



UPDATED 2015 REGISTRATION DOCUMENT (NO. D. 16-0147) AND INTERIM FINANCIAL REPORT FILED WITH THE AMF ON 1 AUGUST 2016

Registration Document No. D.16-0147 filed with the French Financial Markets Authority (AMF)
on 16 March 2016



Only the French version of the Registration document has been submitted to the AMF. It is therefore the only version that is binding in law.

This updated Registration Document was filed with the AMF on 1 August 2016, in accordance with article 212-13 of its General Regulations. It may be used in support of a financial transaction only if supplemented by a Transaction Note that has received approval from the AMF. This document was prepared by the issuer and its signatories are liable for its content.

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.

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I Interim financial report

I.1 La Banque Postale Group

La Banque Postale, a Limited Company with Executive and Supervisory Boards, is the parent company of La Banque Postale Group.

A civic-minded bank, it was built on La Poste's values of trust, accessibility and local presence, endowing it from the start with an unusual and unique positioning on the French market. This policy is driven by an offer based on low service rates, access for all customers and a simple product range that focuses on customer needs.

The Group's organisational structure is based primarily on 23 financial centres (19 in Metropolitan France and 4 in the French overseas departments) including six national Financial Centres that have specific expertise, and a dedicated IT Department. It is also based on 41 subsidiaries and strategic investments and on the distribution capacity of La Poste Retail Brand.

La Banque Postale Group employs more than 4,309 staff directly, who are spread throughout France. Moreover, the 15,476 employees working in La Poste Financial Services have been placed under the responsibility of the Chairman of La Banque Postale's Executive Board, in his capacity as Executive Vice-President of La Poste responsible for Financial Services¹.

As at 30 June 2016, La Banque Postale represented:

- 10.8 million active customers²;
- 11.7 million deposit accounts.

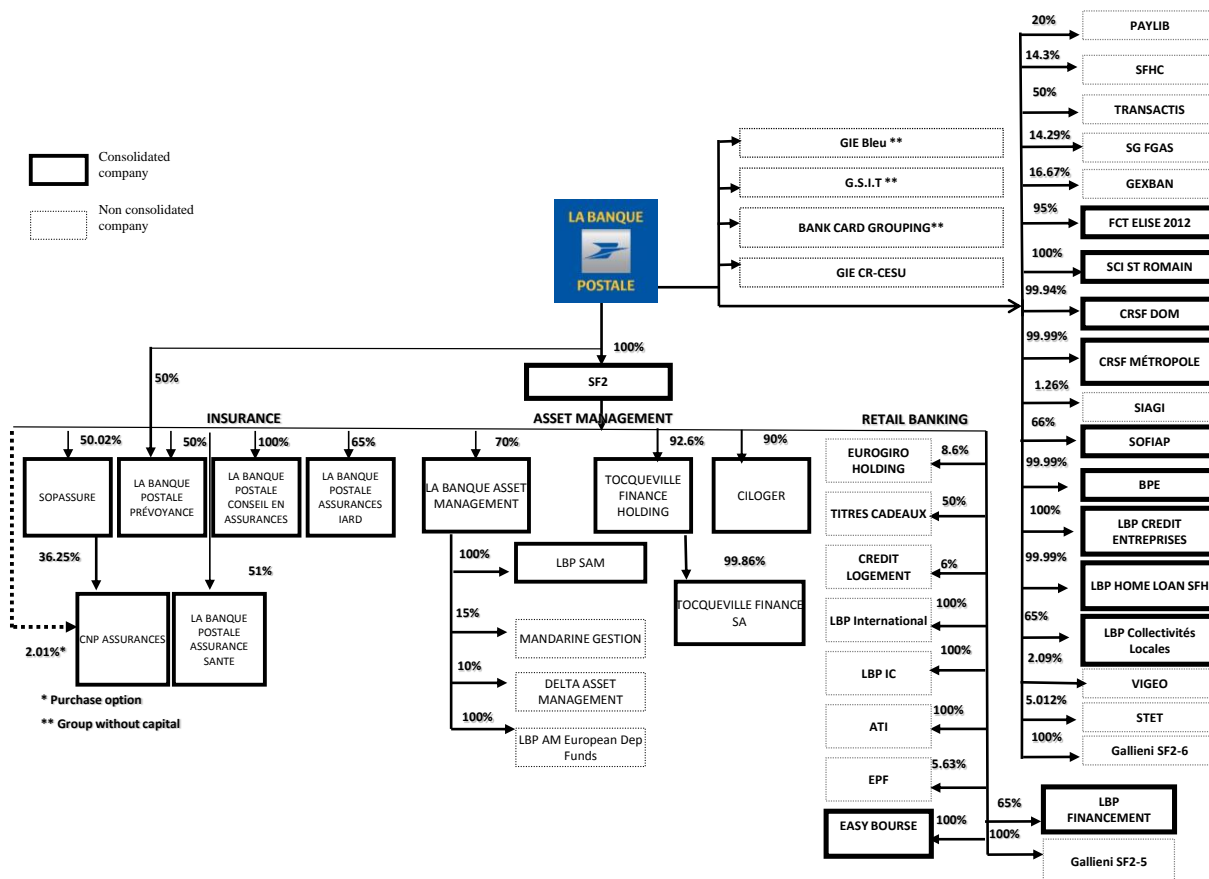
La Banque Postale Group's business is focused on retail banking activities in France. It is organised around three business segments:

- retail banking, its core business, mainly focused on individual customers, and extended to corporate customers in 2011 and local authorities in 2012;
- insurance (life insurance, contingency, property and casualty, and health);
- asset management (asset management subsidiaries).

¹ Number of permanent employees at period end (including permanent hires)

² Data to end-May 2016

Organisational chart as at 30 June 2016



The organisational chart shown does not include entities held for sale or unconsolidated entities below a 2% holding threshold (except for SIAGI, shown historically).

Fédérés Gestion d'Actifs no longer appears in this organisation, since the entity was absorbed by La Banque Postale Asset Management on 30 April 2016, with effect from 1 January 2016.

I.2 Business environment and highlights of the first half of 2016

I.2.1 Economic and financial environment

Moderate global growth

At the beginning of 2016, global growth remained subdued, standing far below its long-term average (about 2.7% per year in Q1 compared to 3.5% on average since 1990), mainly due to weaker U.S. growth. However, this rebounded in Q2. The deceleration in Chinese growth continued, with the authorities acting to ensure that this transition phase does not turn into a brutal downturn, through the use of monetary drivers and fiscal policy. Signs of stabilisation appeared in Brazil and Russia in H1, two countries that both experienced a severe recession last year. Finally, while Japan returned to growth in Q1, the upturn in activity remained uncertain, with a strong yen weighing down particularly on exports.

Modest but robust growth in the euro zone and a gradual lifting of barriers to growth in France

Growth in the euro zone accelerated in Q1, thanks to the dynamism of consumer spending, with households still taking advantage of low oil prices until the start of the year. However, the disparity in growth performance between member states remained high.

Growth in France was strong in Q1 (+2.6% year-on-year), thanks to the upturn in household consumption. The indicators available for Q2 however, suggest that GDP growth has slowed, with the business climate starting to deteriorate. The increase in business for the past two years and the restoration of corporate margins led to a strong upturn in investment spending. However, exports remained lacklustre, due to both a less favourable international environment and the effect of a stronger (albeit measured) euro since about a year ago.

Inflation at a low point

Measured over a year, the year-on-year change in consumer prices remained near zero, due to a negative base effect on energy prices (the oil price in H1 2015 fluctuated between \$50 and \$65). In June, inflation year-on-year reached 0.2% in France and 0.1% in the euro zone. Underlying inflation (excluding energy and food) remained low and relatively stable (0.7% year-on-year in May in France and 0.9% in June for the euro zone).

Lower interest rates and a fall of European stock markets

Aiming to head off a trend in low prices in respect of its inflation target, the ECB further enhanced its monetary policy in March (rate cuts, increased securities purchases). As a result, interbank interest rates became even more negative. The EONIA fell to -0.33% in June compared to -0.20% in December 2015 (monthly averages). The 3-month Euribor dropped to -0.27% (-0.13% in December). For its part, the U.S. Federal Reserve (Fed) hesitated to continue its interest rate hike.

In this context, government bond rates remained extremely low and were subject to a further fall in late June, following the referendum on the UK's membership of the European Union which ushered in a period of high political and economic uncertainty. The ten-year French government bond rate fell to 0.39% in June against 0.94% in December 2015, with government bonds acting as a safe haven to the detriment of shares.

Thus, the already shaky progress made by European stock exchanges over the period was further put to the test at period-end. In total, the CAC 40 lost 8.6% over the period, to stand at 4,237 points at the end of June.

Though the rate of the Livret A was maintained at 0.75%, that of the Home Savings Loan Plan (PEL) was lowered again from 2% to 1.5% on 1 February 2016.

1.2.2 Highlights

Ten years after it was created, La Banque Postale is operating in a context of historically low interest rates and volatile financial markets, notably at the end of the half, due to the British referendum. Despite this adverse environment, the Bank is continuing its development strategy, by diversifying its offer, at the service of all its customers.

It is enhancing its range of services and savings, insurance and credit products to **individual customers and high-net-worth customers**. With 18,000 new banking customers (+3%), the Bank has confirmed its pace of progress, taking the number of all its high-net-worth customers to over 595,000³ and its total number of customers holding their main account with the bank to over 8.6 million⁴. The rate of equipment packages⁵ rose 1.3 point to 57.9% while the card rate rose by 0.9 point to 69.4%.

In response to customer expectations, the Bank provides personalised investment solutions tailored to the low interest rate environment. Thus, La Banque Postale Asset Management created a new range of five flexible allocation funds with managed risk. This launch illustrates the benefits of the new partnership with Aegon Asset Management, meaning that henceforth La Banque Postale Asset Management is positioned as a global investor. Since the launch in mid-May, more than €310 million has been collected, reflecting customers' keen interest in these flexible products. The insurance subsidiaries continue the expansion of their ranges: La Banque Postale IARD launched a new Vehicle offer the impacts of which are expected in the second half while La Banque Postale Assurance Santé continues to roll out its ACDS (*Assurance Coups Durs Santé*, hard times health insurance) offer, along with its Oui Santé (Yes to Health) offer intended for the beneficiaries of ACS (*Aide à la Complémentaire Santé* supplementary health insurance assistance).

³ Estimated data at end June.

⁴ Estimated data at end June.

⁵ Estimated data at end June.

In line with its development strategy in the **professional customer** segment, La Banque Postale launched its "Dual Relationship" offer for customers who wish to combine their professional and personal accounts. This solution simplifies their relationship with the Bank and promotes sharing across sales forces. Moreover, the deployment of account managers for professional customers continues, with 170 advisors already on the ground at the end of June, and a target of 1,000 by the end of 2020.

As regards the development of its offer to **corporate customers and local public sector authorities**, La Banque Postale signed new agreements with the EIB (European Investment Bank) Group: an InnovFin guarantee agreement aims to support lending to SMEs and small and innovative intermediate-size companies, and three new refinancing packages totalling €250 million support specific large-scale programmes for SMEs, energy optimisation or hospitals.

The Bank is also strengthening its partnerships, which contribute both to its development and to the sharing of its costs. To this end, it renewed its distribution agreements with CNP Assurances and completed its Non-Life Insurance division with the buyback from CNP of its stake in La Banque Postale Prévoyance. With Société Générale it signed a memorandum of agreement to extend the business of their joint venture Transactis to cover the processing of European and international transfers and direct debits, in partnership with Sopra Banking Software. In addition, it continued its discussions with Natixis aimed at creating closer ties between their real estate asset managers Ciloger and AEW Europe, with a view to creating a European leader in the management of real estate assets in Europe. These discussions resulted in an agreement signed on 21 July.

At the same time, the Bank is improving its **operational efficiency** through the reorganisation of its network, which is now complete, with the appointment on 1 January 2016 of 1,600 Sector Managers, and the roll-out of its major transformation programmes. After the introduction of Interview Preparation Assistance, the Cap Client 3.0 programme which focuses on workstation ergonomics and comfort, entered a new phase of construction of the future portal for banking advisors.

To further organise its business activities and strengthen its links with the La Poste Network, La Banque Postale **enhanced its governance** during the period by expanding its Executive Board to include four members: the Chairman, the Chief Executive Officer of commercial banking and insurance, the General Secretary and the Chief Executive Officer of the La Poste Network in respect of the Network's banking priority.

Finally, deeply invested in its sustainable development approach, La Banque Postale was once again recognised by the extra-financial rating agency Oekom Research in early 2016 for its corporate social

responsibility (CSR) performance. La Banque Postale is still ranked as the leading French bank and the second-best bank internationally in terms of its extra-financial performance.

1.3 Activity and results for the first half of 2016

The results published by La Banque Postale hold up well overall, though they are impacted by the context of historically low interest rates.

Consolidated income (€ millions)			
<i>Main items in the income statement</i>	June 2016	June 2015	%
Net banking income	2974	2929	1.6%
Operating expenses ⁶	(2388)	(2376)	0.5%
Gross operating income	586	552	6.2%
Cost of risk	(84)	(73)	14.5%
Operating income	502	479	4.9%
Equity associate CNP	87	111	-21.9%
Pre-tax income	588	589	-0.2%
Taxes and minority interests	(228)	(219)	+4%
Net income, Group share	360	370	-2.6%
Operating ratio	80.7%	81.5%	-0.8 point

Consolidated Net Banking Income (NBI) was €2,974 million, i.e. a 1.6% increase over 30 June 2015. Excluding the home savings provision and on a like-for-like basis⁷, it was down by 6.3%. It includes, in consideration of the transfer of Visa Europe stocks, a capital gain of €107 million.

The Group's operating expenses⁸ stood at €2,388 million, a restrained increase of 0.5%. On a like-for-like basis⁹, they are stable (-0.1%), reflecting the continuous focus placed by the Bank on its operating expenses in a context of investments and development of its subsidiaries.

The cost-income ratio was down by 0.8 point to 80.7%.

The cost of risk was €84 million, up 14.5%. This increase primarily reflected methodology effects. Compared to outstandings, the cost of credit risk remained low at 19 basis points¹⁰.

⁶ Operating expenses + depreciation, amortisation and impairment

⁷ Ciloger and Fédérés Gestion d'Actifs in the amount of €22 million.

⁸ Operating expenses + depreciation, amortisation and impairment.

⁹ Ciloger and Fédérés Gestion d'Actifs in the amount of €14 million.

¹⁰ Cost of commercial banking credit risk.

The operating profit was €502 million, up 4.9%.

The share of profits of equity associates fell by 21.9% to stand at €87 million. The capital gain realised by CNP on the sale of La Banque Postale Prévoyance is eliminated in the consolidated financial statements of La Banque Postale.

Pre-tax income remained stable at €588 million (-0.2%).

Net income, Group share amounted to €360 million, a fall of 2.6%. The larger weight of non-controlling interests, linked to the development of partnerships, is behind the variation relating to pre-tax income.

Retail Banking and Private Banking¹¹

(€ million)	H1 2016	H1 2015 ¹²	%
Net banking income	2797	2773	0.9%
Operating expenses	(2292)	(2296)	-0.2%
Gross operating income	506	476	6.1%
Cost of risk	(84)	(73)	14.6%
Operating income	421	403	4.6%

Commercial results of retail banking customers

The ongoing context of low interest rates affected standard savings investments (also known as liquid investments), which fell by €2.7 billion reducing their outstandings to €80.4 billion. This fall was focused on the Livret A, which alone saw its own outstandings fall by €2.3 billion.

Conversely, outstanding home savings, whose remuneration remain attractive, continued to grow well (+€1.8 billion to €31.4 billion), despite the fall in the remuneration of Home Savings Plans issued from 1 February 2016 at 1.5%.

Outstanding sight deposits for individual customers also increased to stand at €50.9 billion (+€3.1 billion).

Outstanding savings on the balance sheet¹³ increased by €2.8 billion to stand at €169.5 billion (+1.7%).

Life insurance outstandings increased by 1.3% to €123.8 billion. UCITS outstandings were subject to the double impact of low interest rates and a downturn of equity markets, thus falling by €2.4 billion, or -17.2% to stand at €11.5 billion.

¹¹ Changes in outstandings are expressed relative to 30 June 2015

¹² Proforma of the switch of La Banque Postale Gestion Privée business to the Retail Banking unit following the merger with BPE

¹³ Individuals and corporate customers.

Overall, outstanding savings reached €304.9 billion, up €2.0 billion (+0.7%).

After 2015 which was marked by high volumes of external takeovers and the renegotiation of home loans, production for the first half 2016 normalised at €4.2 billion, a fall of 24.9% compared to 30 June 2015, with early repayments and renegotiations down by 40% and 74% respectively over the period. Consumer credit continued to grow, with production of €1.2 billion, up 1.9% compared to 30 June 2015.

Outstanding loans to individuals rose by 1.4% to €60.1 billion, including €4.7 billion of outstandings in consumer credit, up 9.7% over the period, while outstandings in home loans were up 0.8% at €54.6 billion.

Commercial activity of the private bank

The private bank continued to see growth in all its activities. Business is supported by the savings dynamic where outstandings increased by 8% to stand at €2.5 billion thanks to life insurance. Home loan production remained broadly identical to last year, with outstandings reaching just over €2.5 billion, an increase of +1%.

Discretionary Asset Management saw stable net inflows for the period of €366 million, focused on life insurance. Assets under management increased by over 10% to stand at €3.3 billion (including euro fund outstandings).

Local public sector, corporate and professional customers business results

La Banque Postale is continuing to develop its activities in respect of corporate customers. At the end of the half year, loan production for corporates stood at €5.3 billion. Issuance of loans is divided between €2.0 billion granted to companies and €3.2 billion granted to the Local Public Sector¹⁴.

Outstanding loans to corporates reached €10.8 billion overall, an increase of 32.5%. Outstandings granted to CAFFIL stood at €3.5 billion over the period.

Outstanding sight deposits rose sharply (+16.9%), reaching €5.8 billion.

Financial results

Net Banking Income

¹⁴ Local authorities, mixed economy partners, social housing associations, public health institutions.

Net Banking Income for Retail Banking was up 0.9% to stand at €2,797 million. Excluding the effect of the home savings provision, it fell by 6.6%. It incorporates the capital gain from the sale of Visa securities for €107 million.

Commissions and other income totalled €1,112 million, up €33 million. This increase is primarily due to an increase in insurance commissions relating to an increase in revenue of +15% and the application of a new distribution agreement with CNP, along with a rise in commissions relating to customer equipment. Commissions on securities, discretionary asset management and UCITS, and early repayment commissions fell under the influence of the markets and lower levels of redemptions.

Interest and similar income amounted to €1,686 million, down €8 million. Excluding the home savings provision effect, they fell by €220 million. They were impacted by lower income on centralised savings deposits, by the fall in income on loans (due to early repayment and prior renegotiations) and by a fall in income from financial assets.

Operating expenses

Retail Banking's operating expenses were stable at €2,292 million (-0.2%). Subsidiaries' operating expenses rose 5.1%, in line with their development while expenditure by LBP SA fell by 0.4%, showcasing the cost control efforts made by the Group.

Cost of risk

The cost of risk for Retail Banking activities stood at €84 million, up by +4.6%. This increase was specifically the result of a methodological change in the scope of home loans. Compared to outstandings, the cost of credit risk remained low at 19 basis points¹⁵.

Operating income

The Retail Banking business line posted an operating profit of €421 million, up 4.6%.

¹⁵ Cost of commercial banking credit risk.

Asset management¹⁶

(€ million)	H1 2016	H1 2015 ¹⁷	%
Net banking income	80	64	25.8%
Operating expenses	(46)	(33)	38.7%
Gross operating income	34	31	11.8%
Operating income	34	31	12.3%

At 30 June, the assets under management consisted of those of La Banque Postale Asset Management (including La Banque Postale Structured Asset Management and Fédéris Gestion d'Actifs) for €177.6 billion, those of Ciloger¹⁸ for €4.8 billion and those of Tocqueville Finance for €1.3 billion. They rose by more than 18% over the period and by 1.2% on a like-for-like basis.

Assets of La Banque Postale Asset Management increased by 19%, and by 1.2% on a like-for-like basis. This change includes net outflows focused on institutional customers and short-maturity assets, offset by a positive market effect overall. The new flexible allocation range, comprising five funds, launched in mid-May 2016, got off to a dynamic start with €170 million under management¹⁹ by the end of the half year.

Assets in Tocqueville Finance (excluding LBPAM management delegation) stood at €1.3 billion and were stable over the period, due to positive net inflows, offset by a negative market effect.

Net Banking Income for the Asset Management division stood at €80 million at 30 June 2016, an increase of 25.8%. On a like-for-like basis²⁰, Net Banking Income fell by 9.3%, impacted by a market environment that affected both outstandings and their associated management and transaction fees.

Operating expenses were up 38.7% to stand at €46 million. On a like-for-like basis²¹, they were down 2.3%.

All in all, operating income of the asset management subsidiaries rose by 12.3% to €34 million.

¹⁶ Changes in outstandings are expressed relative to 30 June 2015

¹⁷ Proforma of the switch of La Banque Postale Gestion Privée business to the Retail Banking unit following the merger with BPE

¹⁸ Net financial assets.

¹⁹ €170 million of assets under management for €310 million collected.

²⁰ Ciloger and Fédéris Gestion d'Actifs in the amount of €22 million.

²¹ Ciloger and Fédéris Gestion d'Actifs in the amount of €14 million.

Insurance²²

(€ million)	H1 2016	H1 2015	%
Net banking income	97	92	4.9%
Operating expenses	(50)	(47)	7.1%
Gross operating income	47	45	2.7%
Operating income	47	45	2.7%

The overall portfolio of policies numbered almost 4,375,000, an increase of 6%.

The health insurance policy portfolio grew by 52% to stand at over 141,000 policies, thanks to the success of ACDS (*Assurance Coups Durs Santé*, or hard times health insurance) and "Oui Santé" ("Yes to Health" - *Aide à la Complémentaire Santé*, or supplementary health insurance assistance) products, which alone accounted for over 41,000 new policies.

The IARD insurance portfolio grew by 16% to more than 1,470,000 policies. New business, buoyed in 2015 by the success of the marketing campaign for the new Comprehensive Home Insurance offer, fell 5%. It was also affected by the wait-and-see policy linked with changes in the Vehicle offer.

The personal contingency insurance portfolio of La Banque Postale Prévoyance remained almost unchanged at around 2,763,000 while the production of new business fell by 3%, impacted specifically by the end of the marketing of the single premium funeral policy in September 2015, due to regulatory changes.

Net Banking Income for the Insurance division rose by 4.9% to €97 million.

Insurance subsidiaries' operating expenses were up 7.1% to €50 million.

All in all, the operating income of the insurance subsidiaries was €47 million, up 2.7%.

²² Excluding CNP Assurances's contribution by the equity method. Changes in stocks are expressed relative to 30 June 2015.

1.4 Balance sheet and financial structure

The consolidated balance sheet at 30 June 2016 stood at €226 billion, versus €219 billion at 31 December 2015, an increase of €7 billion.

The main asset items in the balance sheet comprised:

- Financial assets at fair value through profit and loss (€12.2 billion as at 30 June 2016 versus €11 billion as at 31 December 2015). This item essentially comprises bonds and other fixed-income securities for €11.4 billion versus €10.2 billion at the end of 2015, held for transactional purposes;
- Available-for-sale financial assets (€18.5 billion as at 30 June 2016 compared with €15.6 billion as at 31 December 2015). This item essentially consists bonds and other fixed-income securities for €10.5 billion versus €10.8 billion at the end of 2015 and government paper and similar securities for €6.7 billion versus €3.2 billion at 31 December 2015);
- Loans and receivables – credit institutions (€78.9 billion as at 30 June 2016 compared with €83.1 billion as at 31 December 2015). This item mainly comprises funds from the Livret A, the Sustainable Development Account (LDD) and the National Savings Account (LEP) centralised in the Caisse des Dépôts et Consignations (CDC) for €74.3 billion, versus €75.3 billion at 31 December 2015;
- Loans and receivables – customers (€76.7 billion as at 30 June 2016 compared with €73.6 billion as at 31 December 2015). This item essentially includes outstandings for home loans, consumer loans and corporate (businesses, professionals and local public sector) loans under development;
- Financial assets held to maturity (€22.1 billion as at 30 June 2016 compared with €24.2 billion as at 31 December 2015). This item, essentially consisting of government paper and similar securities for €19.8 billion, reduces as assets mature.

The main liability items in the balance sheet, apart from the Equity, Group share of €9.1 billion, include:

- Liabilities due to credit institutions for €14.5 billion (versus €15.7 billion as at 31 December 2015). This item essentially includes securities assigned under repo agreements for €11.9 billion versus €13.4 billion as at 31 December 2015;
- Liabilities to customers for €176.7 billion (versus €171.8 billion as at 31 December 2015). This item comprises demand deposits for €56.7 billion and special savings accounts for €112.6 billion, including €31.4 billion in home savings, €59.6 billion in Livret A accounts and €21.6 billion in other special accounts (LEP, LDD and other accounts);
- Debt securities for €10.3 billion (versus €9.1 billion as at December 2015);
- Subordinated debt for €3.7 billion (versus €3.2 billion as at 31 December 2015), an item reinforced by a debt issue of €500 million carried out in June 2016.

La Banque Postale has a sound financial structure: prudential equity increased by nearly €500 million to €10.6 billion, including the issuance of €500 million of Tier 2 subordinated debt with a maturity of 12 years in June.

- La Banque Postale's *Common Equity Tier 1*²³ ratio amounted to 13.4%, up 0.2 points compared with December 2015.
- The total capital ratio of La Banque Postale meanwhile stood at 19.4%, up 0.7 points compared to December 2015.
- When the Delegated Act published in October 2014 by the European Commission is applied, and subject to the authorisation of the European Central Bank, La Banque Postale's estimated leverage ratio is 5.0%. The leverage ratio excluding the Delegated Act stands at 3.4% (down -0.1 points).

La Banque Postale showed a comfortable liquidity position, as shown by:

- A loans-to-deposits ratio of 74%²⁴, which is near-stable compared to December 2015;
- An estimated LCR of 224%, up compared with December 2015 (+6 points), but still much higher than the regulatory requirements.

1.5 Ratings

As at 30 June 2016, La Banque Postale had good credit ratings, reflecting its financial soundness and thorough risk management:

	Standard & Poor's	Fitch
Long-term ratings	A	A-
Outlook	Stable	Stable
Short-term rating	A-1	F1
Date updated	3 December 2015	4 May 2016

In May 2016 following its annual rating review, Fitch confirmed the ratings of La Banque Postale.

1.6 Risk factors and uncertainties

There has been no significant change to the risk factors and uncertainties described in Chapter 4 of the 2015 Registration Document.

²³ CRR/CRD 4 with transition measures. The fully loaded ratio is 14.4%.

²⁴ The loan to deposit ratio for the Group is defined as the ratio between loans and deposits, excluding savings deposits transferred to the CDC.

1.7 Related-party disclosures

The parties related to the La Banque Postale Group include the main managers of Le Groupe La Poste and the companies consolidated by that Group, wholly or jointly controlled subsidiaries and companies on which the Group has a significant influence. There has been no significant change to this information as described in Chapter 5 of the 2015 Registration Document, note 10.

II Corporate governance (on the day of this update)

Composition of the Executive Board:

- Rémy Weber, Chairman of the Executive Board
- Marc Batave, the Chief Executive Officer of Commercial Banking and Insurance. Undertakes general secretariat duties pending appointment
- Anne-Laure Bourn

Composition of the Supervisory Board:

- Philippe Wahl, Chairman of the Supervisory Board
- Yves Brassart, Vice-Chairman of the Supervisory Board
- Elisabeth Ayrault
- Philippe Bajou, Permanent Representative of La Poste
- Virgile Bertola
- Nathalie Dieryckxvisschers, State Representative
- Sylvie François
- Thierry Freslon
- Jean-Robert Larange
- Sophie Lombard
- Steeve Maigne
- Françoise Paget Bitsch
- Didier Ribadeau Dumas
- Nicolas Routier
- Hélène Wolff

III Risk management

III.1 Counterparty risk

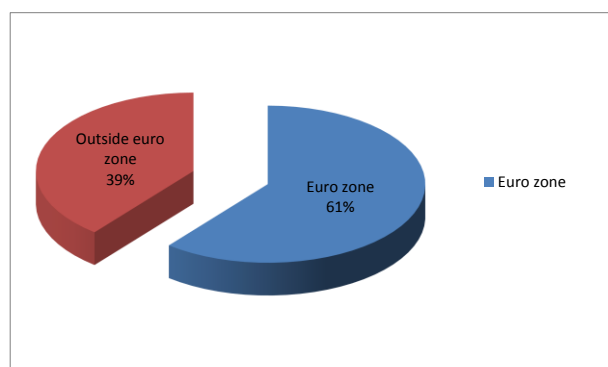
La Banque Postale is primarily exposed to counterparty risk as part of its transactions in the derivatives market.

The risk is limited by the fact that La Banque Postale only deals with top financial institutions with whom it has signed netting and collateral agreements. Furthermore, most of the instruments involved are "plain vanilla swaps".

At the end of the first half of 2016, net exposure to these counterparties, after taking any existing collateral, was €556 million. These counterparties are, in 87% of cases, rated minimum A-.

€ millions

Geographic area	31/12/2011	30/06/2012	31/12/2012	30/06/2013	31/12/2013	30/06/2014	31/12/2014	30/06/2015	31/12/2015	30/06/2016
Euro zone	1,2	66,6	22,6	18,2	19	48	37	38,5	264	338
Outside euro zone	2,9	29,9	3	11,4	0,7	19	2	2,7	236	218
Total	4,1	96,5	25,6	29,6	19,7	67	39	41,2	500	556



III.2 Liquidity risk (update of section 4.2.4.1 of the 2015 Registration Document)

In H1 2016, La Banque Postale continued to implement a cautious liquidity management policy. This resulted in excess liquidity throughout the period, boosted by the quality of the financial assets held by the Bank. The decentralisation of LEP (about €4 billion at 1 July) further accentuated this situation.

Regulatory short-term liquidity risk has been measured since 2015 via the short-term liquidity ratio (LCR), an indicator which confirms a situation of excess short-term liquidity as set out by the EBA.

This indicator has always been greater than the regulatory limit of 60% in 2015 and 70% in 2016. This limit will increase to reach 100% in 2018.

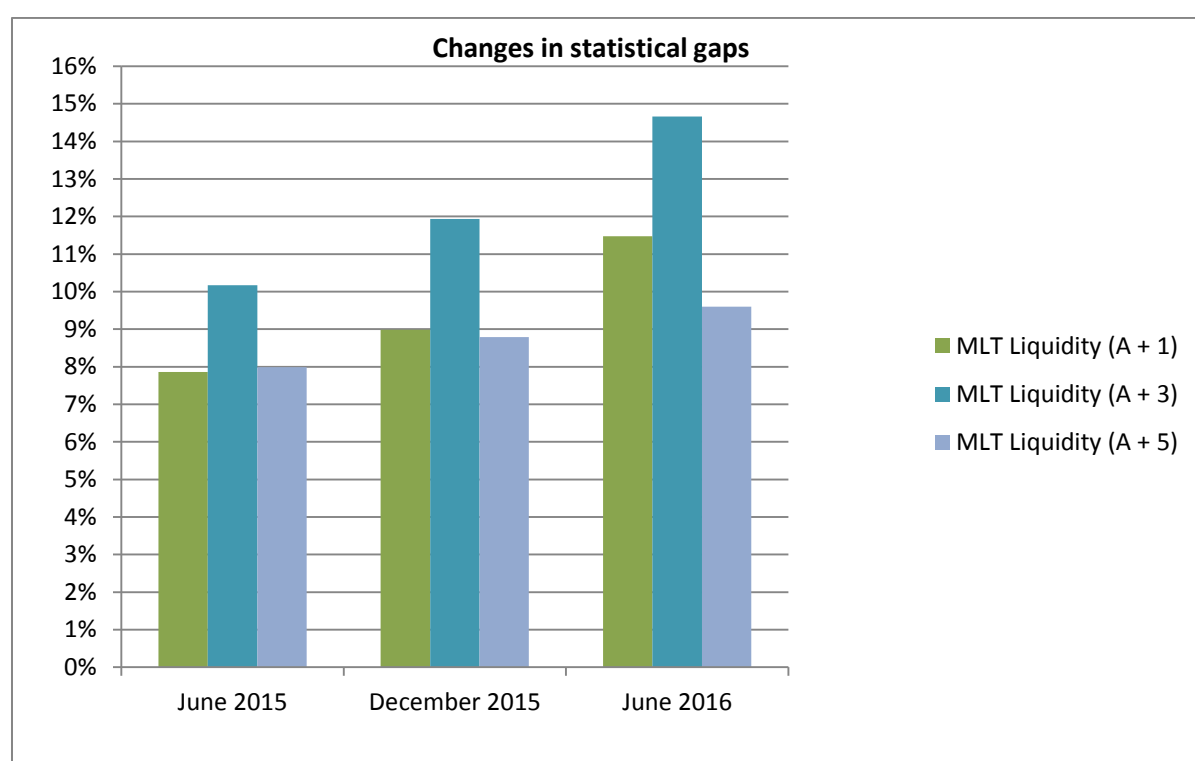
The internal liquidity stress tests were enhanced in 2015 (stress test on collateral and sovereign credit risk) and made it possible to document the robustness of La Banque with regard to liquidity risk.

(in €)	30.06.2016	31.12.2015
High-quality liquid assets	21,182,997,406	15,666,525,642
Estimated disposals	(9,457,643,920)	(7,191,397,898)
Short-term liquidity ratio (LCR)	224%	218%
Excess high-quality assets	11,725,353,487	8,475,127,744

Structural liquidity risk is measured through the liquidity gap, which corresponds to the difference between the stressed static outflows of liabilities (through outflow agreements) and assets. The limit on the structural liquidity indicator was complied with at all times in H1 2016.

The calculation covers the following maturities: 1 year, 3 years, 5 years. The liquidity gap is measured every month and presented to the Risk and ALM Committees.

Liquidity gaps measured each month between 30 June 2015 and 30 June 2016 are as follows:



A positive gap for a given maturity means that the bank has more inflows than outflows with a longer maturity date.

The positive liquidity gap for maturities under five years reflects La Banque Postale's excess liquidity. This excess liquidity is further reinforced by the quality of the financial assets held by the bank and their accounting classification, which is taken into account for managing its structural liquidity.

The mechanism of liquidity limits is supplemented by stress scenarios, among which a drying-up of the repo market.

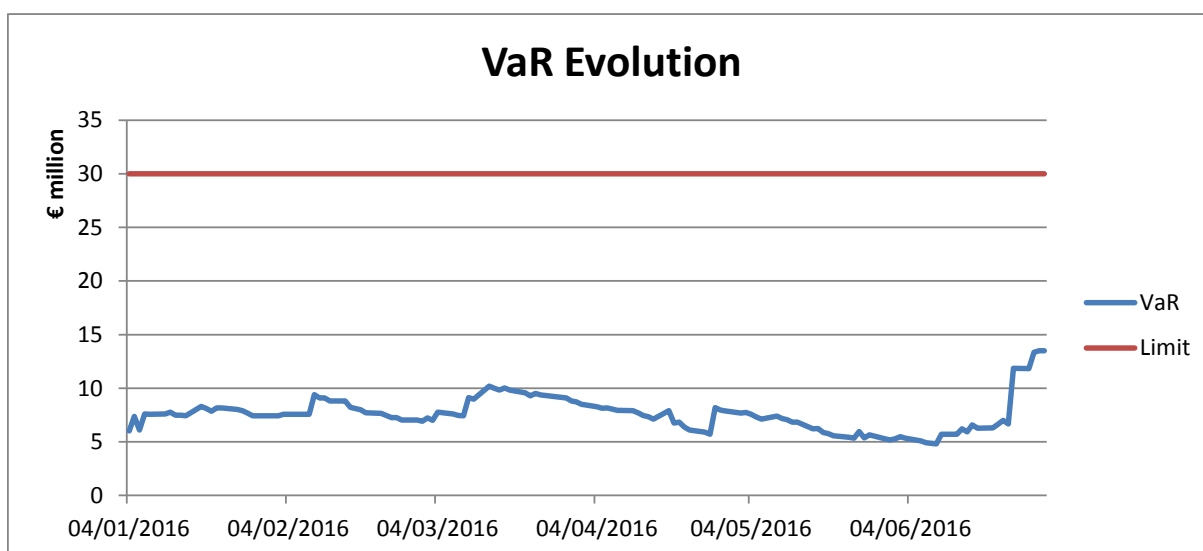
III.3 Market risks (update of section 4.2.4.4 of the 2015 Registration Document)

La Banque Postale has set market limits for managing the exposures taken by the Trading Room. These limits are in place at global level, and also at the level of each of the bank's trading activities. Permitted maximum exposures are allocated based on need and risk appetite, the level of limits being approved by the Group Risk Management Committee, and beyond that by the Supervisory Board.

The main risk factors to which La Banque Postale is exposed are credit spread risk, equity risk, foreign exchange risk and, to a lesser extent, interest rate risk.

Value at Risk

La Banque Postale calculates a VaR (1d, 99%) on Trading Room exposures. This includes all positions in LNR, AFS and HFT, as well as the associated hedges.



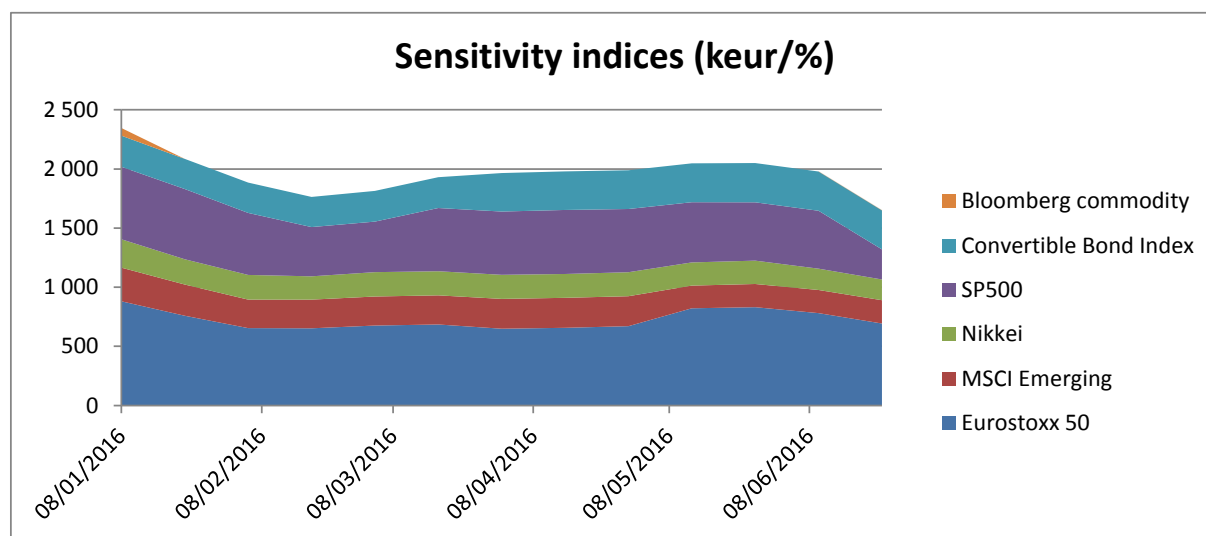
Changes in VaR during the period largely followed market volatility. The first half of 2016 was marked by periods of volatility linked to uncertainties over the state of the global economy, more specifically

China, and the responses given by central banks. In late June 2016, the VaR rose sharply following the movements of major markets after Great Britain's choice to leave the European Union (Brexit).

The Global VaR limit was not exceeded.

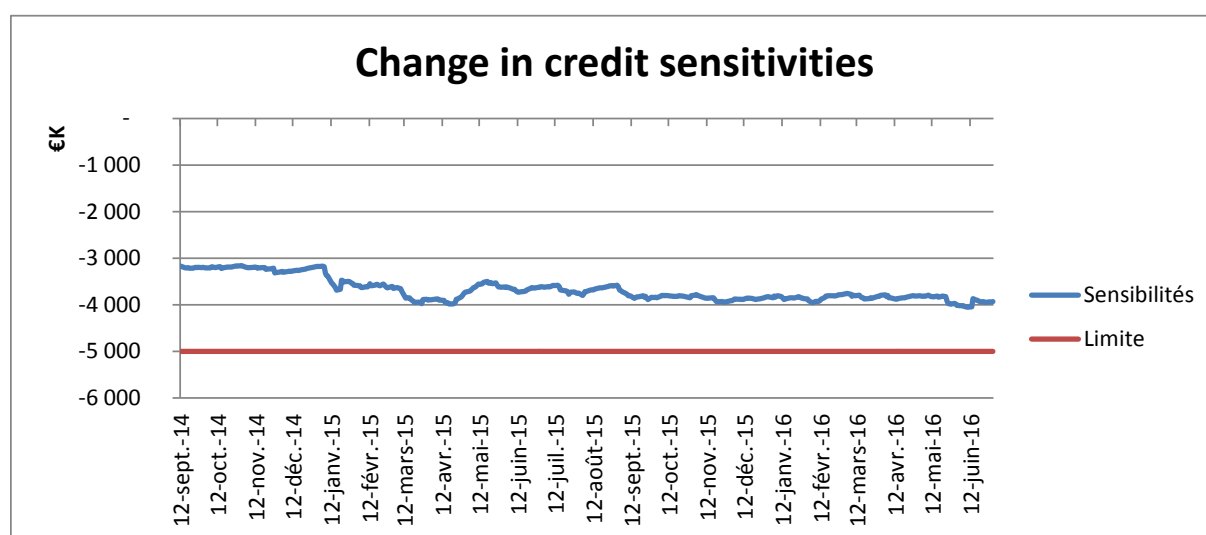
Equity risk

La Banque Postale measures its exposure to equity risk via the sensitivity of its portfolio to variation in the indices.



Exposures were substantially reduced: La Banque Postale opted out of commodity funds, and reduced its sensitivity to indices, gradually switching to funds with lower volatility.

Credit risk

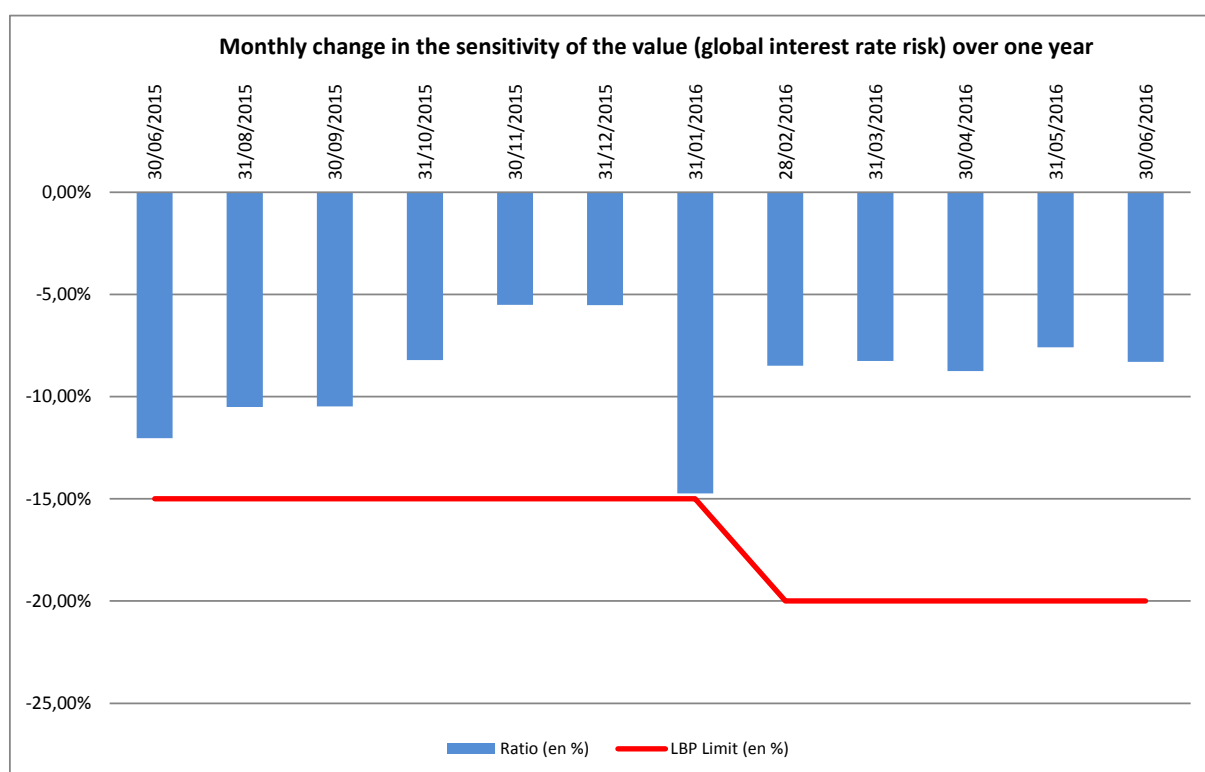


Exposure to credit risk increased in the first part of the half year, then remained stable at around - €4,000k per bp. The limit has never been exceeded.

III.4 Global interest rate risk

In accordance with EBA guidelines, the immediate and simultaneous interest rate rise applied for calculating the sensitivity of the economic value of the balance sheet is 200 basis points. This indicator is calculated on the basis of a static balance sheet, without factoring in any new income. Assets and liabilities with no contractual maturity date are liquidated in accordance with the scenarios approved by the bank's ALM Committee.

Sensitivity to global interest rate risk peaked in absolute terms in January 2016, pursuant to the application of the latest EBA guidelines, with rate gap sensitivity of -14.73% for an internal limit of -15% (reviewed in February 2016 and set at -20% in line with EBA guidelines governing interest rate risk on the balance sheet).



III.5 Capital requirements and capital adequacy

Transition from the accounting balance sheet to the prudential balance sheet at 30 June 2016 (update of table 4.2.2.1 on page 81 of the 2015 Registration Document)

	30.06.2016 Statutory format	Adjustments linked to insurance companies consolidated using the equity method	30.06.2016 Prudential format
Cash and central banks	7 274 528	-	7 274 528
Financial assets at fair value through profit and loss	12 247 990	(62 402)	12 185 588
Hedging derivatives	2 113 121	-	2 113 121
Available-for-sale financial assets	18 487 906	(2 193 231)	16 294 675
Loans and receivables – credit institutions	78 913 817	(37 131)	78 876 686
Loans and receivables – customers	76 693 402	20 173	76 713 575
Revaluation differences on interest rate risk hedged portfolios	200 050	-	200 050
Financial assets held to maturity	22 121 606	(32 679)	22 088 927
Accruals and other assets	3 274 223	(610 387)	2 663 836
Non-current assets held for sale	-	-	-
Deferred profit-sharing	-	-	-
Investments in associates	2 972 062	463 779	3 435 840
Tangible and intangible fixed assets and investment property	1 155 872	(163 547)	992 325
Net amount of goodwill - Assets	190 510	-	190 510
ASSETS	225 645 087	-	223 029 661
Central banks	-	-	-
Financial liabilities at fair value through profit or loss	757 899	-	757 899
Hedging derivatives	423 797	-	423 797
Inter-bank transactions and similar: Liabilities due to credit institutions	14 542 510	(51)	14 542 459
Customer transactions	176 746 275	13 934	176 760 209
Debt securities	10 343 942	-	10 343 942
Revaluation differences on interest rate risk hedged portfolios	1 380 225	-	1 380 225
Accruals and other liabilities	5 768 060	(348 500)	5 419 560
Non-current liabilities held for sale	-	-	-
Underwriting provisions of insurance companies	2 145 030	(2 145 030)	-
Provisions	673 212	(2 140)	671 072
Subordinated debt	3 746 596	-	3 746 596
Equity	9 117 541	(133 638)	8 983 902
LIABILITIES	225 645 087	-	223 029 661

Composition of equity (update of table 4.2.2.2 on page 82 of the 2015 Registration Document)

Reconciliation of accounting equity and regulatory capital

	30/06/2016	31/12/2015*
€ '000s	Phased-in Basel 3	Phased-in Basel 3
Group shareholders' share capital and retained earnings	8,958,511	8,776,433
Dividend plan	(162,212)	(318,082)
Deduction of goodwill and other intangible fixed assets	(538,874)	(519,845)
Transitory and other adjustments applicable to CET1 equity capital	(929,412)	(783,699)
Common Equity Tier 1 capital	7,328,012	7,154,807
Eligible AT1 equity instruments	800,000	800,000
Additional T1 equity	800,000	800,000
T1 equity	8,128,012	7,954,807
Capital instruments and subordinated loans	2,377,176	2,004,492
Other reintegrations	96,015	155,434
T2 equity	2,473,191	2,159,926
Total capital	10,601,204	10,114,733

* on a comparable basis

Super-subordinated securities and preferred shares (update of table 4.2.2.3 on page 83 of the 2015 Registration Document)

Issuer	La Banque Postale Group				
ISIN	FR0011659184	FR0010969410	FR0011855865	FR0013054913	FR0013181898
Law governing the instrument	French law	French law	French law	French law	French law
Regulatory treatment					
Transitory CRR regulations	Additional T1 equity	T2 equity with grandfathering	T2 equity	T2 equity	T2 equity
CRR rules after transition	Additional T1 equity	Not eligible	T2 equity	T2 equity	T2 equity
Level	Consolidated	Consolidated	Consolidated	Consolidated	Consolidated
Type of instruments	Additional CET1 (art. 51/52 of the CRR)	Tier 2 subordinated securities (Article 484)	Tier 2 subordinated securities (Article 63)	Tier 2 subordinated securities (Article 63)	Tier 2 subordinated securities (Article 63)
Amount recorded in regulatory capital (€ '000s)	800000	750000	750000	750000	500000
Nominal value of the instrument (%)	100	100	100	100	100
Issue price (%)	100	99,310	99,705	99,623	99.97
Buyback price		100	100	100	100
Accounting category	Liabilities at amortised cost	Liabilities at amortised cost	Liabilities at amortised cost	Liabilities at amortised cost	Liabilities at amortised cost
Date of initial issue	13/12/2013	30/11/2010	23/04/2014	19/11/2015	09/06/2016
Term	Perpetual	Fixed-term	Fixed-term	Fixed-term	Fixed-term
Initial maturity	No maturity date	30/11/2020	23/04/2026	19/11/2027	09/06/2028
Buyback option subject to the prior approval of the supervisory authority	Yes	Yes	Yes	Yes	No
Optional date for exercising the option	13/12/2019 Option in the case of regulatory, fiscal, accounting event or methods for calculating the solvency ratio	Option in the case of fiscal event	23/04/2021 Option in the case of regulatory or fiscal events	19/11/2022 Option in the case of regulatory or fiscal events	
Subsequent dates	Every 5 years from 13/12/2019				
Coupons/dividends					
Dividend/coupon	Fixed	Fixed	Fixed	Fixed	Fixed
Coupon rate	8%	4.375%	2.75%	2.75%	3.00%
Existence of a mechanism to suspend dividend/coupon payments	Yes	No	No	No	No
Full discretion, partial discretion or mandatory (in terms of schedule)	Full discretion	Mandatory	Mandatory	Mandatory	Mandatory

Full discretion, partial discretion or mandatory (in terms of the amount)	Full discretion	Mandatory	Mandatory	Mandatory	Mandatory
Existence of a step-up mechanism or another buyback incentive	No	No	No	No	No
Cumulative or non cumulative	No	No	No	No	No
Convertible or non-convertible	Yes	Yes	No	No	No
If convertible, conversion trigger	Decision of the holder or falling 7% under the solvency ratio specified for CET1	Regulatory reduction			
If convertible, fully or partially	Always fully converted	Always fully converted			
If convertible, conversion rate	Based on the issuer's equity at the time of conversion	At par			
If convertible, conversion mandatory or optional	Mandatory upon trigger criteria and on the choice of the holder	Optional at the choice of the issuer			
If convertible, type of instrument converted to	T1 equity	Other			
If convertible, issuer of the instrument converted to	Holder	Holder			
Characteristics in terms of capital reduction	No	No			
In the event of a capital reduction, reduction trigger					
In the event of a capital reduction, total or partial					
In the event of a capital reduction, permanent or temporary					
In the event of a capital reduction, description of the mechanism to re-increase the equity capital					
Rank of the instrument in the case of liquidation					
Existence of non-compliant characteristics	No	No	No	No	

Since 4 November 2014, La Banque Postale has been under the direct supervision of the European Central Bank (ECB). As the sole supervisor, the ECB has as its objective to harmonise the practices of banking supervision for all of the countries in the euro zone (banking union).

Following the Supervisory Review and Evaluation Process (SREP) led by the ECB in 2015, the level of CET 1 equity phased-in required on a consolidated basis for La Banque Postale was set at 9.25% on 1 January 2016. As the French Prudential Supervision and Resolution Authority (ACPR) had furthermore classified La Banque Postale as an “other systemic institution”, an additional equity buffer was applied. This amounted to 0.0625% as at 1 January 2016. It will increase in a linear manner to reach the target level of 0.25% in 2019.

The total CET 1 requirement applicable to La Banque Postale thus stood at 9.3125% as at 1 January 2016. The full target ratio, including the cushion of 0.25%, will be 9.5% in 2019.

Prudential ratios (update of table 4.2.2.4 on page 84 of the 2015 Registration Document)

	June 2016 CRR	December 2015 CRR*
(€ million)		
Total risk-weighted assets	54,615	54,208
Credit risk-weighted assets (including CVA (credit value adjustment))	43,894	43,815
<i>including Central administrations and central banks</i>	127	102
<i>including Institutions</i>	5,240	5,240
<i>Credit institutions</i>	4,168	4,272
<i>Other institutions including local authorities</i>	1,072	968
<i>including Companies</i>	7,304	5,564
<i>including Retail customers</i>	23,433	24,179
<i>including Shares</i>	4,383	4,723
<i>including Other assets that are not credit obligations</i>	3,029	3,685
<i>including Securitisation positions under standard approach</i>	43	55
<i>including CVA</i>	335	268
Market risk-weighted assets	1,542	1,215
Operational risk-weighted assets	9,179	9,179
Common Equity Tier One amounts	7,328	7,155
Tier 1 capital amounts	8,128	7,955
Total prudential capital amounts	10,601	10,115
Common Equity Tier 1 Ratio	13.4%	13.2%
Tier 1 ratio	14.9%	14.7%
Solvency ratio	19.4%	18.7%

* on a comparable basis. Ratios published under the CRR/CRD IV rules published on 26 June 2013

The **Common Equity Tier 1** fully loaded²⁵ ratio was **14.4%** at 30 June 2016, up 0.2 bp compared with 31 December 2015.

²⁵ CRD IV-CRR, with application of the Danish compromise.

Conglomerate ratio (update of table on page 85 of the 2015 Registration Document)

(€ '000s)	30.06.2016 estimated	31.12.2015*
LBP Group equity	10,601,204	10,114,733
Addition of specific items for insurance entities	2,809,265	2,745,024
Total equity – financial conglomerate	13,410,468	12,859,756
Banking solvency requirement	4,369,205	4,337,159
Margin requirements for insurance entities	2,846,510	2,761,706
Surplus or insufficient equity	6,194,754	5,760,892
Ratio	186%	181%

* on a comparable basis

Estimated leverage ratio (update of table 4.2.2.6 on page 86 of the 2015 Registration Document)

€ millions	30.06.2016	30.06.2016
	(before delegated act)	(with the application of delegated act)*
Tier 1 capital	8 128	8 128
Total of the IFRS balance sheet	223 030	223 030
Adjustments	13 490	-61 096
Exposure to leverage ratio	236 520	161 934
CRR leverage ratio	3,4%	5,0%

*Taking into account the Delegated Act published by the European Commission on 10 October 2014 concerning the treatment of centralised savings, subject to authorisation by the ECB

III.6 Statement of changes in sovereign exposure to PIIGs

Change in direct exposure⁽¹⁾:

(€ '000s)	Dec. 2015 Nominal	Impairment charges	Maturity	Disposals	Acquisitions	Transfers	30 June 2016 Nominal	Dec. 2015 balance sheet value	30 June 2016 balance sheet value
Greece	0	0	0	0	0	0	0	0	0
Ireland	0	0	0	0	0	0	0	0	0
Italy	52,932	0	0	0	0	660	53,592	63,232	63,997
Portugal	0	0	0	0	0	0	0	0	0
Spain	5,000	0	0	0	0	0	5,000	6,626	7,254
Cyprus	0	0	0	0	0	0	0	0	0
Total financial assets available for sale	57,932	0	0	0	0	660	58,592	69,858	71,251
Greece	0	0	0	0	0	0	0	0	0
Ireland	0	0	0	0	0	0	0	0	0
Italy	496,618	0	0	0	0	0	496,618	499,538	512,679
Portugal	0	0	0	0	0	0	0	0	0
Spain	282,500	0	0	0	0	0	282,500	283,652	289,737
Cyprus	0	0	0	0	0	0	0	0	0
Total financial assets held to maturity	779,118	0	0	0	0	0	779,118	783,190	802,416
Greece	0	0	0	0	0	0	0	0	0
Ireland	0	0	0	0	0	0	0	0	0
Italy	0	0	0	0	0	0	0	0	0
Portugal	0	0	0	0	0	0	0	0	0
Cyprus	0	0	0	0	0	0	0	0	0
Total loans and receivables	0	0	0	0	0	0	0	0	0
Greece	0	0	0	0	0	0	0	0	0
Ireland	0	0	0	0	0	0	0	0	0
Italy	0	0	0	0	0	0	0	0	0
Portugal	0	0	0	0	0	0	0	0	0
Cyprus	0	0	0	0	0	0	0	0	0
Total financial assets at fair value through profit or loss	0	0	0	0	0	0	0	0	0

(1) Direct exposure: net book value (including impairment) of exposure on the Bank's own account, not including indirect exposure from guarantees provided to the Group's UCITS.

Details of sovereign exposures at 30.06.2016 and a reminder of sovereign exposures at 31.12.2015 are available in the Financial Information section of this document.

III.7 Legal and fiscal risks

The Legal Department has two roles in terms of controlling legal risk. It advises the bank's Departments, enabling them to measure the legal risk inherent to their activity, and it also defends the bank's interests.

The control of legal risks is being extended within the La Banque Postale Group by the formation of a La Banque Postale Group legal unit. Because the legal officers of the subsidiaries functionally report to the Legal Director of the La Banque Postale Group, the legal unit makes it possible to ensure consolidated information on and the management of significant legal risks which may impact the subsidiaries.

The Legal Department also contributes to the work performed by the Bank's various committees:

- within the Regulatory Oversight Committee, the Legal Department defines, disseminates and implements the policy positions concerning the laws and regulations which affect the Bank's business activities;
- within the New Products Committee, the Legal Department analyses the cases presented and issues opinions;
- within the Disputes & Provisions Committee, the Legal Department discusses the litigations under way and the provisions to be booked for them;
- within the Internal Control Coordination Committee, the Legal Department takes part in reviews concerning audits and internal control activities;
- within the national Watch-list Committees and Special Matters & Disputes Committees concerning business markets and regional authorities, the Legal Department acts as an advisor. It presents the matters being litigated and their provisioning connected to such markets.

The decision of 20 September 2010 of the French Competition Authority that sentenced 11 retail banks and the Bank of France to a fine of €384.9 million for collusion regarding cheque image exchange (EIC) commissions is being reviewed by the Court of Appeal of Paris, after referral on appeal.

La Banque Postale was subject to a sanction from the AMF on the grounds that an internal alert procedure was not followed for all unit redemption transactions in a mutual fund (Fonds commun de placement, or FCP) taking place close to the term of said financial instrument.

La Banque Postale received a statement of objections from the French Prudential Supervision and Resolution Authority (ACPR) regarding non-compliance of this internal alert procedure applied to unit-linked redemptions backed by the same fund.

To the Company's knowledge, there are no other governmental, court or arbitration proceedings, including any proceedings that are pending or threatened, likely to have or having had any significant effect on the Company and/or Group's financial position or profitability over the last 12 months.

Fiscal risks are the responsibility of the Tax Department attached to the bank's Finance Department. This Department centralises fiscal management and consultancy for all the bank's different business lines and the subsidiaries of La Banque Postale. It helps the different contacts to prevent and control fiscal risks.

The Tax Department takes part in and issues its opinion within the different internal committees, namely the Product Review Committee, the Regulatory Compliance, Prudential Accounting and Governance Monitoring Committee, Cross-Entity Securities Committee and the Cross-Entity Savings Committee.

La Banque Postale is the subject of an ongoing inspection on the conditions to open and operate regulated savings accounts in 2012 and 2013.

IV : Financial information as at 30 june 2016

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated income statement as at 30 June 2016

(€ '000s)	Notes	30.06.2016	30.06.2015
Interest and similar income	3.1	2,306,092	2,562,795
Interest and similar expenses	3.1	(767,503)	(993,712)
Commissions (income)	3.2	1,337,616	1,239,764
Commissions (expenses)	3.2	(138,515)	(133,434)
Net gains or losses on financial instruments at fair value through profit or loss	3.3	(57,072)	4,669
Net gains and losses on assets available for sale	3.4	157,706	134,220
Income from other activities	3.5	549,736	574,431
Expenses from other activities	3.5	(413,664)	(460,050)
Net banking income		2,974,396	2,928,683
General operating expense	3.6	(2,299,573)	(2,278,985)
Net depreciation, amortisation and impairment of tangible and intangible fixed assets		(88,390)	(97,384)
Gross operating income		586,433	552,314
Cost of risk	3.7	(84,029)	(73,415)
Operating income		502,404	478,899
Share of net income from associates		86,658	111,018
Net gains and losses on other assets		(890)	(631)
Changes in value of goodwill		0	0
Pre-tax income		588,172	589,286
Income tax	3.8	(204,322)	(203,714)
Net income		383,850	385,572
Non-controlling interests		23,407	15,321
NET INCOME, GROUP SHARE		360,443	370,250
Basic earnings per ordinary share (in euros)		10.24	10.52
Diluted earnings per ordinary share (in euros)		8.97	9.23

Consolidated balance sheet as at 30 June 2016

(€ '000s)	Notes	30.06.2016	31.12.2015
ASSETS			
Cash and central banks		7,274,528	1,811,631
Financial assets at fair value through profit and loss	2.1	12,247,990	11,035,274
Hedging derivatives		2,113,121	1,228,567
Available-for-sale financial assets	2.2	18,487,906	15,610,500
Loans and receivables – credit institutions	2.3	78,913,817	83,101,861
Loans and receivables – customers	2.4	76,693,402	73,628,314
Revaluation differences on interest rate risk hedged portfolios		200,050	178,258
Financial assets held to maturity	2.5	22,121,606	24,157,604
Current tax assets		192,292	229,206
Deferred tax assets		133,893	296,287
Accruals and other assets	2.6	2,948,038	3,163,141
Non-current assets held for sale		0	2,349
Deferred profit-sharing		0	0
Investments in associates	2.9	2,972,062	2,917,881
Investment property		0	0
Property, plant and equipment		653,008	657,030
Intangible assets		502,864	499,565
Goodwill	2.10	190,510	190,510
TOTAL		225,645,087	218,707,978
LIABILITIES			
Central banks		0	0
Financial liabilities at fair value through profit or loss	2.1	757,899	657,456
Hedging derivatives		423,797	326,058
Liabilities due to credit institutions	2.11	14,542,510	15,741,232
Liabilities to customers	2.12	176,746,275	171,771,151
Debt securities		10,343,942	9,054,583
Revaluation differences on interest rate risk hedged portfolios		1,380,225	704,319
Current tax liabilities		13,802	13,787
Deferred tax liabilities		140,606	127,620
Debts linked to non-current assets held for sale		0	0
Accruals and other liabilities	2.13	5,613,652	5,199,159
Underwriting provisions of insurance and shadow accounting	2.14	2,145,030	2,008,711
Provisions	2.15	673,212	770,523
Subordinated debt	2.16	3,746,596	3,189,017
Equity, Group share		9,086,396	8,905,790
Equity Capital		4,046,408	4,046,408
Consolidated reserves and others		3,607,951	3,299,020
Gains and losses recognised directly in equity		1,071,594	853,551
Profit/(loss) for the period		360,443	706,811
Non-controlling interests		31,144	238,570
TOTAL		225,645,087	218,707,978

Statement of net income and gains and losses recognised directly in equity

	30.06.2016	30.06.2015
NET INCOME	383,850	385,572
ITEMS RECYCLABLE IN PROFIT OR LOSS		
Exchange rate differences	2	0
Revaluation of available-for-sale financial assets		
Change in revaluation reserves	254,355	(75,789)
Reclassification under net income	(130,863)	(41,836)
Revaluation of hedging derivatives		
Change in reserves	168,218	(143,829)
Recycling under net profit	0	0
Item of the share in gains and losses recognised directly in equity from associates *	40,576	(4,532)
Deferred tax	(131,943)	104,148
ITEMS NOT RECYCLABLE IN PROFIT OR LOSS		
Actuarial differences under defined benefit schemes	30	0
Other changes	0	0
Items of the share in gains and losses recognised directly in equity from associates *	(17)	(191)
Deferred tax	0	0
TOTAL GAINS AND LOSSES RECOGNISED DIRECTLY IN EQUITY NET OF TAXES	200,359	(162,029)
NET INCOME AND GAINS AND LOSSES RECOGNISED DIRECTLY IN EQUITY NET OF TAXES	584,209	223,542
Including net income and gains and losses recognised directly in equity, Group share	578,486	211,425
Including net income and gains and losses recorded directly in equity, non-controlling interests	5,026	12,118

* Amounts presented net of deferred tax.

Statement of changes in equity

	Equity capital ⁽¹⁾	Issue premium	Legal reserves, retained earnings and other reserves	Consolidated reserves	Gains or losses, net of tax, recognised directly in equity		Profit (loss) for the period attributable to the owners of the parent	Equity, Group share	Equity, non-controlling interests	Total consolidated equity
					Actuarial adjustments	Translation reserves change in fair value of financial instruments ⁽²⁾				
IFRS equity restated as at 31 December 2014	4,046,408	16,719	1,244,375	1,584,316	(19,856)	864,651	677,186	8,413,797	201,668	8,615,464
Appropriation of 2014 net income	0	0	375,451	301,735	0	0	(677,186)	0	0	0
Dividend 2015 paid in respect of 2014 income	0	0	(304,712)	0	0	0	0	(304,712)	(9,741)	(314,453)
Sub-total of movements linked to relations with shareholders	0	0	70,738	301,735	0	0	(677,186)	(304,713)	(9,741)	(314,454)
Changes in gains and losses recognised directly in equity	0	0	0	0	5	(152,458)	0	(152,453)	(4,687)	(157,140)
Net income as at 30 June 2015	0	0	0	0	0	0	370,250	370,250	15,321	385,572
Sub-total	0	0	0	0	5	(152,458)	370,250	217,798	10,634	228,432
Share of changes in the equity of associates	0	0	0	(1,515)	(191)	(9,271)	0	(10,977)	0	(10,977)
Other changes ⁽³⁾	0	0	0	116,253	0	(1,273)	0	114,980	11,378	126,358
IFRS equity restated as at 30 June 2015	4,046,408	16,719	1,315,113	2,000,788	(20,042)	701,649	370,250	8,430,885	213,940	8,644,825
Dividend 2015 paid in respect of 2014 income	0	0	0	(39,681)	0	0	0	(39,681)	(3,165)	(42,846)
Sub-total of movements linked to relations with shareholders	0	0	0	(39,681)	0	0	0	(39,681)	(3,165)	(42,846)
Changes in gains and losses recognised directly in equity	0	0	0	0	(5)	177,908	0	177,903	2,160	180,063
Income for the second half	0	0	0	0	0	0	336,561	336,561	21,549	358,110
Sub-total	0	0	0	0	(5)	177,908	336,561	514,464	23,709	538,173
Share of changes in the equity of associates	0	0	0	(1,761)	(1,017)	(5,305)	0	(8,083)	0	(8,083)
Other changes ⁽³⁾	0	0	1	7,841	686	(322)	0	8,206	4,086	12,292
IFRS equity restated as at 31 December 2015	4,046,408	16,719	1,315,114	1,967,187	(20,378)	873,929	706,811	8,905,790	238,570	9,144,361
Appropriation of 2015 net income	0	0	513,695	193,116	0	0	(706,811)	0	0	0
Dividend 2016 paid in respect of 2015 income	0	0	(318,083)	0	0	0	0	(318,083)	(22,250)	(340,333)
Sub-total of movements linked to relations with shareholders	0	0	195,612	193,116	0	0	(706,811)	(318,083)	(22,250)	(340,333)

Changes in gains and losses recognised directly in equity	0	0	0	0	0	151,479	0	151,479	8,559	160,037
Net income as at 30 June 2016	0	0	0	0	0	0	360,443	360,443	23,407	383,850
Sub-total	0	0	0	0	0	151,479	360,443	511,922	31,966	543,888
Share in changes in the equity of associates ⁽⁴⁾	0	0	0	33,451	(17)	40,576	0	74,010	0	74,010
Other changes ⁽⁴⁾	0	0	0	(113,248)	15	25,990	0	(87,243)	(217,142)	(304,384)
IFRS equity as at 30 June 2016	4,046,408	16,719	1,510,726	2,080,506	(20,380)	1,091,974	360,443	9,086,396	31,144	9,117,541

(1) As at 30 June 2016, the capital of La Banque Postale consisted of 35,186,153 shares with a nominal value of €115 each.

(2) Gains or losses recognised directly in equity include translation reserves arising from the foreign subsidiaries consolidated by the CNP Assurances Group.

(3) The other changes observed during the 2015 financial year come mainly from the disposal of LBP Asset Management shares to Aegon for €115.5 million (of which +€98.5 million over the first half), SOFIAP negative goodwill for €24 million, and a dilution effect from La Banque Postale Assurance Santé for €10.2 million.

(4) See highlight 1.2: the buyout of minority holders from the La Banque Postale Prévoyance entity had an overall impact of -€51.4 million on group equity, of which +€32.4 million on the share of profits of equity associates.

Net cash flow statement

The cash flow statement is presented according to the indirect method model.

Investment activities represent cash flows for the acquisition and disposal of interests in consolidated companies as well as tangible and intangible assets.

Financing activities represent changes linked to structural financial transactions involving equity, subordinated debt and acquisition of non-controlling interests.

Operating activities include those cash flows that fall outside the two previous categories. More specifically, securities relating to strategic investments included in “Available-for-sale financial assets” and “Financial assets held to maturity” are classified in operating activities.

	30.06.2016	30.06.2015
Pre-tax income	588,172	589,286
+/- Net depreciation and amortisation of tangible and intangible non-current assets	88,514	97,607
- Changes in goodwill and impairment of other non-current assets	(122)	(225)
+/- Net provisions and impairment charges	48,568	203,548
+/- Share of net income from associates	(86,658)	(111,018)
+/- Net losses or gains on investment activities	1,566	632
+/- Other movements	279,276	441,867
= Total non-cash items included in pre-tax profit and other adjustments	331,144	632,412
+/- Cash flows relating to transactions with credit institutions	(898,074)	2,605,480
+/- Cash flows relating to customer transactions	1,240,280	502,273
+/- Cash flows relating to other transactions that have an impact on financial assets or liabilities	(448,693)	(876,006)
+/- Cash flows relating to other transactions that have an impact on non- financial assets or liabilities	699,473	(1,338,292)
- Taxes paid	(104,580)	(149,530)
= Net (decrease)/increase in assets and liabilities from operating activities	488,406	743,923
Total net cash generated by operating activities (A)	1,407,723	1,965,621
+/- Flows linked to financial assets and investments	(186,764)	85,361
+/- Flows linked to investment property		
+/- Flows linked to tangible and intangible non-current assets	(95,761)	(81,559)
Total net cash generated by investing activities (B)	(282,525)	3,802
+/- Cash flows from or to shareholders	(340,300)	(314,389)
+/- Other net cash flows from financing activities	498,973	114,819
Total net cash generated by financing activities (C)	158,673	(199,570)
Impact of changes in exchange rates on cash and cash equivalents (D)	-	-
Net increase/(decrease) in cash and cash equivalents (A+B+C+D)	1,283,871	1,769,853
Net cash flows generated by operating activities (A)	1,407,723	1,965,621
Net cash flows generated by investment activities (B)	(282,525)	3,802
Net cash flows generated by financing activities (C)	158,673	(199,570)
Opening cash and cash equivalents	5,220,102	1,863,432
Cash and central banks (assets and liabilities)	1,811,631	1,949,649
Current accounts (assets and liabilities) and overnight loans with credit institutions	3,408,471	(86,217)
Opening cash and cash equivalents	6,503,976	3,633,713
Cash and central banks (assets and liabilities)	7,274,528	3,776,953
Current accounts (assets and liabilities) and overnight loans with credit institutions	(770,552)	(143,240)
CHANGE IN NET CASH	1,283,871	1,769,853

The concept of net cash includes cash, receivables and payables to central banks, as well as current accounts (assets and liabilities) held by credit institutions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Legal and financial framework

1 Highlights over the period

1.1 Memorandum of understanding between La Banque Postale and CNP Assurances

The final agreements renewing the partnership between La Banque Postale and CNP Assurances were concluded on 25 March 2016.

The renewed partnership includes the following sections:

- The renewal of the partnership for a period of 10 years from 1 January 2016, the scope being extended to include BPE, the subsidiary bank of La Banque Postale Group specialised in wealth management;
- The establishment with La Banque Postale of a direct partnership in group loan insurance products for property loans for a period of 10 years, CNP Assurances taking over this market segment from La Banque Postale Prévoyance on new contracts;
- The acquisition by La Banque Postale from CNP Assurances of a 50% stake in La Banque Postale Prévoyance. The latter retains in particular the contingency insurance activities for individuals (see below).

1.2 Buyout of minority holders of La Banque Postale Prévoyance

On 28 June 2016, La Banque Postale acquired from CNP Assurances 50% of the shares of La Banque Postale Prévoyance company for 291.6 million. The Group's now has a 100% stake in this fully consolidated company. Restated after the internal sale proceeds from the equity associate of CNP Assurances, the buyout of minority holders had an impact of -€51.4 million on Group equity, of which +€32.4 million on the share of profits of equity associates.

1.3 Subordinated bond issue

On 9 June 2016, La Banque Postale conducted a bond issue of €500 million with a 12-year maturity. This was the fourth issue of Tier II securities by La Banque Postale. This transaction aims to further strengthen its equity in connection with changes in prudential ratios.

1.4 Merger of Fédéris with La Banque Postale Asset Management

The Fédéris entity merged on 1 April with La Banque Postale Asset Management with retroactive effect from 1 January 2016. This merger has no impact on the consolidated financial statements of La Banque Postale Group.

1.5 Sale of Visa Europe to Visa Inc.

The Visa transaction took place in June 2016. The impact in the accounts of La Banque Postale Group is a gross capital gain of €106.9 million split between the immediate payment of a significant proportion of the value, a vendor loan deferred for 3 years and preferred shares whose exchange ratio and value required the use of an estimate of the long-term value. These preferred shares were recorded under assets available for sale, while the deferred payment was recorded under receivables.

1.6 Highlights for CNP Assurances

1.6.1 Economic and financial environment: Brexit

On 23 June 2016, UK voters chose in favour of leaving the EU. A lot of uncertainty remains in how the UK will withdraw from European institutions. The process could take two years following official notification by the United Kingdom to the European Union of its decision to leave the EU pursuant to Article 50 of the Treaty on European Union (TEU).

The exposure of the CNP Assurances Group to assets denominated in pound sterling (GBP) is very limited in terms of total assets of €377.5 billion.

The CNP Assurances Group has no direct exposure to shares denominated in GBP. It is marginally exposed in the amount of €34.7 million in its Infrastructure portfolio and €110.5 million in paid-up capital via private equity funds. Finally, in terms of the bond portfolio, exposure to sovereign debt is €0.1 million; while corporate bond exposure in the amount of €918 million is hedged against foreign exchange risks.

The group has very little exposure to insurance liabilities denominated in GBP (€647 million).

Finally, in April 2011 CNP Assurances issued a financial debt of €300 million in GBP which was hedged against foreign exchange risks.

All calculations (revaluation, depreciation) relating to financial assets and liabilities were determined based on the share price at 30 June 2016 and thus include all the impacts of the Brexit vote on the financial markets.

1.6.2 Signing of a partnership framework agreement between AG2R La Mondiale and CNP Assurances

A partnership framework agreement was signed on 15 December 2015 between CNP Assurances and AG2R La Mondiale.

The framework agreement for this partnership stipulates the following major components:

- A contribution of contracts relating to collective supplementary pension activity invested in unit-linked funds and in euros from each of the partners. The contributions will be made subject to the lifting of conditions precedent.
- A reinsurance commitment for new business developed by the new ARIAL CNP Assurances company, proportionally to the stake held by each of the partners.
- A 40% holding acquired by CNP Assurances in Arial Assurance, a subsidiary of AG2R La Mondiale.

Following the signing of the shareholders' agreement on 1 April 2016 between CNP Assurances and La Mondiale in the presence of Arial Assurance and AG2R Réunica Prévoyance, on 4 April 2016 CNP Assurances and AG2R La Mondiale announced the operational launch of their strategic partnership in corporate supplementary pensions via a joint venture called Arial CNP Assurances. The securities acquisition received the approval of the French Prudential Supervision and Resolution Authority (ACPR) and the French Competition Authority (ADLC).

CNP Assurances paid €43.3 million to acquire Arial CNP Assurances. This joint venture represents some €12 billions of supplementary pension commitments.

At 30 June 2016, the joint venture named Arial CNP Assurances was consolidated via the equity method in the consolidated balance sheet of CNP Assurances in the amount of €44.4 million. Its contribution to consolidated income is €1.0 million.

1.6.3 CNP Assurances signed an agreement to acquire a 51% stake in Pan Seguros and Pan Corretora

On 21 April 2016, CNP Assurances announced that it had signed an agreement to acquire from Banco BTG Pactual ("BTGP") a 51% stake in Pan Seguros (excluding the major risks business) and Pan Corretora, companies indirectly held at 49% by Caixa Economica Federal ("CEF").

Pan Seguros distributes its products primarily in loan insurance and protection, through an exclusive partnership with Banco PAN and several partnerships with other financial institutions, including CEF, or specialist distributors (motor dealers, retail, etc.). The distribution agreement with Banco Pan expires in 2034.

By combining the expertise of CNP Assurances in personal insurance with that of Pan Seguros, this transaction will provide a more enhanced offering to Banco PAN's clients and other Pan Seguros partners.

The acquisition price for these two stakes stands at BRL 700.0 million, adjusted according to the financial performance of Pan Seguros and Pan Corretora until the completion of the acquisition. This acquisition will be funded by CNP Assurances from its own funds.

The completion of this acquisition is subject to the necessary approvals from the regulatory authorities in prudential matters and merger control, as well as approval by CEF, joint shareholder in Pan Seguros and Pan Corretora.

This acquisition is one of the Group's strategic priorities intended to build up its presence in Brazil, its second-largest market after France and to develop its contingency/protection business. The acquisition should be completed during 2017.

1.6.4 Private placement of a subordinated bond of \$500 million

On 15 January 2016, CNP Assurances finalised the private placement of a subordinated bond of \$500 million with a leading institutional investor. CNP Assurances took advantage of a specific request to complete this transaction that will support growth and strengthen the Group's financial structure.

This "Fixed-for-Life" transaction includes a coupon of 6% in dollars. Its legal maturity is 33 years, with an initial optional redemption in 13 years.

The bond is structured so as to be eligible to cover the Solvency II prudential requirements. This issue is subject to a cash flow hedge on this debt under IFRS.

2 Post balance sheet events

Following the agreement signed on 21 July 2016 between SF2 and AEW Europe, the following transactions are expected to take place:

- Acquisition by SF2 of CNP Assurances' remaining 10% stake in Ciloger,
- Full ownership acquired by AEW in Ciloger settled via a contribution in kind of 40% of AEW securities to SF2.

The transaction remains conditional on the formal agreement of the Board of Directors of AEW meeting in September 2016.

NOTE 1 PRINCIPAL VALUATION AND PRESENTATION RULES APPLYING TO THE CONSOLIDATED FINANCIAL STATEMENTS

1.1 Regulatory framework

Regulation (EC) No. 1606/2002 of 19 July 2002 requires companies whose debt securities are listed on a regulated market to apply the accounting basis established by the International Accounting Standard Board (IASB). Accordingly, La Banque Postale Group has since 1 January 2007 prepared its consolidated financial statements under International Financial Reporting Standards (IFRS) as approved by the European Union. More specifically, the Group has chosen to apply the provisions of European Commission Regulation No. 2086/2004 by adopting IAS 39, with the exception of certain provisions. This European regulation therefore allows certain macro-hedging transactions performed as part of asset and liability management (including notably customer demand deposits) to be treated as fair value hedges.

The full set of standards adopted in the European Union can be consulted on the European Commission's website at the following address:

http://ec.europa.eu/internal_market/accounting/ias/index_fr.htm.

The consolidated financial statements are presented in thousands of euros.

Statement of compliance

The summary interim financial statements have been drawn up in compliance with IAS 34 - Interim Financial Information. The statements include a selection of notes explaining material events and transactions with a view to understanding the changes that have occurred in the Group's financial position and performance since the last annual consolidated financial statements for the period to 31 December 2015. The summary interim financial statements do not include all the information required for the full annual financial statements, which are prepared under IFRS. They must be read together with the Group's financial statements for the year ended 31 December 2015.

These summary consolidated financial statements were prepared under the responsibility of the Executive Board meeting on 25 July 2016.

Main accounting methods

The accounting methods used by the Group in the summary consolidated interim financial statements are identical to those used in the consolidated financial statements for the year ended 31 December 2015, with the exception of the points described below (Note 1.2).

Presentation of the financial statements

In the absence of a model imposed by IFRS, the Group has used the summary statement format suggested in Recommendation No. 2013-04 of 7 November 2013 issued by the French National Accounting Authority.

1.2 Standards and interpretations applied by the Group from 1 January 2016

With respect to the consolidated financial statements for the year ended 31 December 2015, the Group has applied the following standards and interpretations mandatory within the European Union from 1 January 2016:

Standards or Interpretations	Date of adoption by the EU
IAS 19 amendment – "Defined Benefit Plans - Employee Contributions"	17 December 2014
Annual improvements to IFRS - Cycle 2010-2012	17 December 2014
Amendments to IFRS 11 "Recognition of acquisitions of interests in joint operations"	24 November 2015
Amendments to IAS 16 and IAS 38: "Clarifications of acceptable methods of depreciation and amortisation"	2 December 2015
Annual improvements to IFRS - Cycle 2012-2014	15 December 2015
Amendments to IAS 1: "Disclosure initiative"	18 December 2015
Amendments to IAS 27: "Equity method in separate financial statements"	18 December 2015

These amendments have no material impact on the group's statements at 30 June 2016.

1.3 Standards and interpretations not yet applied

The IASB and IFRIC have issued standards and interpretations that were not compulsory as at 30 June 2016. Standards or interpretations published by the IASB but not yet adopted by the European Union will be mandatory only once they have been adopted.

Standards or Interpretations	Date of adoption by the European Union	Date of entry into force ⁽¹⁾
Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities - Applying the Consolidation Exception	Not adopted	1 January 2016
Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses	Not adopted	1 January 2017
Amendments to IAS 7: Disclosure initiative	Not adopted	1 January 2017
IFRS 9 Financial instruments	Not adopted	1 January 2018
IFRS 15 Revenue from contracts with customers	Not adopted	1 January 2018
Amendment to IFRS 2: Classification and Measurement of Share-based Payment Transactions	Not adopted	1 January 2018
IFRS 16 Leases	Not adopted	1 January 2019

(1) Subject to adoption by the European Union. Applicable as of financial years beginning on:

At 30 June 2016, the Group has not applied these standards.

IFRS 9 "Financial instruments" and IFRS 15 "Revenue from contracts with customers", published respectively in July and May 2014, are not applicable at 30 June 2016, as they have not been approved by the European Union. Subject to their adoption by the European Union, they should be applicable as at 1 January 2018.

- IFRS 9 "Financial instruments" will ultimately replace IAS 39 "Financial instruments: recognition and measurement". It defines new classification and measurement rules for financial instruments, a new method for impairment of financial assets, as well as the processing of the affected hedging transactions.

The new provisioning method is henceforth oriented towards a model for hedging loan losses that are expected and no longer only those proven.

IFRS 9 defines a single provisioning model, aimed at hedging expected losses and which applies to all financial assets (apart from equity instruments) not revalued at fair value through profit or loss, as well as financing commitments and guarantee commitments.

The current principles of provisioning applied within La Banque Postale Group lead to recognition of asset impairment on an individual and collective basis. Individual provisions are recorded for an asset as soon as there is an objective indication of loss of value. Collective provisions are statistical provisions. They aim to cover the objective indications of loss of value, identified within a portfolio but unable to be allocated individually.

Applying IFRS 9, new impairments, representing the expected losses at one year, will be recorded in the amounts outstanding as soon as they enter the balance sheet, and as long as they do not present any significant deterioration in credit risk.

The provisioning models developed as part of implementing IFRS 9 will result in a review of the current collective provisions.

The methodologies developed interact strongly with the risk monitoring methods, in particular relating to internal ratings. They will take into consideration past events such as loss histories, current conditions and reasonable and justifiable forecasts.

At this stage, the implementation project for IFRS 9 has mainly concerned analysis of the standard and the performance of a diagnosis aiming to identify the various effects of the standard and work to be done, for the classification and provisioning sections. A proposed framework to introduce the changes, both from an operational and IT point of view, has been implemented to ensure they are made in compliance with the adoption date, namely 1 January 2018.

- IFRS 15 will ultimately replace IAS 11 “Construction contracts” and IAS 18 “Revenue”, along with the interpretations linked to these two standards. This new standard defines a single income recognition model for sales of goods, provision of services and long-term contracts. At the level of the Group, the income concerned is mainly the commissions received that do not come under the scope of IAS 39, i.e. those that are not included at the effective interest rate.

The impact of IFRS 15 on the Group financial statements is currently being analysed.

1.4 Judgements and estimates

The preparation of the interim consolidated financial statements requires Management to exercise its judgment, to make the best possible estimates, and to make assumptions that have an impact on the adoption of accounting methods and on the amounts of the assets and liabilities and the income and expenses. The final values of these elements may be different from these estimates and have an impact on the accounts.

As part of the preparation of the summary consolidated interim financial statements, the significant judgements made by Management in applying the Group's accounting methods and the main grounds for uncertainty related to those estimates are identical to those that affected the consolidated financial statements for the period to 31 December 2015.

NOTE 2 NOTES TO THE BALANCE SHEET

2.1 Financial assets and liabilities at fair value through profit or loss

Assets and liabilities at fair value through profit or loss

(€ '000s)	30.06.2016			31.12.2015		
	Transaction	Fair value option	TOTAL	Transaction	Fair value option	TOTAL
Government paper and similar securities	142,277	0	142,277	225,651	0	225,651
Bonds and other fixed-income securities	11,413,073	0	11,413,073	10,180,361	0	10,180,361
Equities and other variable income securities	57,873	0	57,873	74,227	0	74,227
Financial assets at fair value through profit or loss	11,613,223	0	11,613,223	10,480,239	0	10,480,239
Debt securities	0	4,558	4,558	0	4,601	4,601
Financial liabilities at fair value through profit or loss	0	4,558	4,558	0	4,601	4,601

Derivatives held for transaction purposes

(€ '000s)	30.06.2016		31.12.2015	
	Assets	Liabilities	Assets	Liabilities
Interest rate derivatives ⁽¹⁾	595,173	530,947	537,031	549,208
Credit derivatives	0	3,375	0	1,845
Exchange rate derivatives ⁽¹⁾	39,594	190,099	11,689	65,450
Other derivative instruments	0	28,920	6,315	36,352
Trading derivatives at fair value through profit or loss	634,767	753,341	555,035	652,855

(1) Including a reclassification between interest rate derivatives and currency derivatives on 31/12/2015 respectively of €9,209K. on assets and €9,755K on liabilities.

(€ '000s)	30.06.2016		31.12.2015	
	Assets	Liabilities	Assets	Liabilities
Total assets and liabilities at fair value through profit or loss	12,247,990	757,899	11,035,274	657,456

(€ '000s)	30.06.2016		31.12.2015	
	Positive fair value	Negative fair value	Positive fair value	Negative fair value
Conditional transactions	0	28,920	6,315	36,352
Interest rate options	0	28,920	6,315	36,352
Other derivatives	634,767	724,421	548,720	616,503
Exchange rate contract	39,594	190,099	11,689	65,450
Interest rate swaps	595,173	530,947	537,031	549,208
Credit derivatives	0	3,375	0	1,845
TOTAL	634,767	753,341	555,035	652,855

2.2 Available-for-sale financial assets

(€ '000s)	30.06.2016	31.12.2015
Government paper and similar securities	6,660,396	3,165,108
Bonds and other fixed-income securities	10,516,058	10,837,669
Equities and other variable income securities	1,182,174	1,376,546
Non-consolidated equity investments	129,278	231,177
AVAILABLE-FOR-SALE FINANCIAL ASSETS	18,487,906	15,610,500
<i>Including net unrealised gains and losses on fixed-income securities recorded in reserves</i>	240,609	18,118
<i>Including net unrealised gains and losses on variable-income securities recorded in reserves</i>	35,384	162,899

Non-consolidated equity investments that are not listed on an active market and for which fair value cannot be assessed on a reliable basis are valued at cost. These investments amounted to €31,706 thousand as at 30 June 2016, compared with €26,479 thousand as at 31 December 2015.

Details of non-consolidated equity investments

(€ '000s)	30.06.2016					31.12.2015
	Book value of securities	Related advances & receivables	Impairment charges	Net value	% interest held	Net value of securities
Visa Europe ⁽¹⁾	0	0	0	0	Not given	103,649
Crédit Logement	98,102	0	0	98,102	6%	98,102
Mandarine Gestion	3,640	0	0	3,640	15%	3,640
Bpifrance Financement (formerly OSEO SA)	4,469	0	0	4,469	0%	4,469
Transactis	2,474	0	0	2,474	50%	2,474
Titres Cadeaux	2,493	0	0	2,493	50%	2,200
Gallieni SF2-5(2)	2,183	0	0	2,183	100%	0
EPF	1,339	0	0	1,339	6%	1,339
STET	6,917	0	0	6,917	5%	6,917
Other	8,191	519	(1,049)	7,661	NA	8,387
Total equity investments and consolidatable advances	129,808	519	(1,049)	129,278		231,177

(1) Visa Europe shares were used in a transaction with the Visa Inc. entity. The amount of the capital gain recorded in profit for the period was €106.9 million.

(2) Capital increase of €2.1 million during the half year.

2.3 Loans and receivables from financial institutions and similar

(€ '000s)	30.06.2016	31.12.2015
Current accounts in debit	343,796	196,298
Accounts and loans	76,664,949	80,909,917
Securities received under repurchase agreements	923,723	559,073
Subordinated and participating loans	190,753	190,216
Impairment charges	0	0
Accounts and loans – credit institutions and similar	78,123,221	81,855,504
Securities equivalent to loans and receivables	790,596	1,246,357
LOANS AND RECEIVABLES FROM FINANCIAL INSTITUTIONS AND SIMILAR	78,913,817	83,101,861

Securities similar to loans and receivables are fixed or determinable-rate non-derivative financial assets that are not traded on an active market.

Deposits on the Livret A, the Sustainable Development Accounts (LDD) and the National Savings Account (LEP) centralised in the Caisse des Dépôts et Consignations (CDC) and shown on the "Accounts and Loans" line amounted to €74,291 million as at 30 June 2016, compared with €75,294 million as at 31 December 2015.

2.4 Loans and receivables – customers

(€ '000s)	30.06.2016	31.12.2015
Current accounts in debit – customers*	791,450	863,909
Factoring business	412,871	146,271
Term loans	22,554	0
Short-term credit facilities	4,714,988	4,552,688
Home loans	54,726,561	54,213,869
Corporate loans	4,426,999	3,560,245
Loans to the local public sector	4,233,786	4,495,047
Other customer loans	69,546	67,308
Securities received under repurchase agreements	4,514,269	3,125,977
Impairment charges	(470,736)	(439,498)
Loans and receivables customers	73,442,288	70,585,816
Capital lease transactions	1,753,217	1,568,401
Impairment charges	(2,178)	(1,651)
Capital lease transactions	1,751,039	1,566,750
Securities similar to loans and receivables	1,500,075	1,475,748
Impairment charges	0	0
Securities similar to loans and receivables	1,500,075	1,475,748
LOANS AND RECEIVABLES - CUSTOMERS	76,693,402	73,628,314

* Deferred payment cards are included in current accounts in debit.

Securities similar to loans and receivables are fixed or determinable-rate non-derivative financial assets that are not traded on an active market. Following the reclassifications carried out on 1 July 2008 under the October 2008 amendment to IAS 39, securities from "Assets available for sale" now represent only €3.05 million.

2.5 Financial assets held to maturity

(€ '000s)	30.06.2016	31.12.2015
Government paper and similar securities	19,763,450	21,777,296
Bonds and other fixed-income securities	2,358,156	2,380,308
FINANCIAL ASSETS HELD TO MATURITY	22,121,606	24,157,604

2.6 Accruals and other assets

(€ '000s)	30.06.2016	31.12.2015
Prepaid expenses and income receivable	248,393	267,706
Collection accounts	22,075	13,146
Other accruals	784,349	1,042,059
Accruals	1,054,817	1,322,911
Other debtors	1,379,604	1,427,536
Securities transaction settlement accounts	3,681	3,025
Impairment charges	(6,976)	(8,194)
Other assets	1,376,309	1,422,367
Reinsurance companies' share of underwriting provisions	4,048	4,460
Other insurance assets	512,864	413,403
Other insurance assets and reinsurance companies' share of underwriting provisions	516,912	417,863
ACCRUALS AND OTHER ASSETS	2,948,038	3,163,141

2.7 Additional information on sovereign exposures

Sovereign exposure has been identified in accordance with the scope defined by the European Banking Authority (EBA), i.e. by selecting exposure to regional authorities, central government and companies benefiting from a government guarantee.

The exposure shown below summarises the exposure for subsidiaries in which La Banque Postale owns an interest of 50% or more.

The information concerning CNP Assurances' exposures is shown in its reported financial information.

Sovereign exposure as at 30 June 2016

La Banque Postale has no exposure to Cyprus, Hungary or Egypt.

	Total Bank Portfolio	Assets at fair value through profit or loss	Derivativ es	Total direct exposure ⁽¹⁾	Repurchase transactions	Off-balance sheet ⁽²⁾	Total direct and indirect exposure ⁽³⁾	Exposure in %
(€ '000s)								
Greece	0	0	0	0	0	0	0	0.0%
Ireland	0	0	0	0	0	0	0	0.0%
Italy	576,676	0	0	576,676	172,196	0	748,872	2.3%
Portugal	0	0	0	0	0	0	0	0.0%
Spain	296,991	0	0	296,991	0	0	296,991	0.9%
Total PIIGs	873,667	0	0	873,667	172,196	0	1,045,863	3.2%
Germany	3,801,259	0	6,375	3,807,634	43,578	100,206	3,951,418	12.0%
Austria	15,939	0	0	15,939	0	0	15,939	0.0%
Belgium	2,254,609	0	0	2,254,609	591	0	2,255,200	6.9%
France	17,327,047	0	75,867	17,402,914	4,337,500	766,161	22,506,575	68.6%
Great Britain	0	0	0	0	0	0	0	0.0%
Luxembourg	18,061	0	0	18,061	0	0	18,061	0.1%
Netherlands	1,151,264	0	0	1,151,264	0	0	1,151,264	3.5%
Poland	22,710	0	0	22,710	25,417	0	48,127	0.1%
Slovakia	1,045	0	0	1,045	0	0	1,045	0.0%
Slovenia	6,611	0	0	6,611	0	0	6,611	0.0%
Switzerland	0	0	0	0	0	0	0	0.0%
Supra-national	567,352	1,066	0	568,418	0	0	568,418	1.7%
Total Europe	25,165,897	1,066	82,242	25,249,205	4,407,086	866,367	30,522,658	93.0%
Rest of the world	1,001,930	141,211	0	1,143,141	118,335	0	1,261,476	3.8%
TOTAL	27,041,494	142,277	82,242	27,266,013	4,697,617	866,367	32,829,997	100.0%

(1) Direct exposure: net carrying amount (including impairment) of exposure on the Bank's own account.

(2) Off-balance sheet transactions including forward bonds (forward prices).

(3) Direct and indirect exposure: direct exposures to which are added the indirect exposures via guarantees issued to the Group's UCITS.

LBP established forward sales on French government bonds (OAT) for a notional value of €400 million with a negative fair value of -€9.5 million not included in the above table.

Identification based on the scope defined by the EBA, including local and regional authorities or bodies benefiting from a Government guarantee.

Summary of sovereign exposure at 31 December 2015

(€ '000s)	Total Bank Portfolio	Assets at fair value through profit or loss	Derivatives	Total Direct exposure ⁽¹⁾	Repurchase transactions	Off-balance sheet ⁽²⁾	Total Direct and indirect exposure ⁽³⁾	exposure (%)
Greece	0	0	0	0	0	0	0	0.0%
Ireland	0	0	0	0	0	0	0	0.0%
Italy	562,770	0	0	562,770	246,681	0	809,451	2.4%
Portugal	0	0	0	0	0	0	0	0.0%
Spain	290,278	0	0	290,278	388,820	0	679,098	2.0%
Total PIIGs	853,048	0	0	853,048	635,501	0	1,488,549	4.3%
Germany	2,133,905	0	6,368	2,140,273	73,417	2,337,184	4,550,874	13.2%
Austria	875	0	0	875	8,315	0	9,190	0.0%
Belgium	2,206,194	0	0	2,206,194	22,798	0	2,228,992	6.5%
France	18,032,214	645,191	28,130	18,705,535	3,145,522	1,007,346	22,858,402	66.4%
Great Britain	0	0	0	0	0	0	0	0.0%
Luxembourg	18,364	0	0	18,364	0	0	18,364	0.1%
Netherlands	408,302	0	2,659	410,961	27,028	663,634	1,101,623	3.2%
Poland	23,065	0	0	23,065	25,417	0	48,482	0.1%
Slovakia	0	0	0	0	0	0	0	0.0%
Slovenia	0	0	0	0	0	0	0	0.0%
Switzerland	0	0	0	0	0	0	0	0.0%
Supra-national	572,599	0	0	572,599	0	0	572,599	1.7%
Total Europe	23,395,518	645,191	37,156	24,077,865	3,302,497	4,008,164	31,388,526	91.2%
Rest of the world	1,262,107	0	0	1,262,107	282,708	0	1,544,815	4.5%
TOTAL	25,510,673	645,191	37,156	26,193,020	4,220,706	4,008,164	34,421,890	100.0%

(1) Direct exposure: net carrying amount (including impairment) of exposure on the Bank's own account.

(2) Off-balance sheet transactions including forward bonds (forward prices).

(3) Direct and indirect exposure: direct exposures to which are added the indirect exposures via guarantees issued to the Group's UCITS.

Identification based on the scope defined by the EBA, including local and regional authorities or bodies benefiting from a Government guarantee.

Changes to sovereign exposure to PIIGs as at 30 June 2016

Changes in direct exposure

(€ '000s)	Dec. 2015 Nominal	Impairment charges	Maturity	Disposals	Acquisitions	Transfers	30 June 2016 Nominal	Dec. 2015 balance sheet value	30 June 2016 balance sheet value
Greece	0	0	0	0	0	0	0	0	0
Ireland	0	0	0	0	0	0	0	0	0
Italy	52,932	0	0	0	0	660	53,592	63,232	63,997
Portugal	0	0	0	0	0	0	0	0	0
Spain	5,000	0	0	0	0	0	5,000	6,626	7,254
Cyprus	0	0	0	0	0	0	0	0	0
Total available- for-sale financial assets	57,932	0	0	0	0	660	58,592	69,858	71,251
Greece	0	0	0	0	0	0	0	0	0
Ireland	0	0	0	0	0	0	0	0	0
Italy	496,618	0	0	0	0	0	496,618	499,538	512,679
Portugal	0	0	0	0	0	0	0	0	0
Spain	282,500	0	0	0	0	0	282,500	283,652	289,737
Cyprus	0	0	0	0	0	0	0	0	0
Total financial assets held to maturity	779,118	0	0	0	0	0	779,118	783,190	802,416
Greece	0	0	0	0	0	0	0	0	0
Ireland	0	0	0	0	0	0	0	0	0
Italy	0	0	0	0	0	0	0	0	0
Portugal	0	0	0	0	0	0	0	0	0
Cyprus	0	0	0	0	0	0	0	0	0
Total loans and receivables	0	0	0	0	0	0	0	0	0
Greece	0	0	0	0	0	0	0	0	0
Ireland	0	0	0	0	0	0	0	0	0
Italy	0	0	0	0	0	0	0	0	0
Portugal	0	0	0	0	0	0	0	0	0
Cyprus	0	0	0	0	0	0	0	0	0
Total financial assets at fair value through profit or loss	0	0	0	0	0	0	0	0	0

- The unrealised gains and losses are €11.293 million. Securities are classified in N1.
- No impairment on inventory was recorded as at 30 June 2016.
- Direct exposure: net book value (including impairment) of exposure on the Bank's own account, not including indirect exposure from guarantees provided to the Group's UCITS.
- As the exposure of the segment is relatively insignificant, it is not shown separately.

Identification based on the scope defined by the EBA, including local and regional authorities or bodies benefiting from a Government guarantee.

Breakdown by maturity

(€ '000s)	Years remaining							
	Total Balance sheet and Off-balance sheet	1	2	3	4	5	<=10	>=10
Greece	0	0	0	0	0	0	0	0
Ireland	0	0	0	0	0	0	0	0
Italy	576,676	188,369	225,834	63,351	64,241	0	34,880	0
Portugal	0	0	0	0	0	0	0	0
Spain	296,991	289,737	0	0	0	0	3,363	3,891
TOTAL	873,667	478,106	225,834	63,351	64,241	0	38,243	3,891

2.8 Non-sovereign exposure of several European Union countries

Non-sovereign exposure of several European Union countries as at 30 June 2016

(€ '000s)	Bank	Corporate	Public administration	Securitisatio n	Total
Greece	0	0	0	0	0
Ireland	6,067	52,367	0	0	58,434
Italy	246,223	75,745	0	0	321,968
Portugal	0	1,380	0	0	1,380
Spain	271,811	23,537	0	0	295,348
Total Available-for-sale financial assets	524,101	153,029	0	0	677,130
Greece	0	0	0	0	0
Ireland	0	0	0	0	0
Italy	0	0	0	0	0
Portugal	0	0	0	0	0
Spain	0	0	0	0	0
Total financial assets held to maturity	0	0	0	0	0
Greece	0	0	0	0	0
Ireland	30,202	0	0	0	30,202
Italy	5,113	1,720	0	0	6,833
Portugal	0	0	0	0	0
Spain	466	470	0	0	936
Total loans and receivables concerning credit institutions	35,781	2,190	0	0	37,971
Greece	0	0	0	0	0
Ireland	0	29,074	0	0	29,074
Italy	783,911	7,204	0	0	791,115
Portugal	0	0	0	0	0
Spain	835,682	46,614	0	0	882,296
Total Financial assets at fair value through profit or loss	1,619,593	82,892	0	0	1,702,485
TOTAL	2,179,475	238,111	0	0	2,417,586

Non-sovereign exposure of several European Union countries as at 31 December 2015

(€ '000s)	Bank	Corporate	Public administration	Securitisatio n	TOTAL
Greece	0	0	0	0	0
Ireland	0	92,348	0	0	92,348
Italy	253,734	172,987	0	0	426,721
Portugal	929	7,019	0	0	7,948
Spain	738,476	115,271	0	0	853,747
Total Available-for-sale financial assets	993,139	387,625	0	0	1,380,764
Greece	0	0	0	0	0
Ireland	0	0	0	0	0
Italy	0	0	0	0	0
Portugal	0	0	0	0	0
Spain	0	0	0	0	0
Total financial assets held to maturity	0	0	0	0	0
Greece	0	0	0	0	0
Ireland	30,489	0	0	0	30,489
Italy	5,097	0	0	0	5,097

Portugal	0	0	0	0	0
Spain	0	0	0	0	0
Total loans and receivables concerning credit institutions	35,586	0	0	0	35,586
Greece	0	0	0	0	0
Ireland	0	12,805	0	0	12,805
Italy	842,193	115,023	0	0	957,216
Portugal	0	0	0	0	0
Spain	567,274	110,122	0	0	677,396
Total Financial assets at fair value through profit or loss	1,409,467	237,950	0	0	1,647,417
TOTAL	2,438,192	625,575	0	0	3,063,767

2.9 Holdings valued by the equity method

	30.06.2016		31.12.2015	
	Valuation of associates consolidated using the equity method	Of which profit	Valuation of associates consolidated using the equity method	Of which profit
(€ '000s)				
Groupe CNP Assurances	2,972,062	86,658	2,917,881	206,793
INVESTMENTS IN ASSOCIATES	2,972,062	86,658	2,917,881	206,793

The data published by the CNP Assurances Group show a balance sheet total of €414,828 million, revenue of €17,269 million and net income, Group share of €620 million as at 30 June 2016. The market value of CNP Assurances was €9,142 million as at 30 June 2016. Lastly, the MCEV (Market Consistent Embedded Value) calculated and published by CNP Assurances remains markedly higher than its value in the Group's financial statements, as accounted for via the equity method.

2.10 Goodwill

Movements during the period

(€ '000s)	30.06.2016	31.12.2015
Net book value as at 1 January	190,510	146,608
Goodwill arising on investments	0	43,902
Disposals	0	0
Impairments during the period	0	0
Other movements	0	0
Net book value as at 30 June 2016	190,510	190,510

Breakdown of goodwill

(€ '000s)	30.06.2016	31.12.2015
Tocqueville Finance Group	27,498	27,498
La Banque Postale Asset Management	38,429	24,810
La Banque Postale Prévoyance	94,300	94,300
Easybourse	4,722	4,722
Ciloger	30,283	30,283
Fédéris	0	13,619
Other	0	0
Total goodwill (gross)	195,232	195,232
Impairment of goodwill	(4,722)	(4,722)
TOTAL GOODWILL (NET)	190,510	190,510

2.11 Liabilities due to credit institutions and similar

(€ '000s)	30.06.2016	31.12.2015
Current accounts in credit	519,372	345,730
Accounts and loans	2,127,849	1,953,126
Securities assigned under repo agreements	11,881,621	13,421,589
Other amounts payable	13,668	20,787
LIABILITIES DUE TO CREDIT INSTITUTIONS AND SIMILAR	14,542,510	15,741,232

2.12 Liabilities to customers

(€ '000s)	30.06.2016	31.12.2015
Livret A accounts	59,642,605	60,176,604
Home Loan savings schemes and accounts	31,409,714	30,565,002
Other special accounts	21,584,771	21,666,528
Special scheme savings accounts	112,637,090	112,408,134
Current accounts in credit – customers	56,718,002	54,012,435
Securities loaned	5,765,999	3,448,796
Accounts in credit	757,084	1,082,020
Customer financial borrowings	139,107	100,203
Other amounts payable	728,993	719,563
Liabilities to customers	64,109,185	59,363,017
CUSTOMER TRANSACTIONS	176,746,275	171,771,151

2.13 Accruals and other liabilities

(€ '000s)	30.06.2016	31.12.2015
Expenses payable and advances	409,899	421,403
Other accruals	1,277,052	1,707,576
Accruals	1,686,951	2,128,979
Securities-related payables	591,551	578,901
Guarantee deposits received	2,225,186	1,313,470
Other payables	896,266	994,482
Securities transaction settlement accounts	5,253	9,162
Other liabilities	3,718,256	2,896,015
Other insurance liabilities	208,445	174,165
Other insurance liabilities	208,445	174,165
ACCRUALS AND OTHER LIABILITIES	5,613,652	5,199,159

2.14 Underwriting provisions of insurance companies

(€ '000s)	30.06.2016	31.12.2015
Life insurance underwriting provisions	736,189	728,273
Non-life insurance underwriting provisions	470,979	437,200
Equalisation reserves	15,180	14,660
Other provisions	804,040	728,688
UNDERWRITING PROVISIONS	2,026,388	1,908,821

(€ '000s)	30.06.2016	31.12.2015
Deferred participating liabilities in profits	118,642	99,890
Shadow accounting	118,642	99,890

The provision for deferred profit-sharing arises from the application of “shadow accounting”: it represents the share of policy-holders, life insurance subsidiaries, in unrealised gains and losses and impairment charged on assets, when the remuneration of contracts is tied to their returns.

These are provisions built up by La Banque Postale Prévoyance.

2.15 Provisions

(€ '000s)	31.12.2015	Provisions	reversals	Unused Reversals	Other	30.06.2016
Provisions for employee benefits	18,564	1,039	(39)	0	0	19,564
Provisions for risk on home savings accounts ⁽¹⁾	503,996	0	(141,500)	0	0	362,496
Provisions for employee litigation and employee benefits expenses	6,555	2,186	(3,269)	(207)	0	5,265
Other provisions	241,408	61,201	(4,768)	(11,554)	(400)	285,887
PROVISIONS	770,523	64,426	(149,576)	(11,761)	(400)	673,212

(1) LBP reviewed the parameters of the savings component of the calculation model of the home-savings provision.

2.16 Subordinated debt

(€ '000s)	30.06.2016	31.12.2015
Subordinated debt ⁽¹⁾	3,746,596	3,189,017
TOTAL	3,746,596	3,189,017

(€ '000s)	Date of issue	Maturity date	Currency of origin	30.06.2016
Long-term subordinated debt(2)	30.11.2010	30.11.2020	EUR	750,000
Long-term subordinated debt(2)	23.04.2014	23.04.2026	EUR	750,000
Long-term subordinated debt(3)	19.11.2015	19.11.2027	EUR	750,000
Long-term subordinated debt(4)	09.06.2016	09.06.2028	EUR	500,000
Perpetual subordinated debt(5)	13.12.2013		EUR	800,000
TOTAL				3,550,000

(1) Balance sheet value including hedging effect and accrued interest.

(2) The issue includes a mechanism for conversion to senior debt with a 30 basis point reduction in the coupon in the event that the instrument is disqualified by the regulatory authorities.

(3) La Banque Postale conducted a €750 million bond issue of Tier II securities in 2015.

(4) See Highlights over the period.

(5) Issue of perpetual debt convertible into shares and repayable in the event of tax, accounting or regulatory change or changes before the first call date. This debt is listed by regulation in Core Equity (Tier 1). Coupons are payable annually.

NOTE 3 NOTES TO THE PROFIT AND LOSS STATEMENT

3.1 Interest income and expense and similar items

(€ '000s)	30.06.2016		30.06.2015	
	Income	Expenses	Income	Expenses
Interest and similar income on cash and inter-bank transactions	550,948	2,532	740,783	2,893
Interest and similar income on customer transactions	1,139,734	(656,074)	1,121,626	(855,672)
Interest on hedged transactions	162,661	(46,874)	175,411	(83,704)
Interest on assets available for sale and held to maturity	452,552	0	524,975	0
Interest on debt securities	197	(67,087)	0	(57,229)
Interest income and expense	2,306,092	(767,503)	2,562,795	(993,712)
Net interest income and expense	1,538,589		1,569,083	

The credit expenses for interest are the result of the negative interest observed

Interest income and remuneration received in respect of the centralisation of deposits on the Livret A, the Sustainable Development Accounts (LDD) and the National Savings Accounts (LEP) amounted to €534 million as at 30 June 2016, compared with €708 million as at 30 June 2015.

3.2 Commissions

(€ '000s)	30.06.2016		30.06.2015	
	Income	Expenses	Income	Expenses
Commissions on cash and inter-bank transactions	23,348	(1,460)	16,242	(1,786)
Commissions on customer transactions	709,287	(31,212)	721,065	(28,176)
Commissions on financial services supplied	362,118	(67,628)	305,023	(70,299)
Commissions on securities transactions	162,118	(13,976)	135,315	(10,296)
Commissions on insurance services supplied	49,111	(23,927)	44,105	(22,650)
Commissions on financial instruments	0	(307)	0	(220)
Other commissions	31,634	(5)	18,014	(7)
Commission income and expenses	1,337,616	(138,515)	1,239,764	(133,434)
Net commissions	1,199,101		1,106,330	

3.3 Net gains and losses on financial instruments at fair value through profit or loss

(€ '000s)	30.06.2016	30.06.2015
Net income from financial instrument held for trading (excluding derivatives)	861	18,364
Net income from trading derivatives	(56,741)	(14,346)
Net income from the revaluation of hedged items and hedging derivatives	(87)	1,984
Net income from financial assets designated at fair value through profit or loss	96	0
Net income from financial liabilities designated at fair value through profit or loss	(1,201)	(1,333)
NET GAINS AND LOSSES ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS	(57,072)	4,669

3.4 Net gains and losses on assets available for sale

(€ '000s)	30.06.2016	30.06.2015
Gains on disposals of fixed-income securities	66,054	233,399
Losses on disposals of fixed-income securities	(45,258)	(123,205)
Dividends and similar income	16,674	16,953
Gains on disposals of variable-income securities ⁽¹⁾	136,351	6,042
Losses on disposals of variable-income securities and loss of value	(16,186)	(3,010)
Net gains and losses on disposals of loans and receivables	71	4,041
NET GAINS AND LOSSES ON ASSETS AVAILABLE FOR SALE	157,706	134,220

(1) Including capital gains on Visa Europe shares for €106.9 million.

3.5 Total income and expenses from other activities

(€ '000s)	30.06.2016		30.06.2015	
	Income	Expenses	Income	Expenses
Income paid-out, re-invoiced expenses and transfers of expenses	9,562	0	12,806	0
Other sundry operating income and expenses	130,402	(120,427)	163,002	(179,696)
Insurance income and expenses	394,859	(271,255)	388,215	(269,384)
Provisions and other operating expenses	14,913	(21,982)	10,408	(10,970)
Income and expenses from other activities	549,736	(413,664)	574,431	(460,050)
NET INCOME AND EXPENSES FROM OTHER ACTIVITIES	136,072		114,381	

3.6 General operating expenses

(€ '000s)	30.06.2016	30.06.2015
Employee benefits expense	(239,556)	(232,648)
Taxes and duties ⁽¹⁾	(93,614)	(69,514)
External services	(1,882,475)	(1,889,389)
Other expenses	(83,927)	(87,434)
Other general operating expenses	(2,060,017)	(2,046,337)
GENERAL OPERATING EXPENSE	(2,299,573)	(2,278,985)

(1) Including the Single Resolution Fund and the Deposit Guarantee and Resolution Fund.

3.7 Cost of risk

(€ '000s)	30.06.2016	30.06.2015
Impairments on customer accounts	(165,346)	(176,568)
Reversals of impairment on customer accounts	131,871	150,780
Losses on unrecoverable impaired receivables	(43,121)	(75,570)
Losses on unrecoverable non-provisioned receivables	(10,627)	(11,211)
Recovery of amortised receivables	3,085	2,748
Reversals of impairment on doubtful financial assets	135	0
Provisions to/reversals from other impairments	(26)	36,406
COST OF RISK	(84,029)	(73,415)

3.8 Income tax and deferred taxes

(€ '000s)	30.06.2016	30.06.2015
Current tax	(168,275)	(179,343)
Deferred tax	(36,047)	(24,371)
TAXES	(204,322)	(203,714)

Deferred tax was recorded at the rate of 34.43%.

Breakdown of the tax charge

(€ '000s)	30.06.2016		30.06.2015	
Net income, Group share	360,443		370,250	
Non-controlling interests	23,407		15,321	
Share of profits of equity associates	(86,658)		(111,018)	
Income tax expense	204,322		203,714	
Accounting result before tax	501,514	34.43%	478,268	38.00%
Theoretical income tax expense	(172,671)		(181,742)	
Impact of permanent timing differences	12,083	-2.41%	(15,125)	3.16%
Impact of tax rates	0	0.00%	2,551	-0.53%
Impact of dividend taxation	(7,236)	1.44%	(6,805)	1.42%
Other impacts	(36,498)	7.28%	(2,593)	0.54%
RECOGNISED INCOME TAX EXPENSE	(204,322)	40.74%	(203,714)	42.59%

NOTE 4 COMMITMENTS GIVEN AND RECEIVED

Contractual value of commitments given and received:

(€ '000s)	30.06.2016	31.12.2015
FINANCING COMMITMENTS		
To credit institutions and similar	488,057	137,351
To customers	19,040,617	17,132,244
Total financing commitments given	19,528,674	17,269,595
From credit institutions and similar	2,950,462	1,472,010
From customers	511,096	900,717
Total financing commitments received	3,461,558	2,372,727
GUARANTEES		
To credit institutions and similar	311,657	291,547
To customers *	2,503,126	2,774,973
Total guarantees given	2,814,783	3,066,520
From credit institutions and similar	28,271,621	27,924,489
From customers	10,506,655	10,278,875
Total guarantees received	38,778,276	38,203,364
COMMITMENTS ON SECURITIES		
Deliverable securities	2,188,159	1,404,646
Total commitments given on securities	2,188,159	1,404,646
Securities receivable	324,730	387,001
Total commitments received on securities	324,730	387,001
OTHER COMMITMENTS		
Other commitments given	8,347,482	7,345,980
Other commitments received	347,664	632,792
Total other commitments	8,695,146	7,978,772

* Includes capital guarantees and performance guarantees given to holders of UCITS units issued by Group entities.

Crédit Logement commitment

La Banque Postale has committed to maintain Crédit Logement's basic equity capital at a level equivalent to their holding in the company, i.e. 6%, so that the company can maintain its solvency ratio. La Banque Postale has agreed to replenish Crédit Logement's mutual guarantee fund if required, which underwrites borrower defaults on loans secured by the company. This commitment, which is equivalent to the portion of amounts outstanding granted by La Banque Postale, was €312 million at 30 June 2016. This amount at 31 December 2015 was €292 million.

Fair value of assets received as guarantee and which are available to the Group

The fair value of securities acquired under repo agreements was €5,438 million at 30 June 2016, compared with €3,685 million as at 31 December 2015.

Margin calls on repo securities and derivatives amounted to €2,216 million as at 30 June 2016, compared with €1,303 million as at 31 December 2015.

Other commitments given

Mainly the amount of shares pledged for the benefit of the European Central Bank as part of the financing commitment received from the latter (3G funding). This guarantee commitment given is recorded at the market value of pledged securities before taking into account different haircuts for securities and receivables into account. The commitment given (€1,665 million) is in return for a financing commitment received (€1,590 million) from the Banque de France (3G funding).

Other commitments also include €6,509 million in home loans pledged to cover the bond issues launched by the Group's home loans company (La Banque Postale Home Loan SFH).

Other commitments

As at 30 June 2016, La Banque Postale received €344.7 million in securities as collateral, compared with €632 million as at 31 December 2015.

NOTE 5 FAIR VALUE OF BALANCE SHEET ITEMS

5.1 Fair value of balance sheet items recognised at amortised cost

The table below shows the fair value of balance sheet items recognised at amortised cost.

(€ '000s)	30.06.2016		31.12.2015	
	Carrying amount	Fair value	Carrying amount	Fair value
ASSETS				
Loans and receivables – credit institutions	78,913,817	78,953,701	83,101,861	83,147,924
Loans and receivables customers	76,693,402	81,582,355	73,628,314	76,159,200
Financial assets held to maturity	22,121,606	25,254,975	24,157,604	27,132,874
LIABILITIES				
Liabilities due to credit institutions	14,542,510	14,178,186	15,741,232	15,147,640
Liabilities to customers	176,746,275	177,083,751	171,771,151	172,193,943
Debt securities	10,343,942	10,337,698	9,054,583	9,052,912
Subordinated debt	3,746,596	3,961,865	3,189,017	3,319,959

Fair value of loans

The scope selected includes all loans drawn on La Banque Postale and shown on its balance sheet. Loans granted but not yet drawn are not taken into account: the assumption is that since their rates were recently set, their value should not diverge from the nominal amount loaned.

The main assumptions underlying the determination of fair value are as follows for the loans marketed by the Bank:

- the fair value of current account overdrafts is presumed to correspond to the book value due to their short duration (the customer is required to return the account to credit within one month);
- the fair value of loans is determined on the basis of internal models, which consist in discounting future recoverable capital and interest flows over the residual term that are discounted based on the rate of internal disposals.

Fair value of deposits

The main underlying assumptions for the calculation are as follows:

- for deposits on which the interest rate is regulated, Livret B accounts, saving accounts for young people, National Savings accounts and term deposit accounts, fair value is assumed to be the carrying amount of the amount outstanding;
- the fair value of overnight deposits is assumed to correspond to the carrying amount of the amount outstanding, net of the fair cost value of the swaps used to hedge overnight deposits (via the *carve-out option*).

Held or issued debt instruments

The fair value of listed financial instruments corresponds to the closing price. The fair value of unlisted financial instruments is determined by discounting future cash flows at current reporting date market rates.

All these instruments are considered Level 2, the most significant parameters in terms of the market value of these instruments are considered as being indirectly observable.

5.2 Ranking of the financial assets and liabilities recognised on the balance sheet by fair value

Three levels of financial instruments are shown based on the decreasing level of observability of the prices and parameters used for their measurement:

- level 1: Instruments valued according to the (non-adjusted) prices quoted for identical assets or liabilities on an active market.

This level primarily includes listed shares and derivatives on organised markets (futures, options, etc.).

- level 2: Instruments valued according to data other than the prices listed under level 1 and that can be observed for the asset and liability in question, either directly (prices) or indirectly (derivative price data).

These are instruments measured employing valuation techniques that use observable parameters and standard models or instruments that are valued based on similar instruments listed on an active market. This category includes interest rate swaps, caps, floors, etc.;

- level 3: Instruments valued using data that are not based on observable market data (non observable data).

This category mainly includes unlisted equity investments.

The market value of unlisted equity investments classified as available-for-sale securities is determined by reference to criteria such as net assets, profitability outlook and discounting of future cash flows. Non-consolidated equity investments whose fair value cannot be assessed on a reliable basis are valued at cost.

The price quoted for an asset held or a liability to be issued is usually the bid price, and it is the ask price for a liability held or an asset to be acquired.

Financial assets

	30.06.2016			31.12.2015		
	Value determined using listed prices on an active market (Level 1)	Valuation process using observable data (Level 2)	Valuation technique using non-observable data (Level 3)	Value determined using listed prices on an active market (Level 1)	Valuation process using observable data (Level 2)	Valuation technique using non-observable data (Level 3)
(€ '000s)						
Government paper and similar securities	142,277	0	0	225,651	0	0
Bonds and other fixed-income securities	2,105,432	9,307,640	0	2,365,750	7,814,611	0
Equities and other variable income securities	57,873	0	0	74,227	0	0
Financial assets at fair value through profit or loss	2,305,582	9,307,640	0	2,665,628	7,814,611	0
Interest rate derivatives	0	595,173	0	0	537,031	0
Exchange rate derivatives	0	39,594	0	0	11,689	0
Equity and equity-index derivatives	0	0	0	0	6,315	0
Transaction derivatives	0	634,767	0	0	555,035	0
Interest rate derivatives	0	1,996,185	0	0	1,126,120	0
Equity and equity-index derivatives	0	0	0	0	56	0
Fair value hedging derivatives	0	1,996,185	0	0	1,126,176	0
Interest rate derivatives	0	116,936	0	0	102,391	0
Cash flow hedge derivatives	0	116,936	0	0	102,391	0
Government paper and similar securities	6,625,160	35,235	0	3,129,746	35,363	0
Bonds and other fixed-income securities	10,270,686	245,372	0	10,556,268	281,399	0
Equities and other variable income securities	710,916	251,050	220,208	902,466	276,601	197,478
Non-consolidated equity investments	0	0	129,278	0	0	231,178
Available-for-sale financial assets	17,606,762	531,657	349,486	14,588,480	593,364	428,656

Transfer from Level 1 to Level 2: €7 million (three fixed-income securities whose prices are no longer representative of a price quoted on the active market).

Transfer from Level 2 to Level 1: €15.6 million (one fixed-income security, the transactions for which now meet the volume and frequency conditions).

Financial liabilities

	30.06.2016			31.12.2015		
	Value determined using listed prices on an active market (Level 1)	Valuation process using observable data (Level 2)	Valuation technique using non-observable data (Level 3)	Value determined using listed prices on an active market (Level 1)	Valuation process using observable data (Level 2)	Valuation technique using non-observable data (Level 3)
(€ '000s)						
Debt securities	0	4,558	0	0	4,601	0
Financial liabilities designated at fair value through profit or loss	0	4,558	0	0	4,601	0
Interest rate derivatives	0	530,947	0	0	549,208	0
Exchange rate derivatives	0	190,099	0	0	65,450	0
Other derivative instruments	0	28,920	0	0	28,762	0
Credit derivatives	0	3,375	0	0	1,845	0
Equity and equity-index derivatives	0	0	0	0	7,590	0
Trading derivatives	0	753,341	0	0	652,855	0
Financial liabilities at fair value through profit or loss	0	757,899	0	0	657,456	0
Interest rate derivatives	0	423,797	0	0	326,058	0
Fair value hedging derivatives	0	423,797	0	0	326,058	0

Measurement of the fair value assigned to Level 3: reconciliation of opening and closing balances

	30.06.2016					
	Financial assets at fair value through profit or loss	Financial assets designated at fair value through profit or loss	Transaction derivatives	Hedging derivatives	Available-for-sale financial assets	Total
(€ '000s)						
OPENING	0	0	0	0	428,656	428,656
Total gains and losses recorded in profit and loss	0	0	0	0	(69)	(69)
Total gains and losses recorded in equity	0	0	0	0	1,911	1,911
Purchases	0	0	0	0	35,218	35,218
Sales	0	0	0	0	(118,666)	(118,666)
Issues	0	0	0	0	2,436	2,436
Redemptions	0	0	0	0	0	0
Transfer to or outside Level 3	0	0	0	0	0	0
Transfer within "Level 3"	0	0	0	0	0	0
Other movements	0	0	0	0	0	0
CLOSING	0	0	0	0	349,486	349,486

NOTE 6 SEGMENT INFORMATION

La Banque Postale Group is structured around the following divisions:

- **Retail banking**, which includes the activities of La Banque Postale, the CRSF Métropole, CRSF Dom and Tertiaire Saint Romain Limited Property Investment Partnerships that own the business premises of La Banque, La Banque Postale Financement, Easybourse, La Banque Postale Crédit aux Entreprises, La Banque Postale Collectivités Locales, La Banque Postale Home Loan SFH, BPE, and SOFIAP as well as the SF2 holding company and FCT Elise 2012;
- **Insurance Division** consists of the CNP Assurances group, La Banque Postale Prévoyance, La Banque Postale Assurance Santé, La Banque Postale Assurances IARD, La Banque Postale Conseil en Assurances and Sopassure;
- **Asset management** with La Banque Postale Asset Management group, La Banque Postale Structured Asset Management, Tocqueville Finance Holding, Tocqueville Finance SA, and Ciloger.

La Banque Postale Gestion Privée was absorbed by BPE in November 2015 and thus changed from the Asset Management segment to Retail Banking.

Except for CNP Assurances' foreign subsidiaries, the Group conducts its business activities in France.

Inter-segment and intra-segment transactions are performed under commercial market conditions.

6.1 Breakdown of results by business segment

Net income by business segment as at 30 June 2016 (excluding the remuneration cost of equity capital for each segment)

(€ '000s)	Retail Banking	Insurance	Asset management	Total
Net banking income	2,797,333	96,778	80,285	2,974,396
General operating expense	(2,207,652)	(47,620)	(44,301)	(2,299,573)
Net depreciation, amortisation and impairment of tangible and intangible fixed assets	(84,109)	(2,468)	(1,813)	(88,390)
Gross operating income	505,572	46,690	34,171	586,433
Cost of risk	(84,164)	0	135	(84,029)
Operating income	421,408	46,690	34,306	502,404
Share of profit of equity associates	0	86,658	0	86,658
Gains and losses on other assets	(730)	0	(160)	(890)
Goodwill	0	0	0	0
Pre-tax profit	420,678	133,348	34,146	588,172
Income tax	(169,308)	(22,772)	(12,242)	(204,322)
Consolidated net income	251,370	110,576	21,904	383,850
Non-controlling interests	10,064	8,137	5,206	23,407
NET INCOME, GROUP SHARE	241,306	102,439	16,698	360,443

Restated net income by business segment at 30 June 2015 (excluding the remuneration cost of equity capital for each segment)

(€ '000s)	Retail Banking	Insurance	Asset management	Total
Net banking income	2,772,646	92,225	63,812	2,928,683
General operating expense	(2,202,341)	(44,715)	(31,929)	(2,278,985)
Net depreciation, amortisation and impairment of tangible and intangible fixed assets	(93,994)	(2,069)	(1,321)	(97,384)
Gross operating income	476,311	45,441	30,562	552,314
Cost of risk	(73,415)	0	0	(73,415)
Operating income	402,896	45,441	30,562	478,899
Share of profit of equity associates	0	111,018	0	111,018
Gains and losses on other assets	(631)	0	0	(631)
Pre-tax profit	402,265	156,459	30,562	589,286
Income tax	(169,903)	(23,114)	(10,697)	(203,714)
Consolidated net income	232,362	133,345	19,865	385,572
Non-controlling interests	7,872	7,012	437	15,321
NET INCOME, GROUP SHARE	224,490	126,332	19,428	370,250

Net income reported by business segment as at 30 June 2015 (excluding the remuneration cost of equity capital for each segment)

(€ '000s)	Retail Banking	Insurance	Asset management	Total
Net banking income	2,746,057	92,225	90,401	2,928,683
General operating expense	(2,197,510)	(44,715)	(36,760)	(2,278,985)
Net depreciation, amortisation and impairment of tangible and intangible fixed assets	(94,047)	(2,069)	(1,268)	(97,384)
Gross operating income	454,500	45,441	52,373	552,314
Cost of risk	(73,415)	0	0	(73,415)
Operating income	381,085	45,441	52,373	478,899
Share of profit of equity associates	0	111,018	0	111,018
Gains and losses on other assets	(631)	0	0	(631)
Pre-tax profit	380,454	156,459	52,373	589,286
Income tax	(163,390)	(23,114)	(17,210)	(203,714)
Consolidated net income	217,064	133,345	35,163	385,572
Non-controlling interests	7,872	7,012	437	15,321
NET INCOME, GROUP SHARE	209,192	126,332	34,726	370,250

NOTE 7 SCOPE OF CONSOLIDATION

				% Control	% Interest	Method	% Control	% Interest
Companies	Nationality	Method ⁽¹⁾	Movements	30.06.2016	30.06.2016	31.12.2015	31.12.2015	31.12.2015
RETAIL BANKING								
La Banque Postale Group	French	Parent	-	100.00	100.00	Parent	100.00	100.00
SCI CRSF Dom ⁽²⁾	French	Full	-	99.94	99.94	Full	99.94	99.94
SCI CRSF Métropole ⁽²⁾	French	Full	-	99.99	99.99	Full	99.99	99.99
SCI Tertiaire Saint Romain ⁽²⁾	French	Full	-	100.00	100.00	Full	100.00	100.00
SF2	French	Full	-	100.00	100.00	Full	100.00	100.00
La Banque Postale Financement	French	Full	-	65.00	65.00	Full	65.00	65.00
La Banque Postale Crédit Entreprises	French	Full	-	100.00	100.00	Full	100.00	100.00
Easybourse	French	Full	-	100.00	100.00	Full	100.00	100.00
FCT Elise 2012	French	Full	-	95.00	95.00	Full	95.00	95.00
BPE	French	Full	-	99.99	99.99	Full	99.99	99.99
La Banque Postale Collectivités Locales	French	Full	-	65.00	65.00	Full	65.00	65.00
La Banque Postale Home Loan SFH	French	Full	-	100.00	100.00	Full	100.00	100.00
SOFIAP	French	Full	-	66.00	66.00	Full	66.00	66.00
INSURANCE								
Groupe CNP Assurances	French	Equi.	-	36.25	20.15	Equi.	36.25	20.15
La Banque Postale Prévoyance	French	Full	-	100.00	100.00	Full	100.00	50.00
La Banque Postale Conseil en Assurances	French	Full	-	100.00	100.00	Full	100.00	100.00
Sopassure	French	Join	-	50.02	50.02	Join	50.02	50.02
La Banque Postale Assurances IARD	French	Full	-	65.00	65.00	Full	65.00	65.00
La Banque Postale Assurance Santé	French	Full	-	51.00	51.00	Full	51.00	51.00
ASSET MANAGEMENT								
La Banque Postale Asset Management	French	Full	-	70.00	70.00	Full	70.00	70.00
La Banque Postale Structured Asset Management	French	Full	-	70.00	70.00	Full	70.00	70.00
Ciloger	French	Full	-	90.00	90.00	Full	90.00	90.00
Fédéris ⁽³⁾	French		Merged			Full	100.00	70.00
Tocqueville Finance Holding	French	Full	-	92.60	92.60	Full	92.56	92.56
Tocqueville Finance SA	French	Full	-	99.86	92.47	Full	99.89	92.46

(1) Consolidation method

Full: Full consolidation

Equi: Consolidation using the equity method

Join: Joint control recognised in proportion to the share of assets, liabilities and results held.

NI: Not incorporated

(2) Limited Property Investment Partnerships (SCIs), which own the Bank's operating

(3) Fédérés was absorbed by La Banque Postale Asset Management on 1 January 2016.

PRICEWATERHOUSECOOPERS AUDIT

63, rue de Villiers
92200 Neuilly-sur-Seine Cedex

KPMG Audit

Tour Egho
2, avenue Gambetta
CS 60055
92066 Paris La Défense Cedex

Limited report by the statutory auditors on the interim 2016 information

Period from 1 January 2016 to 30 June 2016

To the Shareholders

La Banque Postale SA

115, rue de Sèvres
75275 PARIS Cedex 06

Under the terms of the assignment entrusted to us by your General Meeting, and in accordance with Article L. 451-1-2 III of the French Monetary and Financial Code, we have:

- performed a limited review of the consolidated summary financial statements of La Banque Postale SA for the period from 1 January 2016 to 30 June 2016, as appended to this report;
- checked the information provided in the interim business report.

These summary consolidated interim financial statements have been drawn up under the responsibility of your Executive Board. It is our responsibility, based on our limited review, to express an opinion on these financial statements.

I - Conclusion on the financial statements

We have carried out our limited review in accordance with the professional standards applicable in France. A limited review mainly consists in meeting the members of the management team responsible for accounting and financial issues and implementing analytical procedures. This work is

less extensive than that required for an audit performed in accordance with the professional standards applicable in France. As a result the assurance that the financial statements, taken as a whole, do not include any significant misstatements that is obtained as part of a limited review is a moderate assurance, which is not as certain as the assurance obtained as part of an audit.

Based on our limited review, we did not observe any material misstatements of a nature that would call into question the compliance of the summary consolidated financial statements with IAS 34 - the IFRS standard for interim financial information as adopted by the European Union.

II - Specific checks

We also verified the information provided in the interim business report on the summary consolidated financial statements that were the subject of our limited review. We have no comments to make on the fair presentation of that information or on its consistency with the consolidated financial statements.

Neuilly-sur-Seine and Paris la Défense, 28 July 2016

The statutory auditors

PRICEWATERHOUSECOOPERS AUDIT

KPMG Audit

A division of KPMG SA

Jacques Lévi

Marie-Christine Jolys

Partner

Partner

V Additional information

V.I Articles of Association

The Articles of Association, updated on 25 May 2016, can be consulted on the website www.labanquepostale.com.

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 forty-six million four hundred and seven thousand five hundred and ninety-five euros (€4,046,407,595).

It is divided into thirty-five million one hundred and eighty-six thousand one hundred and fifty-three (35,186,153) 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.

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.

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 – Membership of the Board by 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.

SHAREHOLDERS' MEETINGS

ARTICLE 30. GENERAL MEETINGS – CONVOCATION – 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.

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 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.

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.

V.2 Significant changes

There have been no significant changes in the Group's financial or commercial position since the close of the last financial year for which audited financial statements have been published, and specifically since the signing of the statutory auditors' report on the consolidated financial statements on 22 February 2016.

V.3 Post balance sheet events

The discussions begun in early 2016 between La Banque Postale and Natixis aimed at bringing their real estate asset managers closer together resulted in an agreement signed on 21 July. This provides for the acquisition by SF2 of the remaining 10% held by CNP Assurances in Ciloger and the full acquisition of Ciloger by AEW paid via a contribution in kind of 40% of AEW securities to SF2. The transaction remains conditional on the formal agreement of the Board of Directors of AEW which will meet in September 2016.

La Banque Postale regularly offers new products and services to its customers. Information is regularly made available on its website www.labanquepostale.com under the News and/or Press Releases headings.

In addition to the items outlined in this document, since 16 March 2016, there were no significant events that should appear specifically in this section.

V.4 Outlook

After the initial shock caused by the outcome of the UK referendum on membership of the European Union, this had a limited short-term impact on La Banque Postale, which is essentially a bank operating in the French market. However, though its direct exposure to the UK, via its financial portfolios, are limited compared to the size of its balance sheet, its asset management subsidiaries

may be affected by the repercussions of financial market volatility on their assets under management. Moreover, in the longer term, this new crisis, further highlighting the challenges posed by the sustainably low level of interest rates, may potentially affect the Bank's income, margins and the cost of risk.

In this environment, La Banque Postale will continue to support all its customers and to develop its strategy of progression, as well as diversifying its business.

In particular, it will intensify its business aimed at companies, while strengthening its status as a regional bank serving the local ecosystem. It will also continue to develop professional banking, with the deployment of 260 account managers for professional customers by the end of the year.

At the same time, it will continue to carry out the major transformation programmes devoted to overhauling its banking distribution model and information systems. With this objective in mind, the Cap Client 3.0 programme will continue to grow and be enriched to improve commercial efficiency, service quality and employees' quality of life at work.

Furthermore, digital innovation will remain a major priority for development, especially in terms of payment facilities. For example, the "my payments" electronic portfolio, proposed since May 2015, will soon benefit from the improvement of the "LBP Pay" service, with vocal biometric authentication for increased security of uses. La Banque Postale has also filed a request for accreditation with the ACPR (French Prudential Supervisory Authority) to create an electronic money institution.

V.5 Availability of the Registration Document to the public

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

VI Persons responsible for auditing the financial statements

PricewaterhouseCoopers Audit

63, rue de Villiers

92208 Neuilly-sur-Seine Cedex

KPMG Audit

Division of KPMG S.A.

Tour Eqho

2, avenue Gambetta

CS60055

92066 Paris La Défense

PricewaterhouseCoopers Audit (672006483 RCS Nanterre) **and KPMG Audit** (775726417 RCS Nanterre) are registered as statutory auditors, are members of the Versailles Regional Chamber of Statutory Auditors and are subject to the authority of the High Council of Statutory Auditors.

The General Meeting of 25 May 2016 renewed the mandate of PricewaterhouseCoopers Audit as statutory auditor for a term of six years, expiring at the close of the General Meeting to approve the financial statements for the 2021 financial year and appointed Jean-Baptiste Deschryver as alternate auditor to replace Etienne Boris for a period of six years, expiring at the close of the General Meeting called to approve the financial statements for the 2021 financial year.

The General Meeting of 25 May 2016 renewed the mandate of KPMG Audit as statutory auditor for a term of six years, expiring at the close of the General Meeting to approve the financial statements for the 2021 financial year and appointed KPMG Audit FS I as alternate auditor to replace Pascal Brouard for a period of six years, expiring at the close of the General Meeting called to approve the financial statements for the 2021 financial year.

The signatory statutory auditor representing the PricewaterhouseCoopers Audit company is Jacques Lévi, replacing Agnès Hussherr.

VII Statement by the person responsible for updating the Registration Document

Rémy Weber, Chairman of the Executive Board

I hereby certify that I have taken all reasonable steps to ensure that the information contained in this updated Registration Document is, to my knowledge, consistent with reality and does not contain any omission likely to affect its import.

I certify that, to my knowledge, the summary consolidated financial statements for the half-year just ended have been drawn up in accordance with applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and profits and losses of the Company and of all companies included in the scope of consolidation and that the interim business report that consists of the sections of this update listed in the correlation table in Section VIII herein provides a true picture of the significant events that occurred during the first six months of the financial year, their impact on the financial statements and the main related party transactions, together with a description of the main risks and uncertainties for the remaining six months of the year.

I have received a letter from the statutory auditors, KPMG Audit and PricewaterhouseCoopers Audit, stating that they have completed their assignment, and in which they mention that they have verified the information on the financial position and financial statements provided in this update and have read the Registration Document and this update from beginning to end.

The consolidated financial statements, included for reference purposes for the financial year ending 31 December 2015 and presented in this Registration Document, were the subject of a report by the statutory auditors, which is presented on pages 172 to 173 of said document.

Paris, 1 August 2016,

The Chairman of the Executive Board

Remy Weber

VIII Correlation table for the update of the Registration Document

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IX Interim financial report correlation table

"Pursuant to Article 212-13 of the General Regulations of the French Financial Markets Authority, this update includes information from the interim financial report referred to in Article L. 451-1-2 of the French Monetary and Financial Code and Article 222-4 of the General Regulations of the French Financial Markets Authority".

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