Income. The latter fell by 2.6% in the first half of 2019 to €2,850 million while the decrease would have only been 1.3% if the measure had not been implemented.

Moreover, other factors, such as the difficulty finding an agreement between the British government and the European Union on Brexit, the conflict between the Italian government and the European Commission and the intensification of trade wars, notably between the United States and China, are sources of uncertainty which may have an impact on business activity and, therefore, on the demand for credit and the solvency of borrowers in Europe and, notably on customer companies of La Banque Postale.

4.1.1.2 Risks related to the legal and regulatory framework

- 4. La Banque Postale is subject to a resolution standards framework which could impact its business activity, results and financial position

Directive 2014/59/EU of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms (BRRD) was transposed into French law by Order no. 2015-1024 of 20 August 2015.

In addition, the Single Resolution Mechanism (SRM), the second pillar of the Banking Union was defined in 2014 in Regulation no. 806/2014 which establishes uniform rules and procedures for the resolution of credit institutions and of certain investment firms within the framework of a single resolution mechanism and a single resolution fund. The SRM organises the sharing of competences between the Single Resolution Board (SRB) and the national resolution authorities (the ACPR in France).

This European bank crisis resolution framework introduced a bank crisis prevention and resolution system which provided the SRB with significant powers to take all measures required for the resolution of a credit institution.

¹ OIB: *Observatoire de l'inclusion bancaire (Observatory of Banking Inclusion)*.

The Single Resolution Board can, if it considers that an institution is failing or likely to fail, initiate a resolution procedure in order to ensure the continuity of the institution's critical functions, avoid significant negative effects on financial stability, protect government resources and the funds and assets of customers. The resolution tools consist of the separation of assets, the creation of a bridge institution, the sale of the business and the "bail-in", an internal debt cancellation mechanism.

The internal debt cancellation process, which requires AT1 capital securities holders, Tier 2 capital securities holders and debt securities holders to bear the losses in the priority order of the debt. Its implementation can lead to the total or partial impairment of the debt securities or their conversion to capital securities. This involves a risk of capital loss for the holders of the securities based on the above-mentioned hierarchy.

The implementation of the other resolution measures could also impact the value of the instruments issued by La Banque Postale and subscribed by investors. As at 30 June 2019, the amount of additional Tier 1 capital was null, of Tier 2 securities, €2,314 million, of non-eligible Tier 2 subordinate debt, €813 million, and of other debt securities, €3,239 million.

- 5. The legislative measures provided for by the banking package passed by the European Parliament in April 2019 could have an impact on La Banque Postale's business activity, results and financial position

This standards package consists of two regulations and two directives (CRR II, CRD V, BRRD II, SRMR II) which are intended to ensure the conformity of prudential banking requirements with the prudential standards of the Basel Committee on Banking Supervision (BCBS) and the Financial Stability Board (FSB).

With respect to CRR II, the main measures involve the leverage ratio (which notably provides, for the calculation of the ratio, a waiver by type, and no longer by authorisation, of the exposures related to centralised savings), major risks, the requirement for stable funding (Net Stable Funding Ratio - NSFR) and the minimum requirement in terms of total loss-absorbing capacity (TLAC). Most of the measures will be applicable on 28 June 2021.

These laws are part of the European Commission's project to implement the Banking Union and the Capital Markets Union and they meet the goal of international bodies to reduce risks in the banking sector.

- **the application of the leverage ratio as a Pillar I requirement:** this ratio, which is covered in Regulation no. 575/2013, is part of the current CRR. It is intended to limit any excessive bank indebtedness during economic recovery periods. It therefore becomes compulsory, like the solvency ratio, with a minimum requirement of 3% of Tier 1 capital.

It compares Tier 1 capital to an exposure (the denominator) composed of balance sheet items and off-balance sheet items without any weighting for risk.

However, these changes have a limited impact on La Banque Postale which manages its leverage ratio well. In addition, the calculation method for the latter will change in a way favourable to La Banque Postale in 2021 as it will be allowed to exclude 100% of centralised savings at that time.

- **the application of the stable funding ratio as a requirement of Pillar I:** the NSFR (Net Stable Funding Ratio) is a long-term liquidity ratio which La Banque Postale must calculate and meet at a minimum level of 100%.

The NSFR corresponds to the amount of stable financing available (commitments and reliable capital at one year) compared to the stable funding requirement (off-balance sheet assets and exposures - liquidity and residual maturity at one year). In order to monitor long-term liquidity, La Banque Postale has implemented a management system which enables it to offset its exposures with stable sources of financing (see section 4.5.1.3 Liquidity risk of the Universal Registration Document filed on 09/08/2019).

- **The introduction in CRR II of new credit and counterparty risk measurement methods:** this is the replacement of the current credit and counterparty risk measurement method for exposure in the event

of default (CEM or Current Exposure Method: valuation method at market price) with a new standardised calculation method for the value exposed to derivative instrument risk (SA-CCR: standardised approach to counterparty credit risk). La Banque Postale will apply the SA-CCR method with its related impacts.

- **The review of the major risks calculations:** the requirements for major risks for systemically important financial institutions (SIFI) have been strengthened. As a domestic systemically important institution (SII), La Banque Postale will use Tier 1 instead of eligible capital as the basis for its limit calculations.

The current regulatory framework and the entry into effect of the reforms described above can impact the level of capital, the cost of financing of the La Banque Postale and/or certain activities and, by extension the way in which the bank organises its business lines. The potentially most significant impacts for La Banque Postale are related to the implementation of the new standardised calculation method of the value exposed to derivative instrument risk (SA-CCR) and to market risk. Given the nature of La Banque Postale's market positions to date, the latter will need to be changed. As at 30 June 2019, market RWA accounted for less than 2% of the group's total RWA, i.e. €1,398 million for a total RWA of €74,479 million. A doubling of the capital charge as a result of regulatory changes would have a limited impact of about 25 CET1 ratio basis points.

6. The legal risks to which La Banque Postale is exposed could have an unfavourable impact on its financial position, its results and its reputation

La Banque Postale has been involved in legal, arbitration and administrative procedures in the past and could be again in the future. The majority of the procedures have been related to the ongoing business of La Banque Postale and its subsidiaries. This jurisdictional risk is enhanced by the complexity of the applicable laws and regulations, the constantly increasing intensity of the controls implemented by the competent authorities and the resulting increase in the amounts of fines and sanctions applicable. In addition, private disputes against financial institutions have increased substantially over the past years (the risk has increased for La Banque Postale Group as a result of the extent of its distribution network). When their outcome goes against La Banque Postale, the procedures can result in the payment of significant damages, fines, and penalties which can negatively impact the bank's business activities, its financial position and its operating profit.

When preparing its financial statements, La Banque Postale estimates the financial consequences of the current legal, arbitration and administrative procedures it is involved in. It creates a provision when losses related to the procedures appear to be likely and can be reasonably estimated. The nature of litigation and procedures makes it difficult to predict their outcome and the amounts involved. If the estimates are wrong or if the provisions created by La Banque Postale are insufficient to cover the risks related to the procedures, they could have a significant negative impact on the financial position and results of La Banque Postale.

In this respect, it should be noted that, on 21 December 2018, the ACPR Sanctions Committee issued a reprimand against La Banque Postale along with a fine of €50 million following a report on its anti-money laundering and combating the financing of terrorism system (AML-CFT). The report found that the control system was deficient with respect to national mandates issued by non-customers of the bank. This activity was terminated as of 31 December 2017. La Banque Postale has lodged an appeal against the ruling before the Council of State.

La Banque Postale could again be involved in this type of procedure and there is no guarantee that a negative decision in one or more disputes or one or more investigations won't have a significant negative impact on La Banque Postale's operating profits, regardless of the financial year in question.

As at 30 June 2019, the amount of the provision for legal risk was €23.4 million for La Banque Postale SA.

For more information see chapter 4.8.1 “Legal and fiscal risks” of the 2018 Registration Document.

4.1.1.3 La Banque Postale’s operations risks

The bank is exposed to different types of risks: customer insolvency risks, financial risks (market volatility, refinancing risk, liquidity risk), operational risks and non-compliance risks.

- 7. As a credit institution, La Banque Postale is exposed to credit and counterparty risk

With NBI of €2,596 million on the retail banking business in the first half of 2019, i.e. 91% of the group’s NBI for the period, credit risk is one of the major risks for La Banque Postale.

Credit risk is the risk that a counterparty will not meet their commitments, notably their repayment commitments to La Banque Postale. The decree of 3 November 2014 defines credit risk by reference to paragraph (39) of point 1 of Article 4 of Regulation (EU) no. 575/2013 (CRR). Counterparty risk is the risk that the co-contractor to a transaction will default before the final settlement of cash flows. It is generated by all of the derivative products held in La Banque Postale’s banking and trading portfolios and by securities loan and borrowing transactions. The counterparty can be, among others, a bank, a financial institution, an industrial or commercial enterprise, a government or a public authority.

As a credit institution, La Banque Postale is exposed to the risk of insolvency of its customers and of its counterparties. La Banque Postale could suffer losses if a counterparty were unable to meet its obligations. This could expose the bank to a replacement cost for its market transactions (derivatives) or securities transactions (loan/borrowing, repo/reverse repo, placement or investment).

Although La Banque Postale actively works to reduce its exposure to credit and counterparty risk by using credit risk mitigation techniques (or CRM), they could be insufficient given the losses incurred. However, La Banque Postale’s cost of risk has been low for all of its business lines for several financial years (€41 million in the first half of 2019).

Strong, uncontrolled growth of the credit portfolio could result in a deterioration of the quality of La Banque Postale’s portfolios. This deterioration could impact the quality of the loan portfolios and impact its profitability and its financial results.

La Banque Postale’s risk level is currently very low given the height of the economic cycle and the level of interest rates which have considerably improved customer solvency. Nevertheless, any quick deterioration of economic conditions could have a significant impact on the occurrence of this risk and on the financial position of La Banque Postale. As at 31 December 2018, the bank was exposed to credit risk in the amount of €80 billion for retail customers, €47.5 billion for governments (sovereign category), €25 billion for banks, primarily through short-term and collateralised transactions, €20.5 billion for the local public sector (in particular local authorities and hospitals) and €20.5 billion for companies.

As at 30 June 2019, the net value of La Banque Postale’s credit exposures in France was €248.9 billion, of which €67.9 billion in savings centralised at the Caisse des Dépôts.

- 8. The volatility of financial markets could have a negative impact on La Banque Postale's investment activities

Market risk is the risk that financial instruments held in portfolio may lose value as a result of an adverse change in market conditions. The volatility of financial markets could have a negative impact on La Banque Postale's market activities, notably the debt markets (premium applicable to bond issues). It could impact the valuation of assets revalued at fair value and have a direct impact on the results, equity and solvency ratio of La Banque Postale.

La Banque Postale uses a VaR (Value at Risk) model to quantify its potential exposure.

Paragraph 4.5.2.9 "Change in the main trading room risk indicators in 2019 and risk monitoring" in the Universal Registration Document filed on 9 August 2019 shows the evolution of La Banque Postale's VaR over the past 12 months.

As at 30 June 2019, the risk-weighted assets (RWA) related to market risk reached €1.4 billion, i.e. 1.9% of total RWA. La Banque Postale's market risk, calculated using the standardised method, is therefore low. In addition, La Banque Postale's investment portfolio (primarily bond management) was €18.3 billion at 31 December 2018.

- 9. La Banque Postale is exposed to liquidity risk. A future inability of La Banque Postale to access its sources of financing, for reasons beyond its control, could have a negative impact on its financial position

Liquidity risk is defined by the decree of 3 November 2014 as the risk that a company cannot meet its commitments or cannot unwind or cover a position either because of the market situation (systemic risk) or idiosyncratic factors (own risks), within a specific period or at a reasonable cost.

La Banque Postale's unfunded and non-collateralised financing consists of deposits collected, long-term debt issues and short- and medium-term negotiable debt securities. In addition to these sources of funding, La Banque Postal also issues via La Banque Postale Home Loan SFH and has secured financing, notably via the signature of repo agreements. In the first half of 2019, La Banque Postale Home Loan SFH issues totalled €2,170 million. If La Banque Postale were unable to access the secured and/or unsecured debt market at acceptable conditions or if it experienced an unforeseen cash or collateral outflow, including a significant drop in customer deposits, its liquidity could be negatively impacted.

La Banque Postale had a credit/deposit ratio of 85.2% as at 30 June 2019. The need to turn to the interbank market is, therefore, limited for La Banque Postale.

In the first half of 2019, La Banque Postale's LCR was 160.8%, its leverage ratio was 3.8% (calculated excluding 50% of regulated savings, in accordance with regulations) and its NSFR was above 100%.

- 10. La Banque Postale must maintain high credit ratings to ensure that it doesn't compromise its refinancing costs, its results or its financial position

Credit ratings have a significant impact on La Banque Postale's refinancing costs.

The ratings of Fitch and Standard and Poor's (the two rating agencies that currently assess La Banque Postale) are based on a detailed analysis of several major components of La Banque Postale (governance, strategy, quality and diversity of the business model, composition of results, balance sheet structure and risk management policy).

Any deterioration of these components would increase the cost of refinancing, limit La Banque Postale's access to capital markets and reduce its ability to be involved with certain types of transactions or categories of customers. This risk appears, however, to be limited in the short and medium terms for the La Banque Postale given that Standard and Poor's increased its outlook rating to "Positive" in October 2018 following the announcement of the creation of a major public financial unit. Note that S&P assigned La Banque Postale a Positive outlook in October 2018. Fitch confirmed La Banque Postale's A- rating with a Stable outlook in October 2019.

- **11. La Banque Postale's insurance business risks**

As a parent company and head of a conglomerate, La Banque Postale is exposed to insurance business risks in France. La Banque Postale's insurance business accounted for 6.3% of the group's NBI in the first half of 2019.

Life insurance: a deterioration in the market situation and, notably, an excessive change in interest rates (upward or downward) could have a significant impact on La Banque Postale's life insurance business and on its results. A strong increase in rates could make life insurance products invested in funds in euros less attractive than other savings options and facilitate significant arbitrage by customers. On the other hand, a brutal decrease in interest rates could limit La Banque Postale's ability to provide its customers with an attractive return. As at 30 June 2019, the share of contracts in euros in La Banque Postale's average life insurance outstandings reached 88.5%.

Non-life insurance: the main risk to which the group's non-life insurance subsidiaries are exposed is underwriting risk, defined as the risk the insurer takes by providing insurance policies to natural persons and legal entities. An increase in the number of claims and/or a mismatch between the claims anticipated by the insurance subsidiary and the amounts actually paid out to the insured could have a negative impact on the results of the group whose materiality would be contained given the weight of non-life insurance in the group's results. The momentum of La Banque Postale's non-life insurance business continued to be positive in the first half of 2019 with, notably, a 3.8% increase in property and casualty insurance policies (over 1,760,000 policies) and 3.4% growth in health insurance policies (over 198,000 policies).

- **12. An operational failure could result in losses and damage La Banque Postale's reputation**

In accordance with the CRR regulation and the decree of 3 November 2014 on, notably, the internal control of banks, the definition of operational risk adopted by La Banque Postale encompasses the "risk of losses resulting from the unsuitability or failure of internal procedures, personnel or systems, or from external events. Operational risk notably includes risks linked to events having a low probability of occurrence but a high impact, risks of internal and external fraud, legal risks, risks of non-compliance (including damage to reputation), and risks linked to the models, but excludes strategic risks".

In a context of increasing numbers of electronic transactions, growing interconnection between massively digitised systems which provide new areas for attack, the risk of cybercrime has also been identified and is an important point of focus for the bank.

Any interruption or failure of La Banque Postale's information systems could result in significant losses of customer information and, therefore, create a reputational risk for La Banque Postale leading to financial losses.

Poor management of outsourcing could result in a concentration risk and loss of control over the business activities in question. The use of unsuitable methods to market and sell products and services could also damage La Banque Postale's reputation and its competitiveness.

As at 30 June 2019, weighted assets for operational risks were contained and only amounted to €9.4 billion, i.e. 12.6% of La Banque Postale's total RWA.

La Banque Postale is particularly exposed to risks related to the security and reliability of its information systems.

La Banque Postale Group's business activities are closely linked to the operation of its information systems and those of third parties. Any breakdown, interruption or failure in the security of these systems could result in breakdowns or interruptions of the customer file management, general accounting, deposits, loan servicing and/or processing systems. La Banque Postale would then be unable to satisfactorily meet its legal and regulatory obligations or its customers' needs despite the use of backup systems and the emergency plans deployed.

In addition, La Banque Postale is exposed to cyber risks, defined as the risk resulting from a malicious and/or fraudulent act, committed virtually for the purpose of manipulating information, processes and users for the purpose of causing significant prejudice to La Banque Postale companies, employees, partners and customers. This risk has become a major preoccupation of La Banque Postale Group's governance bodies. Given that the techniques used to carry out internal and external fraud are constantly changing and multifaceted, La Banque Postale continuously implements and strengthens its risk management system, in particular with respect to prevention, protection, supervision and assurance.

The occurrence of these risks could have a significant negative impact on the image of La Banque Postale with its customers, service providers and partners and on its business activities, results and financial position. It could also increase the potential for litigation.

- **13. Risks related to a failure in governance or of the overall internal control system could have a negative impact on the bank's business activities, results and financial position**

La Banque Postale has a governance framework which enables it to ensure compliance with its external obligations and its internal framework. Based on a risk management system consisting of three lines of defence (operational business lines, the group Risk Department and Compliance Department, and the Internal Audit Department) and constituting the overall internal control framework, it must ensure that outsourced activities are included in the system, in accordance with the applicable regulations (the above-mentioned decree of 3 November 2014 and the European Banking Authority's February 2019 guidelines on outsourcing). The supervisor could increase the minimum CET1 capital holding requirement based on the four pillars of the annual SREP exercise (business model, governance and risk management, capital risk (ICAAP) and liquidity and financing risk (ILAAP)) whose requirement level has increased.

La Banque Postale submits a recovery and resolution plan to the ECB every year, in accordance with regulations. It describes the recovery measures to restore the solvency of the bank to the minimum level required, if necessary. In addition, La Banque Postale ensures that it is always compliant with regulatory solvency limits (taking into account the additional requirements related to buffers for systemic risk) and short-term liquidity (LCR) limits. It closely tracks changes in its LCR (160.8% as at 30 June 2019), its leverage ratio (3.8% as at 30 June 2019, ratio calculated excluding 50% of centralised savings) and its NSFR (above 100% as at 30 June 2019).

- **14. La Banque Postale's business activity exposes it to non-compliance risk**

La Banque Postale is exposed to non-compliance risk, defined by the above-cited decree of 3 November 2014 as "the risk of legal, regulatory or reputational sanctions due to failure to comply with provisions relating to

banking and financial activities, regardless of whether these provisions are legal or regulatory, directly applicable national or European provisions, professional or ethical standards or instructions from company managers given in accordance with the guidelines of the supervisory bodies”.

La Banque Postale must ensure compliance with the rules intended to protect its customers and with the procedures it implements for this purpose, the compliance of investment services, the implementation of the system in terms of the fight against money laundering and the financing of terrorism (AML-CFT) and compliance with ethics.

Non-compliance with these rules could increase the legal risk and also damage its reputation, thereby resulting in a negative impact on the profitability and the business outlook of the Group.

For more information, see section “7. Legal risks to which La Banque Postale is exposed which could have a negative impact on its financial position, its results and its reputation” presented previously in this document.

4.1.1.4 Risks related to the strategy implemented by La Banque Postale

- 15. Risks related to the implementation of La Banque Postale’s strategy, in particular with respect to the challenges of digitalisation

La Banque Postale’s strategy is entirely consistent with its parent company’s strategic plan: “La Poste 2020, Conquering the Future”. It defines the directions for commercial development and cooperation between Group branches.

To meet its challenges, La Banque Postale has implemented far-reaching programmes based on a major investment and transformation plan, built on the deployment of the “Excellence 2020” operational effectiveness programme and a new banking IT foundation.

The success of this strategic plan depends on a number of assumptions and initiatives (the scope of which can vary significantly). The non-realisation of these assumptions as well as any unexpected changes impacting the environment could have a negative impact on the group’s business activities, its results and its financial position as well as on La Banque Postale’s ability to achieve the objectives set in the strategic plan.

The digital strategy developed by La Banque Postale is intended strengthen its retail customer positioning, including with its high-wealth clientèle, and solidify its positioning with professionals, companies and institutional players. In addition, aware of the challenges of the digital transformation of the banking sector, La Banque Postale launched Ma French Bank in July 2019. The bank is 100% online and intended to meet the new expectations and habits of customers and prospects.

La Banque Postale’s digital transformation assumes approaches and initiatives which may not occur or meet the objectives set. These elements could have a negative impact on La Banque Postale’s commercial activity and, therefore, on its financial position.

- 16. Risks related to the integration of new business activities and/or entities in La Banque Postale Group (notably in light of the inclusion of CNP Assurances within the consolidation scope)

All external growth operations carry the risk of poor execution of strategic decisions related to the inclusion of new business activities and/or entities in the internal control system.

For significant and strategic operations, the risk is managed by the implementation of a dedicated post-acquisition integration project led by the Executive Board, in cooperation with the general management of CNP Assurances, ensuring the sharing of orientations and the strategic alignment of all operating entities.

This type of post-acquisition integration project is preceded by an intense preparation and anticipation phase within La Banque Postale in order to ensure optimal deployment and maximum effectiveness as soon as the operation is finalised.

The implementation of the public financial unit will be carried out in two concomitant steps:

- In the first step, via the transfer of both Caisse des Dépôts and the French State's respective stakes of 1.1% and 40.9% in the capital of CNP Assurances to La Poste, and then by the latter to La Banque Postale.
- In the second step, via the acquisition by the Caisse des Dépôts from the State of a complementary holding in La Poste's capital in the amount of nearly €1 billion.

They will be implemented based on the value of La Poste's equity prior to the contribution of €7 billion. On completion of the transaction, La Poste will be majority held by the Caisse des Dépôts (66%) and by the French government (34%). La Banque Postale will become the main shareholder of CNP Assurances (62.1%), whose multi-partner model will be reconfirmed by the project.

The operation will take effect in early 2020, subject to receiving the required regulatory authorisations from the competent authorities.

Given the size and organisational complexity of CNP Assurances' business, the risk of integrating its activities in La Banque Postale is material, despite the above-mentioned risk management system.

ARTICLES OF ASSOCIATION



3. ARTICLES OF ASSOCIATION

The Articles of Association of La Banque Postale can be viewed on the website www.labanquepostale.com. The Articles of Association presented below are up to date as at the date of filing of this document.

Title I

Characteristic features of the company

ARTICLE 1. FORM

The Company was set up in the form of a Limited Company with a Board of Directors, and registered with the Paris Trade and Companies Registry.

It was turned into a Limited Company with Executive and Supervisory Boards by a decision of the Combined General Meeting of Shareholders of 12 December 2005.

The Company is governed by current laws and regulations, and specifically by:

- the provisions of the French Commercial Code regarding commercial companies;
- the provisions of the French Monetary and Financial Code regarding credit institutions;
- the provisions of law No. 2005-516 of 20 May 2005 regarding the regulation of postal business;
- the provisions of order No. 2014-948 of 20 August 2014 regarding governance and transactions involving the share capital of companies with public shareholdings; and
- these Articles of Association.

ARTICLE 2. CORPORATE PURPOSE

a) The corporate purpose of the Company, in France and abroad, is:

- banking transactions, as defined in Article L. 311-1 of the French Monetary and Financial Code, and specifically loan transactions;
- transactions relating to banking transactions, as defined in Article L. 311-2 of the French Monetary and Financial Code;
- the execution of investment services, of order reception and transmission on behalf of third parties, of order execution services on behalf of third parties, of trades on its own account, of investment advisory services, of underwriting services, and of guaranteed placement and non-guaranteed placement services, within the meaning of Article L. 321-1 of the French Monetary and Financial Code covering financial instruments as a whole;
- services relating to investment services, as defined in Article L. 321-2 of the French Monetary and Financial Code.

b) The Company may also perform all transactions other than those listed above on a habitual basis, including acting as an insurance intermediary, including insurance broking, in accordance with the provisions of the French Insurance Code, under the conditions defined by a decree of the Minister in charge of the Economy and Finance.

- c) The Company receives Livret A deposits and distributes them in accordance with the provisions of Article L. 518-25-1 of the French Monetary and Financial Code.
- d) Generally speaking, the Company may perform all financial, commercial, industrial, securities or property transactions that may relate to the above businesses, directly or indirectly, or that may facilitate the performance of such transactions on its own account and on behalf of third parties, or in concert.

ARTICLE 3. NAME

The Company's name is "*La Banque Postale*"

The Company's name must always be immediately and legibly followed by the words "Limited Company with Executive and Supervisory Boards", written in full, by a statement of the amount of the share capital, and by the place where and the number under which the Company is registered with the Trade and Companies Registry in all deeds and documents issued by the Company and intended for third parties, including letters, invoices, announcements, and miscellaneous publications.

ARTICLE 4. REGISTERED OFFICE

The registered office is situated at 115 rue de Sèvres - 75275 Paris Cedex 06, France.

It may be transferred to any other location in the same French *département*, or to a neighbouring *département*, by simple decision of the Supervisory Board, which shall be subject to ratification by the next Ordinary General Meeting.

In this case, the Supervisory Board shall also be authorised to amend the Articles of Association accordingly.

ARTICLE 5. DURATION

The duration of the Company is 99 years from the date of its registration with the Trade and Companies Registry, except in the event of dissolution, or of an extension decided by the Extraordinary General Meeting.

ARTICLE 6. SHARE CAPITAL

The share capital is set at four billion six hundred thirty-one million six hundred fifty-four thousand three hundred twenty-five euros (€4,631,654,325).

It is divided into forty million two hundred seventy-five thousand two hundred fifty-five (40,275,255) fully paid-up shares of a single class.

In accordance with the provisions of Article 16-II-1 of law No. 2005-516 of 20 May 2005 on the regulation of postal business, La Poste owns a majority interest in the Company's share capital.

These Articles of Association do not provide for any specific advantage in favour of anyone whatsoever.

ARTICLE 7. CHANGES TO THE SHARE CAPITAL

The share capital may be increased, decreased, or redeemed in accordance with the current laws and regulations.

Title II

Rights and obligations of the shareholders

ARTICLE 8. SHARE PAYMENTS – RIGHTS AND OBLIGATIONS

Shares shall be paid up as provided for under the current laws and regulations.

The amounts still payable on the shares to be paid up in cash shall be called up by the Executive Board. However, subscribers and shareholders may pay all or part of said amounts in advance, if they wish to do so.

Subscribers and shareholders shall be made aware of calls for funds by any means, at least fifteen days before the date set for each payment.

Any shareholder who does not make the payments required for the shares that they own when these payments are due shall automatically be liable to pay a late interest charge to the Company at the legal rate.

In addition to a voting right, each share grants the right to ownership of the Company's assets, and to a share of the profits and liquidation premiums, which shall be proportional to the number of shares outstanding.

Whenever holding several shares is required in order to exercise any right, single securities, or a number of securities that is lower than the one required shall not confer upon their owners any rights with respect to the Company; in this event, shareholders shall be personally responsible for assembling the number of shares required.

ARTICLE 9. FORM OF THE SHARES

The shares are registered shares.

They shall be registered in individual accounts in accordance with the terms and conditions provided for by current legal and regulatory provisions.

ARTICLE 10. DISPOSAL AND TRANSFER OF SHARES

Ownership of the shares results from their being recorded in an individual account in the name of the holder(s) in the registers held for this purpose at the Company's registered office.

Share transfers shall be carried out by electronic transfer.

Except in the event of:

- i) inheritance;
- ii) dissolution of joint ownership of assets between spouses;
- iii) disposal to a spouse, an ascendant or a descendant;
- iv) disposal or transfer of shares for the benefit of a private individual or a company that is already a shareholder; or
- v) disposal of shares for the benefit of an individual who is a member of the Supervisory Board,

where there are no restrictions on transfer;

the transfer of shares to a non-shareholder third party, regardless of the reason and in any form, is subject, in addition to compliance with regulation No. 96-16 and to the provisions applicable to companies in the public sector, to the approval of the Supervisory Board, in accordance with the provisions of Article L. 228-24 of the French Commercial Code, under the following conditions:

- the seller must forward to the Company the approval request, including the surname, names and address of the buyer, the number of shares that they plan to sell, and the price proposed;
- the approval is granted (i) either by the seller being informed of the decision of the Supervisory Board, acting on a simple majority of its members present or represented, (ii) or within a period of three months from when the request was made, if there is no answer from the Supervisory Board;
- in the event that the suggested buyer is not approved, and unless the seller decides to abandon the planned sale, the Executive Board is required to have the shares purchased, either by a shareholder or by a third party, or by the Company, with the seller's agreement, within three months from the date when the refusal is delivered, in order to reduce the share capital. The seller may abandon the planned sale on condition that they inform the Company via an extra-judicial deed, or by registered letter with request for an acknowledgement of receipt within thirty (30) days from the date the Company notified the seller of the name of the buyer suggested by the Supervisory Board;
- if the purchase has not occurred when the three-month period provided for above expires, the approval is considered as having been granted. However, this period may be extended by a court ruling this at the Company's request,
- if no agreement is reached between the parties in the sale scenarios listed above, the price of the shares shall be determined through an expert appraisal, under the conditions specified in Article 1843-4 of the French Civil Code.

Shares issued for cash and shares representing contributions in kind are only marketable once the Company has been registered with the Trade and Companies Registry, and upon completion of a capital increase.

Title III

Administration and Control of the Company

The Company is managed by an Executive Board, which performs its duties under the control of a Supervisory Board.

A – EXECUTIVE BOARD

ARTICLE 11. EXECUTIVE BOARD - COMPOSITION

The Executive Board consists of at least two and at most five members, who are appointed by the Supervisory Board.

The members of the Executive Board must be private individuals, who may be chosen from outside the Company's shareholders, and even among the Company's salaried employees. The members of the Executive Board must fulfil the conditions of good repute, knowledge skills and experience required by the regulations applicable to companies exercising the business activities described in Article 2 of these Articles of Association.

If a member of the Supervisory Board is appointed to the Executive Board, that Supervisory Board member's office shall lapse upon his or her taking up the new duties.

In the event that a seat falls vacant, the Supervisory Board must fill it within two months. The substitute member shall be appointed for the period remaining until the Executive Board is renewed.

Failing that, any interested party may ask the Chairman of the Commercial Court, acting in summary proceedings, to make this appointment on a provisional basis.

ARTICLE 12. LENGTH OF TERM OF OFFICE - AGE LIMIT

The Supervisory Board appoints members of the Executive Board for a period of five years, which expires at the first Supervisory Board meeting held following the fifth anniversary of this appointment. The Executive Board is renewed in its entirety when a [five]-year period has elapsed.

Members of the Executive Board may be re-elected.

Any member of the Executive Board may be dismissed by the Supervisory Board, or by the General Meeting. In the event that the interested party has entered into an employment contract with the Company, the termination of his or her duties as a member of the Executive Board shall not result in the termination of this contract.

No private individual who has reached the age of 65 may be appointed as a member of the Executive Board, or be reappointed to this position.

When the interested party has reached the age limit, he or she is automatically considered to have resigned from the date of the next meeting of the Supervisory Board, which shall see to his or her replacement.

ARTICLE 13. CHAIRMANSHIP OF THE EXECUTIVE BOARD - CHIEF EXECUTIVE OFFICERS - EFFECTIVE MANAGER

13.1 – Chairman

The Supervisory Board shall appoint one of the Executive Board members as Chairman.

The Chairman shall perform his or her duties during the term of office as a member of the Executive Board.

The Chairman shall represent the Company in its dealings with third parties.

The Supervisory Board may dismiss the Chairman of the Executive Board from his or her duties as Chairman at any time, based on a majority vote of the members present or represented.

13.2 – Chief Executive Officers

The Supervisory Board may assign the same power of representation to one or several members of the Executive Board, who shall then bear the title of Chief Executive Officer. In such a case, one of the Chief Executive Officers appointed in this way will also act in the capacity of effective manager, within the meaning of Article 13.3 below.

The Supervisory Board may dismiss the Chief Executive Officer(s) from his or her duties as Chief Executive Officer(s).

The Supervisory Board may remove from the Chief Executive Officer(s) the powers to represent the Company in its dealings with third parties under the same conditions.

13.3 – Effective managers

The Supervisory Board assigns the capacity of effective manager to at least two of the members of the Executive Board. These directors are responsible for effectively determining the Company's management policy in accordance with the provisions of Article L. 511-13 of the French Monetary and Financial Code, and must fulfil the conditions of good repute, knowledge, skills and experience listed in Article L. 511-51 of the aforementioned Code, it being specified that the Chairman of the Executive Board shall be one of the effective managers.

13.4 – Representation of the Company

Any action committing the Company towards third parties shall be duly performed by the Chairman of the Executive Board or by any other member who has been granted the title of Chief Executive Officer by the Supervisory Board.

The Chairman of the Executive Board, and the Chief Executive Officer(s), where applicable, are authorised to delegate part of their powers to any corporate officers that they deem appropriate. They may in particular delegate any power to represent and commit the Company in its dealings with any third parties to a member of the Executive Board who has the skills required, as resulting from the division of duties set out under Article 13.5.

13.5 – Division of management duties

Members of the Executive Board may divide the management tasks between them, with the authorisation of the Supervisory Board. However, this division of powers may not prevent the effective managers, within the meaning of the banking regulations, from performing their tasks and fulfilling their remits and obligations as defined by the French Monetary and Financial Code. Moreover, it may not result in stripping the Executive Board of its role as a collective management body. The effective managers must effectively manage the Company's affairs. They shall also present the division of their respective powers to the Supervisory Board. Measures that each member of the Executive Board takes individually, within his or her area of responsibility, shall be deemed to have been accomplished collectively by the Board, and shall commit it in its entirety.

However, the Executive Board may decide that any action committing the Company beyond an amount that it shall determine on a regular basis must be authorised in advance by the Board itself. Failure to secure this approval may result in the individual concerned being personally liable towards the Company and its shareholders.

ARTICLE 14. POWERS OF THE EXECUTIVE BOARD

The members of the Executive Board shall manage the Company on a collective basis.

The Executive Board has been invested with the most extensive powers to act in the Company's name under all circumstances. It exercises these powers within the limits of the corporate purpose, and subject to those powers expressly granted to the Supervisory Board and to shareholders' meetings in law and by these Articles of Association.

In its dealings with third parties, the Company shall be committed even by actions of the Executive Board that are not related to the corporate purpose, unless it proves that the third party was aware that the action exceeded that purpose, or could not be unaware of this fact given the circumstances, although the sole publication of the Articles of Association is not enough to amount to this proof.

However, the following actions shall be subject to the prior authorisation of the Supervisory Board, pursuant to the legal provisions:

- disposals of property assets;
- full or partial disposals of equity investments;
- the provision of security with the exception of deposits, endorsements and guarantees granted by the Company in the ordinary course of its business activities as a credit institution.

The Supervisory Board may, with powers to delegate and within a maximum amount that it sets for each transaction, authorise the Executive Board to dispose of property assets, to dispose of equity investments partially or in full and to provide security. When a transaction exceeds the amount set in this way, the Supervisory Board's authorisation shall be required in each case.

The following corporate transactions and decisions are also subject to the prior authorisation of the Supervisory Board:

- the approval of the strategic plan and of any significant changes made to it;
- investment or divestment decisions for amounts exceeding €12,000,000 in France and abroad, and relating to:
 - any projects involving the creation of subsidiaries or branches,

- any projects involving a contribution, merger, split, restructuring or transfer of assets, including through a universal transfer of assets, with the exception of transactions within La Banque Postale Group where the amount of such transaction is lower than €30,000,000,
- any joint venture or equity partnership with the exception of transactions within La Banque Postale Group where the amount of such transaction is lower than €30,000,000,
- any acquisition or equity investments with the exception of transactions within La Banque Postale Group where the amount of such transaction is lower than €30,000,000;
- decisions relating to the allocation of shares subscription or purchase options, or of equivalent securities, to the corporate officers and/or managers, as well as the allocation of free shares;
- decisions relating to financing transactions for terms exceeding one year and having a significant impact on the consolidated balance sheet of La Banque Postale (in excess of €1 billion) or any issuance of debt securities falling within Tier 1 or Tier 2 (additional own funds) for an amount in excess of €500 million;
- draft resolutions to be submitted to the Shareholders' Meeting, pursuant to Article L. 228-92 of the French Commercial Code, and relating to the issuance of marketable securities, giving access to other equity securities or giving the right to the allocation of debt securities or to the issue of marketable securities that give access to equity securities to be issued, and to the setting of the issuance terms and conditions for said marketable securities;
- dividend distribution proposals and related transactions.

The Executive Board shall present a report on the conduct of the Company's affairs to the Supervisory Board at least once a quarter.

In the three months following the close of each financial year, the Executive Board shall approve the separate financial statements, and, where applicable the consolidated financial statements and the related management report, and present them to the Supervisory Board for examination and checking. It will suggest the appropriation of net income for the year just ended.

The Executive Board shall convene the General Meetings of Shareholders, shall set their agenda and execute their decisions.

ARTICLE 15. STRUCTURE AND OPERATION OF THE EXECUTIVE BOARD

The Executive Board shall meet as often as the Company's interests require it to do so, on the invitation of its Chairman, its Chief Executive Officer, if it has one, or of at least half of its members, either at the registered offices, or at any other location mentioned in the notice of meeting.

The agenda shall be set by the person notifying the meeting, no later than the day before the scheduled meeting. However, in the event of urgency, the agenda may be set at the time of the meeting.

The notice of meeting may be communicated by any means.

The statutory auditors shall be invited to those Executive Board meetings at which the separate or interim financial statements are reviewed or approved.

A member of the Executive Board may ask another member to represent him or her.

The Chairman, or in his or her absence, a member who is present and appointed by the Executive Board and takes the title of Chairman, shall chair the meetings.

The actual presence of at least half of the members is required for the discussions to be valid, or the presence of both members, if the Executive Board consists of only two members. For the purpose of calculating the quorum and majority, members who take part in the Executive Board meeting by video-conferencing facilities that comply with technical characteristics guaranteeing effective participation in the Executive Board meeting, where proceedings must be broadcast on an uninterrupted basis, shall be deemed present, except for the approval of the separate and consolidated financial statements and the management report.

In the event of a tied vote, the Chairman shall have the casting vote.

Regardless of their form, the discussions of the Executive Board shall be recorded in minutes drawn up in a special register, or on serially numbered loose-leaf sheets. These sheets or the register shall be kept at the Company's registered office. They shall be signed by the Chairman and all the Executive Board members present, and shall be circulated to all members of the Executive Board.

Copies or excerpts of the minutes of the discussions are duly certified by the Chairman of the Executive Board, or by one of the members of the Executive Board or a person empowered for this purpose by the Executive Board.

Where applicable, the Executive Board ratifies the internal rules specifying its operating procedures.

ARTICLE 16. REMUNERATION OF EXECUTIVE BOARD MEMBERS

The Supervisory Board shall set the remuneration method and amount for each member of the Executive Board in accordance with the current legal provisions and regulations.

ARTICLE 17. HOLDING OF MULTIPLE OFFICES BY EXECUTIVE BOARD MEMBERS

Members of the Executive Board must comply with the rules governing the plurality of offices as defined by the current laws and regulations, and in particular the provisions of the French Commercial Code, and the French Monetary and Financial Code.

Any private individuals, who find themselves in breach of the above provisions after having accepted a new office, must resign from one of their offices within three months of their appointment.

ARTICLE 18. LIABILITY OF EXECUTIVE BOARD MEMBERS

Without prejudice to the specific liability that may arise from the Company entering receivership, the members of the Executive Board shall be liable, individually or jointly, depending on the case, towards the Company or third parties, either for breaching the legal or regulatory provisions applicable to limited companies, or for breaching the Articles of Association, or for errors committed under their management.

B – SUPERVISORY BOARD**ARTICLE 19. SUPERVISORY BOARD****19.1 - Composition:**

19.1.1 – The Supervisory Board shall consist of at least three, and at most eighteen members, one-third of whom shall be employee representatives and, where applicable, a representative appointed by the Government and/or members of the Supervisory Board appointed by the General Meeting based on a proposal by the Government, pursuant to Articles 4, 6 and 7 of order No. 2014-948 of 20 August 2014.

The members of the Supervisory Board must fulfil the conditions of legal capacity, skills and good repute required by the regulations applicable to companies exercising the business activities described in Article 2 of these Articles of Association.

Members of the Supervisory Board other than employee representatives are appointed from among private individuals or companies by the Ordinary General Meeting.

The General Meeting may dismiss any member of the Supervisory Board it has appointed at any time.

19.1.2 – Employee representative members of the Supervisory Board are elected under the conditions specified by the provisions of order No. 2014-948 of 20 August 2014.

Any employee representative may be dismissed for gross misconduct in the exercise of his or her office as a member of the Supervisory Board, through a summary ruling of the President of the District Court at the request of the majority of the members of the Supervisory Board.

In the event of severe dissent impeding the management of the Company, any dismissal decided upon by the General Meeting may include the employee representatives, in accordance with the provisions of order No. 2014-948 of 20 August 2014.

19.2 – Reappointment:

The offices of all members of the Company's Supervisory Board shall end on the same day, at the end of a five-year term. During the existence of the Company, the members of the Supervisory Board may be reappointed under the current legal and regulatory provisions.

The members representing the employees are eligible for reappointment.

In the event that a Supervisory Board member's seat falls vacant, for any reason whatsoever, the replacement member shall only exercise his or her office for the period remaining until the renewal of the entire Board.

In the event that a new member is appointed to the Board by the General Meeting outside the date when the entire Board is renewed, the new member shall only hold his or her office for the period remaining until the renewal of the entire Board.

19.3 – Restrictions on the holding of multiple offices:

Members of the Supervisory Board must comply with the rules governing the plurality of offices as defined by the current laws and regulations and in particular by the provisions of the French Commercial Code and the French Monetary and Financial Code.

Any private individuals, who find themselves in breach of the above provisions after having accepted a new office, must resign from one of their offices within three months of their appointment.

19.4 – Combining office with an employment contract:

In accordance with legal provisions, the number of members of the Supervisory Board who have an employment contract with the Company may not exceed one-third of the serving members on the Board. In accordance with the provisions of Article 15 of law No. 73-1196 of 27 December 1973, the members of the Supervisory Board representing the employees are not included in this number.

19.5 – Incompatibility – Restrictions:

The performance of the office of a Supervisory Board member must not be incompatible with the holding certain public or professional duties.

No member of the Supervisory Board may be a member of the Executive Board. If a member of the Supervisory Board is appointed to the Executive Board, that Supervisory Board member's office shall lapse upon his or her taking up the new duties.

In addition, no one may be appointed to the Supervisory Board or remain on the Board if they find themselves subject to any court order that results in them being prohibited from running or directing any firm or company.

19.6 – Supervisory Board membership for legal entities:

A legal entity may be appointed as a member of the Supervisory Board. The legal entity is required to appoint a Permanent Representative at the time it is appointed.

Permanent representatives are subject to the same rules as members who are private individuals, particularly where restrictions and disqualifications, and the age limit, are concerned.

In cases where the legal entity withdraws its Permanent Representative's mandate, it is required to provide for his replacement at the same time. The same applies in the event of the death or resignation of the Permanent Representative. The legal entity is required to notify the Company of this death or resignation, together with the identity of the member's successor without delay, by registered letter with request for an acknowledgement of receipt.

19.7 - Status of the employee representative members of the Supervisory Board in accordance with order no. 2014-948 of 20 August 2014

A Supervisory Board employee representative member's term of office is incompatible with any other office involving the representation of employees' interests within the Company or its subsidiaries, and particularly with the positions of trade-union representative, member of the works council, staff representative or member of the committee on health, safety and working conditions. The aforementioned mandates and their related protection shall lapse upon at the date of taking up the new office.

An employee representative's membership of the Supervisory Board is also incompatible with holding the position of full-time union representative. In the event of the appointment to the Supervisory Board of an employee who holds the position of full-time union representative, his or her duties as representative shall be terminated and the person concerned shall resume his or her position as an employee.

Employee representative members of the Supervisory Board shall be granted a minimum time period of 15 hours per month to fulfil their mandate. The length of the Supervisory Board meetings is not deductible from this allowance, nor is the time spent on their training in company management.

The employee representatives' mandates shall end automatically when they no longer fulfil the eligibility conditions.

ARTICLE 20. SHARES HELD BY MEMBERS OF THE SUPERVISORY BOARD

Members of the Supervisory Board are not required to own a minimum number of Company shares.

ARTICLE 21. LENGTH OF TERM OF OFFICE - AGE LIMIT

Without prejudice to the application of Article 19.2 of these Articles of Association, members of the Supervisory Board are appointed for a period of five years. They may be re-elected.

No private individual or legal entity representative who is aged over seventy may be appointed, elected or reappointed as a member of the Supervisory Board. In addition, the number of members of the Supervisory Board who have reached the age of seventy shall not exceed one-third of the serving members of the Supervisory Board.

If the proportion of one-third is exceeded due to the fact that a serving member of the Supervisory Board comes to be older than seventy, the oldest member of the Supervisory Board shall automatically be deemed to have resigned.

ARTICLE 22. VACANCY - CO-OPTION - RATIFICATION

In the event of a vacancy due to the death or resignation of one or more members appointed by the General Meeting, the Supervisory Board may replace them on a temporary basis. The appointment of the replacement members must be approved at the next General Meeting.

If ratification is not granted, the resolutions voted and the actions accomplished by the Supervisory Board or by this member during their management term would nonetheless remain valid.

When a seat is left vacant by an employee representative, the candidate on their list immediately after the last candidate elected shall be called upon to replace them. If the list in question is not sufficient to fill the vacancies, the seats that are not filled shall remain vacant up until the following election. However, if the number of vacancies exceeds half the employee representative seats, a partial election shall be organised, except during the remaining six months of the term of office.

Substitute members shall only hold their office for the period remaining until the renewal of the entire Supervisory Board.

If the number of Supervisory Board members falls below the legal minimum, the Supervisory Board must immediately convene the Ordinary General Meeting in order to supplement the numbers on the Board.

ARTICLE 23. BOARD OFFICERS

The Supervisory Board shall elect a Chairman and a Vice-Chairman among its members. The Chairman, or in the absence of the Chairman, the Vice-Chairman, where applicable, is responsible for convening the Supervisory Board and directing its discussions. The Chairman and the Vice-Chairman, where applicable, shall hold their office for the duration of their term of office as a member of the Supervisory Board.

The Supervisory Board shall determine their remuneration, where applicable.

The Supervisory Board may appoint a secretary, who may be chosen from outside its members.

ARTICLE 24. SUPERVISORY BOARD PROCEEDINGS - MINUTES

The Supervisory Board shall meet at the registered office or in any other location specified in the notice of meeting, as often as the Company's interests require it to do so, and at least once a quarter, in order to review the Executive Board's report.

The Supervisory Board shall consider any matter included in the agenda by the Chairman or the Board, taking decisions on the basis of a simple majority.

The agenda may be set at the time of the meeting.

The Supervisory Board is convened by the Chairman, by any means.

By derogation to Article 12 of order No. 2014-948 of 20 August 2014, in the absence of the Chairman of the Supervisory Board, the Vice-Chairman may convene the Supervisory Board by any means.

The Company's Works Council shall be represented at the meetings of the Supervisory Board in accordance with the provisions of Article L. 2323-64 of the French Labour Code.

However, the Chairman must convene the Supervisory Board at a date that cannot be later than within 15 days, when a member of the Board or at least one-third of the members of the Supervisory Board presents them with a reasoned request to this effect. If the request is not acted upon, its authors may convene the Board themselves, and specify the agenda for the meeting.

Pursuant to Article 13 of order No. 2014-948 of 20 August 2014, meetings of the Supervisory Board may be convened by over one-third of the members of the Supervisory Board on an agenda and at a location established in the notice of meeting.

A member of the Supervisory Board may give another member of the Board a mandate to represent him or her at any Supervisory Board meeting by letter, email, or fax.

Each member of the Supervisory Board may only have one proxy for a given meeting.

Under the conditions and subject to the exceptions provided by law, the Supervisory Board's resolutions may be voted by videoconference or through the use of all means of telecommunication or remote transmission that enable the members to be identified under the conditions set by the current legislation.

An attendance register is kept, which is signed by the Supervisory Board members taking part in the meeting. The actual presence of at least half the Supervisory Board members is required for the discussions to be valid. Members of the Supervisory Board who take part in the Supervisory Board meeting via videoconference, or by any of the telecommunication or remote broadcasting means listed in the previous Paragraph, shall be deemed present for the purpose of calculating the quorum and majority. The minutes shall mention the members of the Supervisory Board who took part in said Board meeting by videoconference or any other telecommunication or remote broadcasting means.

Decisions are taken by majority vote of the members who are present or represented; each member who is present or represented has one vote. The Chairman of the meeting has the casting vote in the event of a tied vote.

The Supervisory Board's discussions shall be recorded in minutes written in a special register or on serially numbered loose-leaf sheets. These sheets or the register shall be kept at the Company's registered office. They shall be signed by the Chairman of the meeting and one of the Supervisory Board members present. In the event that the Chairman of the meeting is unable to attend, they shall be signed by two members of the Supervisory Board. The minutes shall be circulated to all members of the Supervisory Board.

ARTICLE 25. REMIT AND POWERS OF THE SUPERVISORY BOARD

The Supervisory Board exercises ongoing control over the management of the Company through the Executive Board, and grants the latter prior authorisation to enter into transactions that the Executive Board cannot perform without its authorisation, in accordance with Article 14 of these Articles of Association.

The Supervisory Board shall hold discussions on the Company's main strategic, economic, financial and technological orientations, and specifically on the corporate or programme contract, prior to the Executive Board's decisions.

The Supervisory Board shall perform the tasks assigned to the supervisory body pursuant to the order of 3 November 2014 on internal control for companies in the banking, payment services and investment services sectors under the supervision of the French Prudential Supervision and Resolution Authority (ACPR).

In addition, the Supervisory Board shall authorise the disposal of shares to a third party, in accordance with the provisions of Article 10 of these Articles of Association.

The Board shall perform the checks and controls that it deems necessary at any time of the year, and may ask for disclosure of the documents that it considers necessary to perform its remit.

It shall authorise agreements, in accordance with the provisions of Article L. 225-86 of the French Commercial Code.

It shall present its observations on the Executive Board's report, and on the financial statements for the year to the Annual Ordinary General Meeting.

It shall decide on relocating the registered office within the same French *département*, or to a neighbouring *département*, subject to the approval of this decision by the next Ordinary General Meeting.

The Supervisory Board may assign to one or more of its members any special duties for one or more determined purposes.

The Supervisory Board shall approve the internal rules specifying its operating procedures, and those of the special committees that it may have set up.

The Supervisory Board shall appoint, and may dismiss the members of the Executive Board.

The Supervisory Board shall suggest the appointment or renewal of the statutory auditors to the General Meeting.

ARTICLE 26. REMUNERATION OF SUPERVISORY BOARD MEMBERS

The General Meeting may award an annual fixed amount, in the form of attendance fees, to members of the Supervisory Board, as remuneration for their duties. This amount shall be recognised under operating expenses.

The Supervisory Board shall divide the total amount allocated between its members in accordance with legal and regulatory provisions in effect.

The remuneration of the Chairman and Vice-Chairman shall be determined by the Supervisory Board, in accordance with the current legal and regulatory provisions.

The Supervisory Board may award exceptional remuneration amounts for special duties or remits assigned to members of the Board. These exceptional remuneration amounts are subject to the provisions of Article L. 225-86 of the French Commercial Code.

The expenses incurred by members of the Supervisory Board in the exercise of their functions shall be reimbursed by the Company on production of substantiating documentation.

Office held by members representing the employees is unpaid.

ARTICLE 27. LIABILITY OF SUPERVISORY BOARD MEMBERS

The Supervisory Board members are liable for personal errors committed in the performance of their duties of office. They shall incur no liability for management actions or for their outcome.

They may be pronounced civilly liable for the offences committed by members of the Executive Board, if they did not disclose them to the General Meeting when they became aware of them.

The employee representative members of the Supervisory Board, elected under order No. 2014-948 of 20 August 2014, may not under any circumstances be declared liable jointly and severally with the members of the Supervisory Board who represent the shareholders. Their liability shall be assessed paying due regard to the fact that their tenure of office is unpaid.

ARTICLE 28. SUPERVISORY BOARD COMMITTEES

The Supervisory Board may decide to set up Board committees responsible for assisting it, and shall determine the composition, the special powers and the potential remuneration of their members, who shall execute their tasks under its responsibility. The Chairman of each committee is appointed by the Supervisory Board.

The Supervisory Board shall in particular establish the committees as provided by the French Commercial Code and the French Monetary and Financial Code.

ARTICLE 29. NON-VOTING ADVISORS

The Supervisory Board may appoint one or several non-voting advisors, whose remit is to assist the Supervisory Board in performing its control duties, and who take part in Supervisory Board meetings on a non-voting basis.

Each non-voting advisor is appointed for a period of one year, which is renewable indefinitely.

Non-voting advisors are not required to be shareholders, and their work on behalf of the Company may be remunerated as determined by the Supervisory Board.

Title IV

Shareholder's meetings

ARTICLE 30. GENERAL MEETINGS - CONVENING - COMPOSITION

General Meetings are convened by the Executive Board under the conditions determined by law, or, where applicable, by the Supervisory Board, the statutory auditors, or a corporate officer appointed by the Chairman of the Commercial Court, acting on a summary basis at the request of one or several shareholders who represent at least 5% of the share capital.

The meetings shall take place at the registered office or at any other location in France specified in the notice of meeting.

The General Meeting meets at least once a year before 31 May in order to approve the separate financial statements.

The notice of meeting is sent to shareholders no later than fifteen days before the meeting date, either via a standard letter, or via a registered letter with request for an acknowledgement of receipt or by email, in accordance with Article R. 225-63 of the French Commercial Code.

Where a meeting has been unable to deliberate validly, due to the lack of the required quorum, a second meeting, and where applicable, the extended second meeting shall be called in the same manner as the first meeting, and the notice of meeting shall remind the recipients of the date of the first meeting, and shall set out its agenda again. The notice of meeting shall be sent at least ten days before the meeting upon the second notice of meeting.

All shareholders may take part in the meetings, in person or by proxy, on presentation of proof of identity and of the ownership of their shares, in the form of a registered entry in their name in the Company's registers, made at least two days before the meeting. The Executive Board may cancel or shorten this time limit, but only for the benefit of all shareholders.

All shareholders may also vote remotely, according to the legal and regulatory procedures.

Shareholders who take part in the meeting via video-conference, or via any other means that enables them to be identified, the nature and conditions for which are determined by Council of State decree, shall be deemed present for calculating the quorum and majority.

A shareholder may be represented only by his/her spouse, partner in a civil solidarity pact or another shareholder.

Corporate shareholders shall take part in meetings through their legal representatives or through any person the latter may appoint for this purpose.

The meetings are chaired by the Chairman of the Supervisory Board or, in his or her absence, by the Vice-Chairman specifically appointed to this effect by the Supervisory Board. Failing this, the General Meeting shall appoint its own Chairman.

In the event that the meeting is convened by a statutory auditor or by a court-appointed representative, the General Meeting shall be chaired by the issuer of the notice of meeting.

The Board of officers thus constituted shall appoint a secretary, who may be chosen from outside the members of the General Meeting.

The tellers' duties shall be fulfilled by the two members of the General Meeting who are present and accept their office, both for themselves and as proxies, and who hold the largest number of shares.

The General Meeting's discussions are recorded in minutes signed by the Board officers, and written on a special register in accordance with the law. Copies and excerpts of these minutes are duly certified under the conditions set in law.

ARTICLE 31. GENERAL MEETING PROCEEDINGS

Ordinary and Extraordinary General Meetings, sitting under the quorum and majority conditions specified by the respective provisions that govern them, exercise the powers that are assigned to them in law.

Title V

COMPANY FINANCIAL YEAR – FINANCIAL STATEMENTS – AUDIT

ARTICLE 32. COMPANY FINANCIAL YEAR

Every company financial year shall run for a period of 12 months beginning on 1 January and ending on 31 December each year.

ARTICLE 33. APPROPRIATION OF NET INCOME

If a distributable profit, as defined by law, arises from the financial statements for the year, as approved by the General Meeting, the latter may decide to assign that profit to one or more reserves, for which the Meeting sets the allocation and use, to carry it forward to retained earnings, or to distribute it.

Upon noting the existence of reserves available to it, the General Meeting may decide to distribute amounts drawn from those reserves. In this case, the decision shall expressly indicate the specific reserves from which the drawings are made.

However, dividends shall be deducted first from the distributable profit for the year.

The General Meeting has the power to grant each shareholder the option of payment of the dividend or interim dividends in cash or in shares, for all or part of the dividend or interim dividend distributed.

The procedures for paying dividends in cash are set by the General Meeting, or, failing which, by the Executive Board.

However, the dividend payment must occur within a maximum period of nine months after the close of the financial year, unless that period is extended by a court order.

When a balance sheet drawn up during or at the end of the financial year, and certified by a statutory auditor, shows that the Company has made a profit since the close of the previous financial year, after recording the required depreciation and amortisation and provision charges, and after deducting prior losses, where necessary, as well as the amounts to be recorded under reserves pursuant to the law and to the Articles of Association, and taking earnings carried forward into account, an interim dividend may be distributed, before the approval of the financial statements for the year. The amount of this interim dividend may not exceed the amount of the profit thus determined.

The Company may not demand that shareholders return a dividend, unless it was distributed in breach of legal provisions, and the Company establishes that the beneficiaries were aware of the irregular nature of this distribution at the time it was made, or could not have been unaware of it, given the circumstances.

Any right of action in recovery shall lapse three years after these dividends are made payable. Dividends that are not claimed within five years of their payment shall lapse.

ARTICLE 34. STATUTORY AUDITORS

The Company is audited by at least two statutory auditors, who fulfil the legal eligibility conditions.

Each statutory auditor is appointed by the Ordinary General Meeting for six financial years, in compliance with the special regulations that apply depending on the Company's business activities. Their term of office shall expire following the General Meeting that approves the financial statements for the sixth financial year.

The Ordinary General Meeting shall appoint at least two alternate statutory auditors, who shall be called upon to replace the principal statutory auditors in the event of their refusal, unavailability, resignation or death.

ARTICLE 35. GOVERNMENT COMMISSIONER

A Government Commissioner appointed pursuant to the provisions of Section II of Article L. 615-1 of the French Monetary and Financial Code shall discharge his or her duties within the Company's bodies, under the conditions specified in Articles D. 615-3 et seq. of the French Monetary and Financial Code.

Title VI

Dissolution - Disputes

ARTICLE 36. DISSOLUTION

When the Company's term expires, or in the event of early dissolution, the General Meeting shall choose the method of liquidation and shall appoint one or more liquidators, whose powers it shall determine, and who shall fulfil their duties in accordance with the law.

The liquidator(s) shall represent the Company. Following asset liquidation and the settlement of liabilities, the liquidator(s) shall distribute any available balance.

The remaining net assets following the redemption of the shares at their nominal value shall be shared among the shareholders in proportion to their interest in the share capital.

ARTICLE 37. DISPUTES

Any disputes on company-related issues that may arise during the life of the Company or on its liquidation, either between the shareholders, the members of the Board, or the statutory auditors and the Company, or between the shareholders themselves, shall be judged in accordance with the law and subject to the jurisdiction of the competent courts.

ATTESTATION OF THE PERSON RESPONSIBLE FOR AMENDING THE UNIVERSAL REGISTRATION DOCUMENT



BANQUE ^{SA} CITOYENNE

4. PERSON RESPONSIBLE FOR AMENDING THE UNIVERSAL REGISTRATION DOCUMENT

Person responsible for amending the Universal Registration Document

Rémy Weber
Chairman of the Executive Board
La Banque Postale

Attestation of the person responsible for amending the Universal Registration Document

I hereby certify that I have taken all reasonable steps to ensure that the information contained in this amendment to the Universal Registration Document is, to my knowledge, consistent with reality, and makes no omission likely to affect its import.

Paris, 25 October 2019

Rémy Weber

Chairman of the Executive Board.

5. CORRELATION TABLE

Incorporation by reference

Pursuant to Article 19 of Annex 1 of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017, the information referred to in the table below in column “Page numbers of the Universal Registration Document of 30 June 2019 incorporated in the Universal Registration Document amendment” shall be incorporated by reference into this Universal Registration Document amendment.

These pages refer to the La Banque Postale’s Universal Registration Document of 30 June 2019, filed on 9 August 2019 with the Autorité des Marchés Financiers (French securities regulator) under number D.19-0747, available via the following link:

<https://www.labanquepostale.com/content/dam/groupe/investisseurs/pdf/inforeglementee/docref/2019/Document-enregistrement-universel-RFS-2019.pdf>

Correlation Table (Annex to Regulation (EU) 2017/1129 of the European Parliament and of the Council)	Page numbers of the Universal Registration Document of 30 June 2019 incorporated in the Universal Registration Document amendment	Page numbers of the Universal Registration Document amendment	<i>Sections</i>
Persons responsible			1
Persons responsible for the information in the document	172	38	1.1
A declaration by those responsible	172	38	1.2
Statement or report attributed to a person as an expert	N/A		1.3
Information sourced from a third party	N/A		1.4
Statement by the issuer	N/A		1.5
Statutory auditors			2
Names and addresses of the auditors	171		2.1
Indication of the resignation, removal or non re-appointment of auditors	N/A		2.2
Risk factors			3
Risk factors		6-16	3.1
Capital adequacy	43-54		3.2
Information about the issuer			4
Legal and commercial name of the issuer			4.1
Place of registration, registration number and LEI of the issuer			4.2
Date of incorporation and the length of life of the issuer			4.3
Domicile and legal form of the issuer, legislation, country, address and telephone number of its registered office and website			4.4

Correlation Table (Annex to Regulation (EU) 2017/1129 of the European Parliament and of the Council)	Page numbers of the Universal Registration Document of 30 June 2019 incorporated in the Universal Registration Document amendment	Page numbers of the Universal Registration Document amendment	<i>Sections</i>
Business overview			5
Principal activities	4; 6		5.1
Principal markets			5.2
Important events in the development of the issuer's business	22-25		5.3
Strategy and objectives			5.4
Extent to which the issuer is dependent on patents or licences, industrial, commercial or financial contracts or new manufacturing processes	N/A		5.5
The basis for any statements made by the issuer regarding its competitive position			5.6
Investments	129		5.7
Organisational structure			6
Description of the group	4; 6-7		6.1
List of significant subsidiaries	6		6.2
Operating and financial review			7
Financial position	21-32; 125 - 169		7.1
Operating results	21-32; 125 - 169		7.2
Capital resources			8
Information concerning the issuer's capital resources	131		8.1
Sources and amounts of the issuer's cash flows	132		8.2
Information on the borrowing requirements and funding structure of the issuer	46		8.3
Information regarding any restrictions on the use of capital resources that have materially affected, or could materially affect, the issuer's operations	N/A		8.4
Information regarding the anticipated sources of funds needed to fulfil commitments referred to in item 5.7.2	N/A		8.5
Regulatory environment			9
Regulatory environment	36-38		9.1

Correlation Table (Annex to Regulation (EU) 2017/1129 of the European Parliament and of the Council)	Page numbers of the Universal Registration Document of 30 June 2019 incorporated in the Universal Registration Document amendment	Page numbers of the Universal Registration Document amendment	<i>Sections</i>
Trend information			10
The most significant recent trends in production, sales and inventory, and costs and selling prices since the end of the last financial year	N/A		10.1
Trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the issuer's prospects for at least the current financial year	22-24		10.2
Profit forecasts or estimates	N/A		11
Administrative, management and supervisory bodies and senior management			12
Names, business addresses and functions within the issuer of the members of the administrative, management or supervisory bodies	9		12.1
Administrative, management and supervisory bodies and senior management conflicts of interests	58		12.2
Remuneration and benefits			13
Amount of remuneration paid and benefits in kind	10-20		13.1
The total amounts set aside or accrued by the issuer or its subsidiaries to provide for pension, retirement or similar benefits	18		13.2
Board practices			14
Date of expiry of current term of office			14.1
Information about members of the administrative, management or supervisory bodies' service contracts	N/A		14.2
Information about the issuer's audit committee and remuneration committee			14.3
Corporate governance regime applicable to the issuer	8-20		14.4
Potential material impacts on the corporate governance	N/A		14.5
Employees			15
Number of employees	4; 154		15.1
Shareholdings and stock options			15.2
Arrangements for involving the employees in the capital of the issuer	N/A		15.3
Major shareholders			16
Shareholders controlling over 5% of the share capital or voting rights	5		16.1
Existence of different voting rights	5		16.2

Correlation Table (Annex to Regulation (EU) 2017/1129 of the European Parliament and of the Council)	Page numbers of the Universal Registration Document of 30 June 2019 incorporated in the Universal Registration Document amendment	Page numbers of the Universal Registration Document amendment	<i>Sections</i>
Control of the issuer	5		16.3
Any arrangements, known to the issuer, the operation of which may at a subsequent date result in a change in control of the issuer	N/A		16.4
Related party transactions			17
Details of related party transactions			17.1
Financial information concerning the issuer's assets and liabilities, financial position and profits and losses			18
Historical financial information	4; 5; 128 - 169		18.1
Interim and other financial information	N/A		18.2
Auditing of historical annual financial information	168 - 169		18.3
Pro forma financial information	128 - 167		18.4
Dividend policy			18.5
Legal and arbitration proceedings	115 - 116		18.6
Significant change in the issuer's financial position	31		18.7
Additional information			19
Share capital	5		19.1
Memorandum and articles of association		18-36	19.2
Material contracts			20
Documents available	171		21



Limited company [Société Anonyme] with a management board and a supervisory board, with capital of €4,631,654,325.00

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Paris Trade and Companies Register 421 100 645 - APE Code 6419Z, insurance broker, registered with ORIAS under no. 07023424.

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