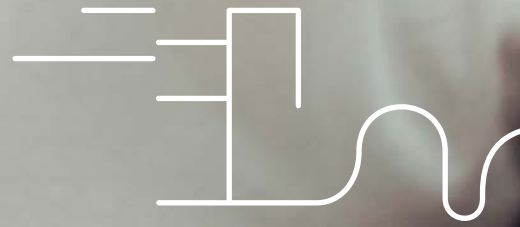


Responsible performance 2016



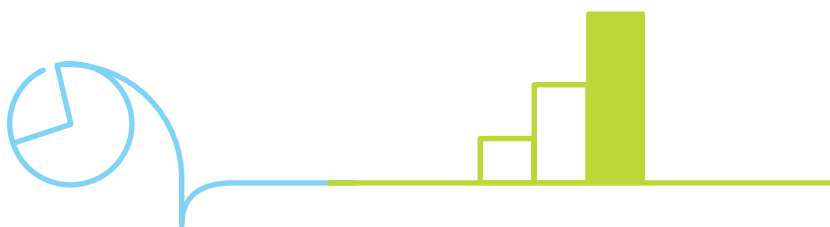


LA POSTE



LA BANQUE
POSTALE





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Le Groupe La Poste achieved good results in 2016, against a background of a decline in mail volumes and a fall in interest rates, which had a particularly marked impact on La Banque Postale. Its strong performance in both areas proves that Le Groupe La Poste's multi-business model is robust enough to withstand huge pressure. It also confirms the validity of the Group strategy, which was developed jointly with all postal workers. Thanks to postal workers, La Poste is changing, customers approve and the results speak for themselves. So what if one of the oldest companies in France proved to be one of the most robust postal services in Europe and a global group in local services?

Profitable and responsible

Le Groupe La Poste has put social responsibility at the heart of its strategic plan "La Poste 2020: Conquering the future" to everyone's benefit. 2016 key figures.

Committed to combating climate change and improving air quality

100%

renewable energy since 1 May 2016 to power real estate assets managed by Poste Immo (over 11,000 buildings).

7

major French cities receiving deliveries using low-emission logistics out of the 15 planned.

10,000

electric light commercial vehicles by 2020. 6,842 at the end of 2016.

The exemplary La Poste Village

This brings together over 4,200 people from various Group head offices on three sites, with two in Issy-les-Moulineaux (Lemnys and Crossing) and the third in Paris, in the 14th district (Brune) and is tasked with implementing a model environmental responsibility programme:

- a new-generation mobility plan including self-service electric bikes, and a car-sharing platform in partnership with WayzUp;
- selective waste sorting: Recy'go for paper, recycling of plastic bottles, cans and cups, and sorting of cardboard, office supplies, computer accessories and batteries;
- energy: rainwater for toilets and a solar water heater in the kitchens.



Committed to the future of postal workers

€19_M

invested in the “Boloco” programme to renovate postal workers workplaces.

93%

of postal workers trained and 20,000 qualification-earning courses taken in two years.

5

national agreements signed and 7 major negotiations undertaken in 2016.



Nearly
13,000

new employees hired by Le Groupe La Poste in 2016.

Committed to local economic development

€22.1_M

purchased from the social and solidarity economy nationwide in 2016.

Committed to a socially responsible society

+500

postal workers who volunteer to help young people succeed at school and support access to employment.

€42.5_M

in consolidated revenue from new services for sustainable regions (including Bemobi, Recy’go, Action Habitat, local services and the driving theory test).

100%

success at the baccalaureate for the 44 students at L’Envol, La Banque Postale’s campus.

Diverse and united

The three Business Units – mail, parcels and banking – are developing their own specific service offers. The La Poste Retail Network, Digital Services and Poste Immo are offering their expertise and supporting the transformation. All are boosting synergies to innovate more quickly or share costs to achieve our ambition for 2020.



Business sectors and service offers

Services-Mail-Parcels: new developments in local services

The Business Unit is reinventing mail services, driving online retail with Colissimo solutions and developing a package of personal assistance services using the network of almost 73,000 mail carriers and parcel delivery staff, along with staff from Axeo Services, a major player in personal assistance services.

GeoPost, a major player in express delivery of parcels weighing less than 30 kg around the world, brings its subsidiaries together under the international DPDgroup brand.

La Banque Postale, the bank for everyone

Individuals, companies, professionals, players from the social economy and the local public sector: La Banque Postale offers a comprehensive range of simple, useful and transparent banking and insurance products and services at affordable prices.



Serving the whole Group

La Poste Retail Network: a local network focused on banking

As the heart of the Group's diverse delivery activities, the Network roots La Poste in the day-to-day lives of customers, the general public and business customers, and in the regional economy through 17,159 physical retail outlets.

Digital Services: driving the Group's digital transformation

From the website laposte.fr to the Digital Hub and the Internet of Things, the Digital Services Business Unit is driving the development of digital services and building the customer knowledge infrastructure needed to take the Group into the 3.0 era.

Poste Immo, the Group's real estate operator

Poste Immo manages, maintains, develops and generates value from over 11,000 buildings throughout France, tests the urban logistics solutions of the future and manages energy transition for the Group's real estate.

New synergies

The Group's transformation can also be seen in new ways of working together. For example, delivering small packages combines mail carriers from the Services-Mail-Parcels Business Unit and the Chronopost service from GeoPost. In two years, this represents over 1.6 million parcels delivered and over €3 million of margin generated by the two businesses. La Banque Postale has delegated lending authority to 1,600 directors in the Network sector after eleven weeks' training at the Banking and Network School. The partnership between the Network and La Banque Postale illustrates the cultural, organisational and strategic transformation of La Poste Group.

Governance



The Board of Directors

The Board's main areas of responsibility are:

defining the Group's strategic priorities; authorising external growth transactions and disposals, plans for major investments, conditions for employee profit-sharing, approving the Group's annual and half-yearly financial statements, etc.

In 2016, the Board of Directors met 12 times and held 2 strategic thinking sessions.

Members

Philippe Wahl, Chairman and Chief Executive Officer of Le Groupe La Poste

Representatives of the French State

Martin Ajdari, Director-General for Media and Cultural Industries – French Ministry for Culture and Communication

Marie-Pierre de Bailliencourt, Senior Executive Vice President Development – DCNS Group

Marie-Caroline Bonnet-Galzy, member of the Conseil d'État, nominated by the government

Corinne Lejbowicz, Chairman and Chief Executive Officer of PrestaShop

Philippe Lemoine, President of Forum d'Action Modernités and President of the Internet Nouvelle Génération Foundation

Françoise Malrieu, company administrator

Sophie Mantel, Head of Department, Deputy Director of the Budget Division – French Ministry of Finance and Public Accounts

Bertrand Walckenaer, Director of Service Holdings & Finance at the State Holdings Agency

Representatives of the Caisse des Dépôts

Nathalie Gilly, Audit Director

Pierre-René Lemas, Managing Director

Franck Silvent, Director of the Finance, Strategy and Holdings Division

Members appointed by decree (user representative; local communities and inter-communal groups representative)

Hélène Carnet, Vice President of Familles rurales, President of the Familles rurales

Basse-Normandie region federation

Jacques Pelissard, Honorary Chairman of the Association des maires de France (AMF)

Employee representatives, sponsored by

Alain Bard, CGT; **Régis Blanchot**, SUD;

Jacques Dumans, FO; **Brigitte Jonon**, CGT;

Jean-Yves Lautridou, CFDT; **Yves Renaud**, CFDT;

Annette Rivard, SUD

The Executive Committee

The Executive Committee, the Group's operational management body, implements the strategy set by La Poste's Board of Directors. Its members – the chairman plus executives from the five Business Units and central divisions – meet once a week.

The Executive Committee has had 10 members since February 2016.



Highlights

Digital services: a new area of development for La Poste

The Board of Directors approved La Poste's Data Charter on 3 February 2016 and validated its digital strategy on 10 November 2016. La Poste's Business Units have embarked on an internal digital transformation, to offer French people a range of new services, including digital identity, new personal assistance services and digital banking.

Amount of dividends paid to shareholders

On 7 June 2016, the Board of Directors approved the amount of dividends payable to shareholders (the French government and the Caisse des Dépôts). As an indicator of their support for the development of La Poste, the latter aligned the amount of dividends payable for 2015 to the amount of dividends paid for 2014.

Transfer of La Poste's registered office

La Poste's registered office was transferred by its corporate governance bodies (the Board of Directors and annual general meeting of shareholders) to 9, rue du Colonel Pierre Avia, Paris 15th district, from 1 July 2016. The move was a key part of the La Poste Village project, which aims to bring all the registered offices of the Group's Business Units together.



The committees

Audit committee

The committee comprises six members of the Board of Directors and met five times in 2016. The committee examined the financial statements, internal control and risk mapping of the Group's Business Units, changes to La Poste's procurement rules and the impact of changes to accounting standards.

Chairman: **Mr Silvent**.

Members: **Mrs Gilly, Mrs Jonon, Mr Lautridou, Mrs Mantel and Mr Walckenaer**.

Strategy and Investments committee

The committee comprises nine members of the Board and met nine times in 2016. The committee examined the Group's acquisitions and in-house capital expenditure.

Chairwoman: **Mrs Malrieu**.

Members: **Mr Bard, Mr Blanchot, Mr Dumans, Mrs Gilly, Mrs Lejbowicz, Mr Renaud, Mr Silvent and Mr Walckenaer**.

Quality and Sustainable Development committee

The committee comprises seven members of the Board and met twice in 2016. The committee focused on La Poste's customer experience (perceived quality indicators, complaints and Business Unit action plans).

Chairwoman: **Mrs de Bailliencourt**.

Members: **Mr Ajdari, Mrs Carnet, Mrs Gilly, Mrs Jonon, Mr Lemoine and Mrs Rivard**.

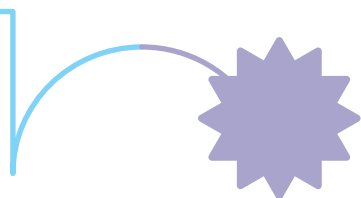
Remuneration and Governance committee

The committee comprises five members of the Board and met twice in 2016. Its work focused on the chairman's road map, executive remuneration policy, the management policy for key functions and the Group's potential talent.

Chairman: **Mr Lemoine**.

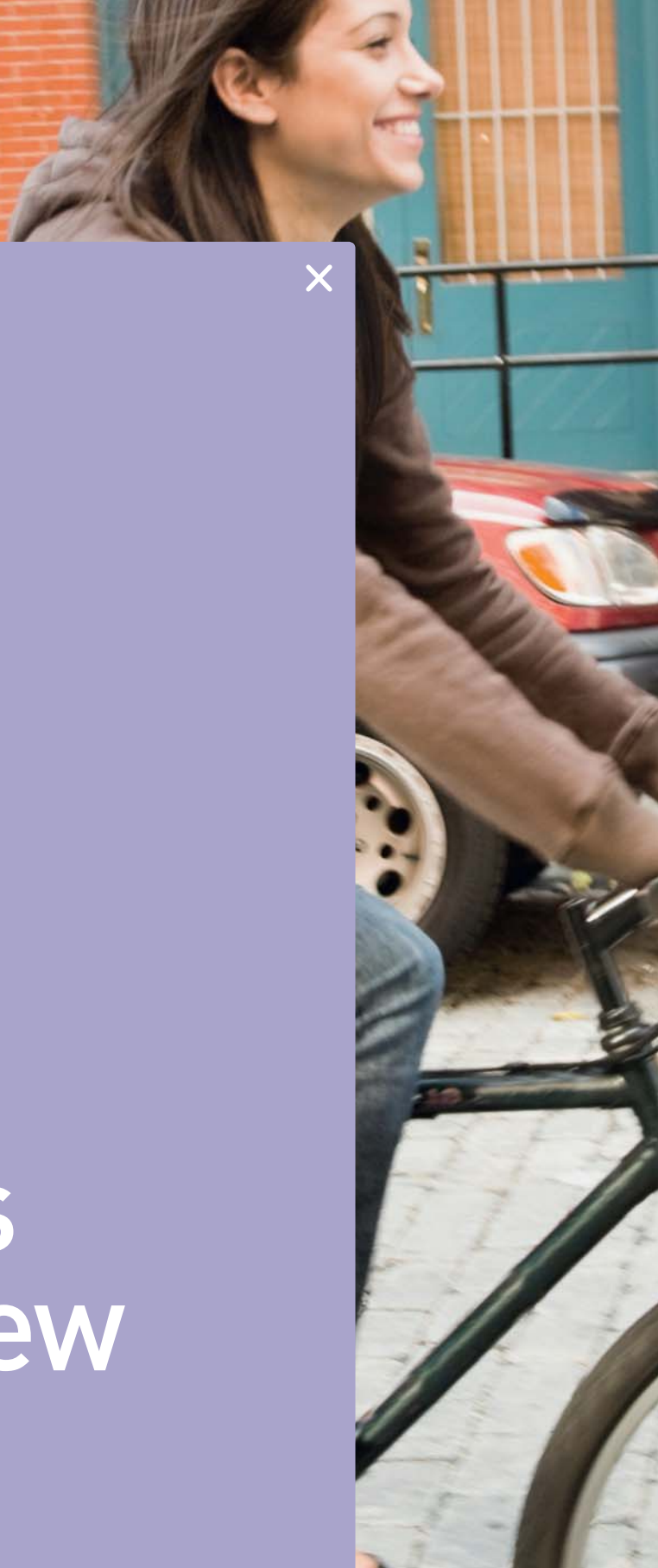
Members: **Mr Bard, Mr Lemas, Mr Silvent and Mr Walckenaer**.

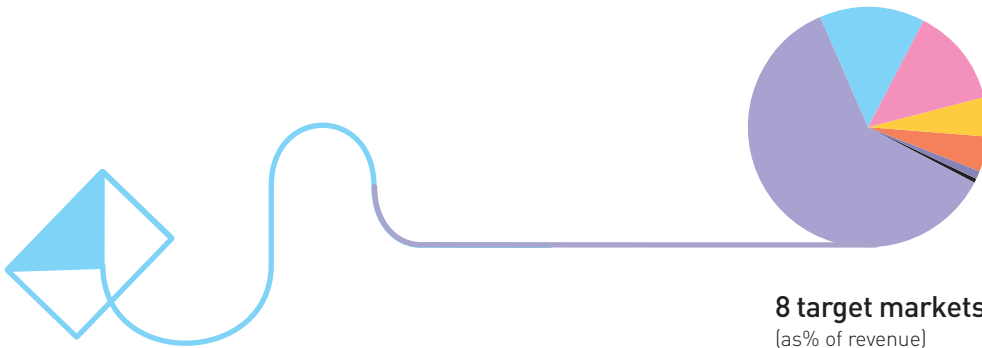
In 2016, the Services-Mail-Parcels Business Unit launched its personal assistance services on a broad scale. Diversification of the model is underway. GeoPost is increasing its acquisitions to strengthen its position as the European leader in express parcels and support its global network. Synergies between La Banque Postale and the La Poste Retail Network are strengthening the local branch network for banking. The Digital Services Business Unit is driving online and mobile services, and gradually linking them to a single customer account. Review of customer-centred innovations.





Business Unit review





Services-Mail-Parcels

With its new “Veiller sur mes parents” (Watch Over My Parents) service, driving theory test, registered letters on mobile devices and the Colissimo revolution, the Services-Mail-Parcels Business Unit is accelerating its diversification into service provision.

8 target markets

(as% of revenue)

- 60.5% Business and individual customers' mail
- 14.6% Parcels to individual customers and businesses
- 13.3% Advertising
- 5.5% International, mail and small cross-border packages
- 4.7% Press delivery
- 1.0% Transport and logistics
- 0.4% New services silver economy (La Poste Silver subsidiary created in March 2016)
-



Key facts

2 public service missions

- **Universal postal service:** mail delivery six days a week to all French households.
- **Press transportation and delivery** at special rates.

6 expert subsidiaries

- **“Veiller sur mes parents” (Watch Over My Parents)**, keeping an eye on the elderly physically and remotely.
- **Mediapost**, Home Media communications.
- **Viapost Services**, logistics dedicated to e-commerce.
- **SOGEC**, marketing for promotions, customer relations and services.
- **Asendia**, 50/50 owned with Swiss Post, a global leader in international mail.
- **SOBRE**, with the Caisse des Dépôts.

1st

parcel operator in France

1st

in unaddressed French advertising market

Ambitions

Become the leading operator in personal and digital local services

- Dynamise online retail with Colissimo for faster, on-demand deliveries that fit with customers' lifestyles.
- Speed up cross-border trade with our import and export services.
- Increase contacts and business through online and offline marketing campaigns and connecting with advertising mail.
- Improve customer relations by innovating in the area of industrial and registered mail, and offering advice and services to local professionals.
- Improve well-being at home with new local services provided by almost 73,000 mail carriers.

Performance

Volume

Almost **22** bn envelopes delivered every year

Quality

84.9%

next-day delivery for priority mail.

94.9%

two-day delivery for eco-friendly green mail.

92.2%

two-day delivery for Colissimo (Parcels).

Value

€11.4 bn

in revenue in 2016

47.4%

of Group revenue

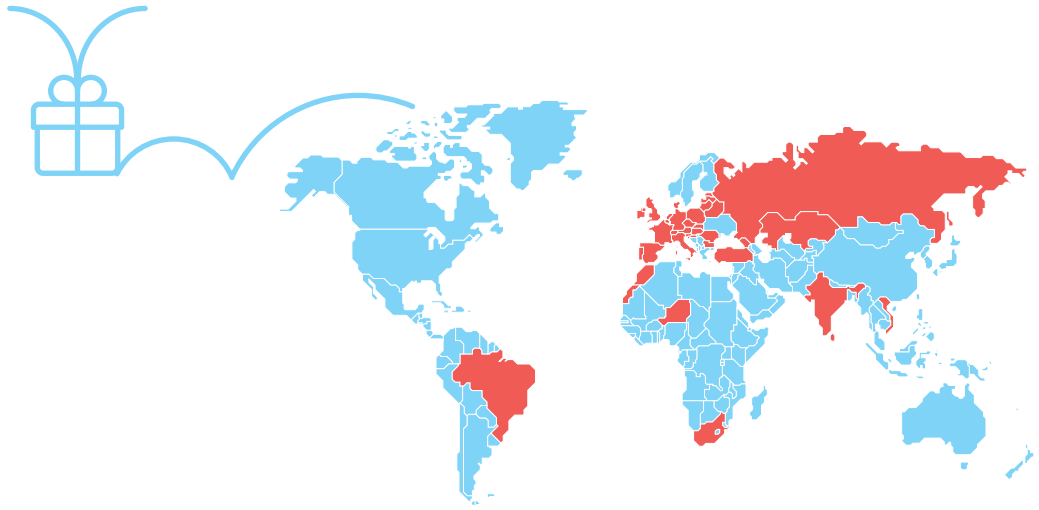
€584 M

of operating profit⁽¹⁾ in 2016

Committed to energy transition for all

- Bemobi: ecomobility 360° range (advice, training and fleet management) for companies and communities
- SOBRE: solutions to optimise energy performance for real estate professionals
- Action Habitat: support for energy-efficiency housing improvement for regional authorities

(1) After share of net profit of companies under joint control.



GeoPost

With new ultra-precise or drone delivery services, new markets in chilled goods and health and new countries associated with the DPDgroup network, such as Vietnam and Brazil, GeoPost is opening up a whole world of possibilities. It is the only parcel delivery company to offers its customers carbon-neutral deliveries at no additional cost.

GeoPost's presence around the world

- DPDgroup network
- Trade agreements



Ambitions

An increasing number of tailor-made services

- Same-day delivery in Spain and France.
- Delivery to Pickup points throughout Europe.
- Predict: delivery rescheduling.
- Precise: to select a specific delivery slot.
- Delivery of chilled food products in Europe.
- Delivery management on the move with the DPD app (United Kingdom, Germany).

3 priorities

- Develop in the e-commerce market.
- Continue to extend DPDgroup's international network.
- Increase innovation to respond to market changes.

Key facts

Subsidiaries around the world

- **Chronopost France**, express delivery of parcels weighing up to 30 kg in over 230 countries
- **DPD**, express delivery throughout Europe
- **Chronopost Portugal**
- **SEUR**, Spain
- **Yurtiçi Kargo**, Turkey
- **DTDC**, Asia
- **DPD Laser**, Africa
- **Tigers and Lenton**, intercontinental traffic

Shareholdings

- **JadLog** in Brazil
- **Giao Hang Nhanh (GHN)** in Vietnam

2 powerful networks

- **DPD road network**: over 820 depots and hubs and 624 European road links
- **Pickup points**: almost 29,000 pick-up points in 22 European countries

1st

European road network and operator in intra-European traffic

2nd

European express parcel operator

Performance

1.1 bn

parcels delivered in 2016

+11%

volume growth compared with 2015

35%

of volume made up of BtoC deliveries

€6.2 bn

revenue in 2016

77%

of revenue from outside France

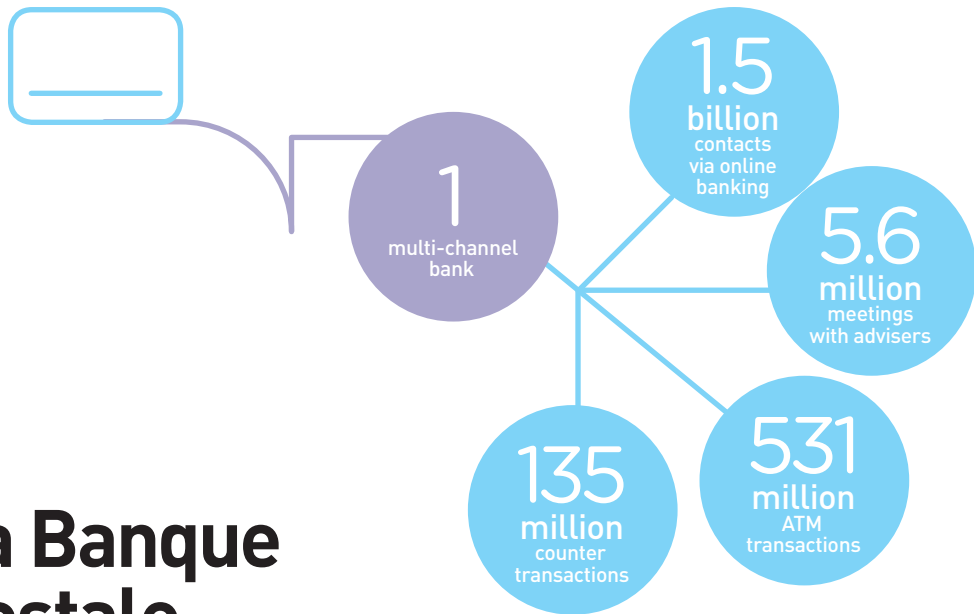
€438 M

of operating profit⁽¹⁾ in 2016

CSR: Driving Change

DPDgroup's new CSR strategy is based on four pillars: reduce the carbon footprint per parcel by 10% by 2020, contribute to the quality of life in cities, support innovative entrepreneurship and encourage employees to get involved in society.

(1) After share of net profit of companies under joint control.



La Banque Postale

Despite facing significant challenges, La Banque Postale is increasing its commercial dynamism, diversifying its business sectors and customers, and building its partnerships to become a major banking group.



Key facts

1 public service mission

Banking accessibility: La Banque Postale is obliged to open a "Livret A" tax-free savings account free of charge to anyone who requests one. This public service mission is recognised by the French Economic Modernisation Act.

3 business divisions

- Retail banking for all.
- Insurance: life, personal risk, loan, property and health insurance.
- Asset management: €180.6 billion of assets under management.

Expert partnerships

- Life insurance with CNP Assurances.
- P&C insurance with Groupama.
- Health insurance with Malakoff Médéric and Mutuelle Générale.
- Consumer credit with Franfinance, a subsidiary of Société Générale.
- Local authorities with the Caisse des Dépôts.
- Asset management with Aegon Asset Management.
- Real estate asset management with Natixis.
- Electronic banking systems with Société Générale.

Ambitions

Be 100% digital and 100% human

- Speed up the bank's transformation with key programmes

For example, the Cap Client 3.0 project has invested €120 million in developing intelligent computer workstations for ultra-personalised customer relations.

- Speed up commercial development

Become the favourite bank for business customers, attract high net-worth customers, develop asset management and consolidate insurance services to become a major diversified banking group.

- Build a large banking-centred network

Almost 370,000 days of training at the Banking and Network School in 2016 and 2,000 directors in the network sector authorised to grant loans by 2020.

- Create a 100% digital bank
Mobile banking accessible to all launched in autumn 2018.

Performance

Volume

10.7

million active customers

Almost **400,000**
corporate customers and associations

€309.7 bn

in outstanding savings

€75.9 bn

in outstanding loans

Value

€5.6 bn

of net banking income in 2016

€834 M

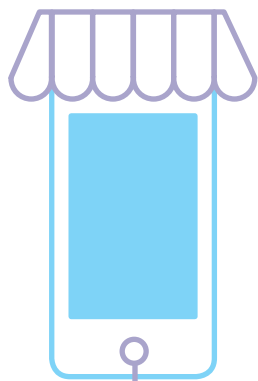
of operating profit in 2016

€1023 M

of operating profit in 2016

CSR: 4 commitments

La Banque Postale's CSR is built on four commitments: economic, employee relations, society and environment La Banque Postale continues to sign itself: Bank and Community.



1st network
for local services in France

3_M
business customers in France

1,3_M
La Poste Mobile
customers in 2016

La Poste Retail Network

As the focal point for our branches, a symbol of the Group's unity and the standard-bearer for its multi-faceted business, the La Poste Retail Network puts human contact at the heart of the multi-channel network. It is investing massively in modernisation and connecting all its retail outlets.



Key facts

1 flagship public service mission

Contributing to regional planning: minimum of 90% of the population of metropolitan France within less than 5 km of a La Poste retail outlet.

1 multi-business banking-centred network

- Almost 10,000 advisers and customer managers
- 66.8% of consumer credit
- 100% of net inflows from private individuals

17,159⁽¹⁾ retail outlets

8,835

post offices run entirely by La Poste, which offer all services.

8,298

retail outlets run by a commune or shop owner, which offer the most commonly used services.

96.8%

of the French population is less than 5 km from a La Poste retail outlet.

Performance

Winning over business customers

Shared commercial management in post offices and 1,600 postal workers to attract over 4 million prospective customers across France.

Focus on banking

A unique commercial organisational structure between La Banque Postale and the La Poste Retail Network, and the Banking and Network School, to train 70,000 postal workers in banking skills.

Postal coverage today

Banking-oriented post offices in city centres offer personalised services and increased expertise in business and high net-worth customers where they live and work. Shared arrangements are increasing everywhere to enhance the offer of products and services. 131 La Poste Relais outlets have been opened in partnership with shopkeepers in urban areas. 500 public service areas in post offices have been opened in mountain and rural areas, and 564 mail carrier-counter clerks are ensuring the continuity of postal services in suburban and rural areas. Now more than ever, La Poste is where French people live.

Performance

The power of digital technologies

Digital technologies are driving modernity and development in the Network. New-generation automated postal machines provide continuity between physical and digital channels for a multi-channel customer experience. The roll-out of Smartéo, the on-board workstation for customer relationship managers, is a prime example.

1,500

post offices have a digital communications system

3,200

local branches equipped with self-service tablets

1,600

La Poste Relais outlets equipped with smartphones and printers

500

public service areas have a digital services hub and free Wi-Fi access for their customers

Over 21,000

automated postal machines in post offices

“Enseigne responsable” label

The La Poste Retail Network is particularly well known for its responsible purchasing strategy and for employing disabled people. Its performance was assessed again in late 2016 by SGS, the world leader in certification, and was again awarded its level 2 “Enseigne responsable” (responsible business) label.

(1) Including 26 outlets run with special status.

Performance

€609 M
in revenue in 2016

10.5 M
unique visitors per month
on average to the website
www.laposte.fr

+6%
revenue on the website
www.laposte.fr in 2016

6.2 M
people in the customer
database by the end of 2016

Digital Services

The Digital Services Business Unit is driving the Group's digital transformation at all levels, from digital infrastructure to agile innovation methods and training all postal workers to provide customers with an unparalleled postal experience.



Key facts

1 objective

Drive La Poste's digital transformation while staying focused on its core business.

3 missions

- Develop La Poste's digital expertise to support the Group and the Business Units.
- Accelerate revenue growth from the Group's online products and services by developing a real laposte.fr e-commerce site.
- Develop digital solutions and services for businesses and retail customers, in particular via the two subsidiaries Docapost and Mediapost Communication.

3 expert subsidiaries

- **Docapost** supports companies and institutions in managing their digital and mobile exchanges.
- **Mediapost Communication** reinvents advertisers' customer relationship marketing through interactive and personalised material.
- **Start'inPost**, the Group's start-up incubator, supports start-ups which innovate on the target markets of e-commerce, local services and smart objects.

Ambitions

A closer, more connected La Poste

- **Accelerate the development of the Business Units' digital services** Production, in 2016, of a technical core of digital infrastructure across the Business Units to speed up the development of their services: the single customer account to know and recognise customers; the Digital Hub, to coordinate services for individual customers; Digiposte+, to support the French people in their daily and administrative lives; La Poste online: digital delivery infrastructure; the Data Lake: La Poste pooled data resource for analysis and enhancement.
- **Driving innovation in postal services**

The new cross-cutting structure Yellow Innovation by La Poste delivers open innovation to support the Business Units and the Group: it works closely with start-ups to develop projects in agile mode, in a maximum of four months. Among other things, Yellow Innovation organises the Le Groupe La Poste's key annual open innovation event, Lab Postal. Find out more at yellowvision.fr, the Group's digital innovation webzine.

Ambitions

- **Create a French dynamic around the IoT**

16 start-ups that won the second French IoT competition have joined the community. An ambitious programme that relies on the Digital Hub and whose advances were promoted at CES 2017 in Las Vegas.

- **Internal transformation and cooperation**

La Poste has put its 220,000 postal workers at the heart of its digital transformation, with a vast training plan, the award of a digital passport and changes to working tools and methods.

The ways in which we cooperate and exchange information are being transformed faster than ever. Today, over 20,000 postal workers have signed up to Tredunion, the Group's unique internal social network, accessible everywhere from any device, including when people are on the move.

La Poste elected Digital Business of the Year 2016

by L'Usine digitale

Digital services and ethics

100% of digital services are carbon-neutral at no extra cost to the customer, while the Data Charter commits Le Groupe La Poste to giving French people control over their personal data.



6.4 million m²
of which 56% is fully owned

11,023 tertiary,
industrial and commercial
buildings from 9 m²
(the Eiffel Tower post office)
to 39,000 m² (industrial
sorting hubs)

Poste Immo

Poste Immo is driving the transformation of Le Groupe La Poste's real estate assets. This know-how is well recognised and is offered to local authorities and companies.



Key facts

1 organisation

The Real Estate Department sets out and manages Le Groupe La Poste's real estate policy. **Poste Immo**, a wholly-owned subsidiary, implements the policy and takes on the responsibilities of owner.

3 missions

- **Real estate:** managing, maintaining and developing the Group's real estate portfolio.
- **Service provision:** supporting the Business Units in their projects and also offering its services to local authorities and companies.
- **Development:** reclassifying assets and developing new projects.

4 areas of expertise

- **Advice and transactions:** real estate strategy, purchase and sales.
- **Development:** construction, renovation and fitting.
- **Lease management and operations:** tenant management, upkeep and maintenance.
- **Real estate asset management:** a dynamic asset policy aimed at adapting the portfolio to the issues affecting the Group.

Ambitions

3 key projects for the Group

- **Managing real estate changes**
Resizing the portfolio to make it multi-channel and adapting it to changing user behaviours. The agreement reached in 2016 with Startway, the leading co-working company in the Greater Paris area, will stimulate the supply of Le Groupe La Poste co-working spaces in around 20 cities.
- **Inventing urban logistics**
From urban logistic areas to lockers installed in post offices, this project aims to make the Group a leading player in the last kilometre and make metropolitan areas more pleasant to live in. Four urban logistics test sites were already operating by the end of 2016.
- **Succeeding in energy transition**
Implementing the Group's energy transition.

Performance

An exceptionally extensive and extraordinarily diverse property portfolio

€843_M
in revenue in 2016

€338_M
in investments in 2016

€3,2_{bn}
estimated market value of real estate portfolio

Committed to combating climate change

100% of the real estate assets managed by Poste Immo have been powered by electricity from renewable sources since 1 May 2016. 25% improvement in energy efficiency of sites of over 5,000 m², equivalent to 20% of the portfolio, expected by 2020.

Le Groupe La Poste is committed to implementing its strategic plan “La Poste 2020: Conquering the future”, resolutely continuing to transform its business model and recording strong performance in 2016.

These developments are the result of all our employees’ commitment to serving society and the public interest for everyone, everywhere, every day.



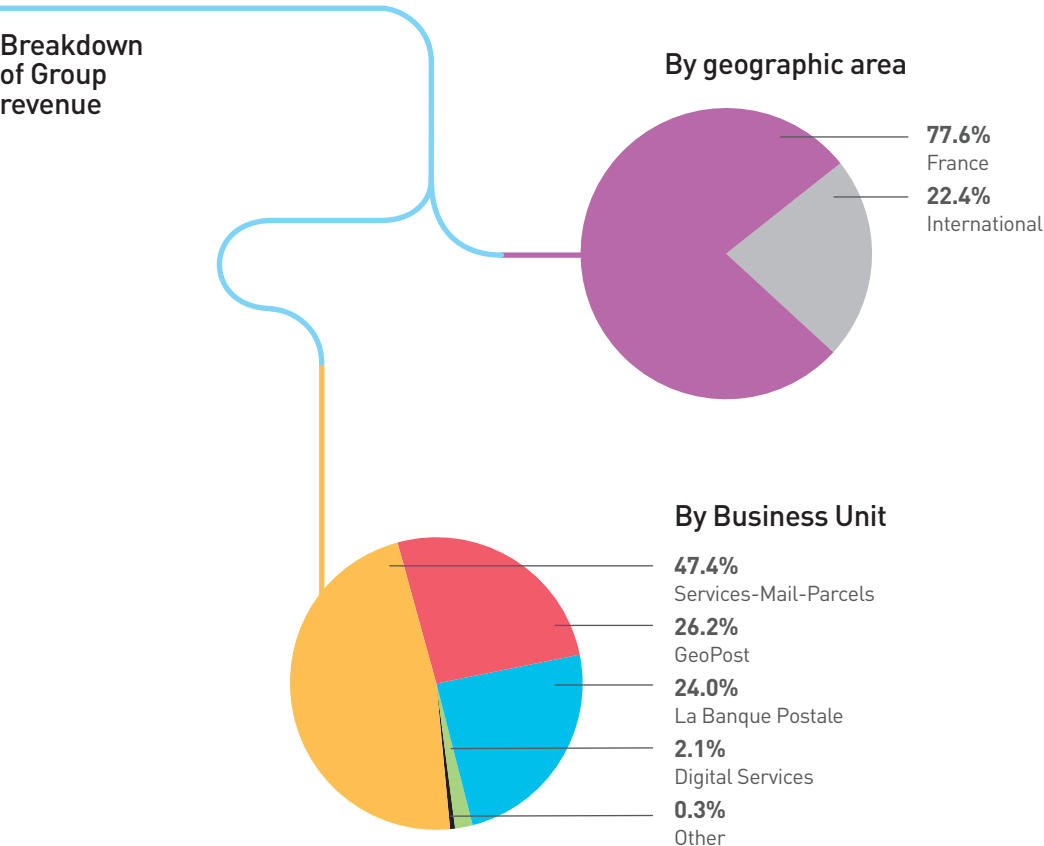


Performance review

Key figures for Le Groupe La Poste

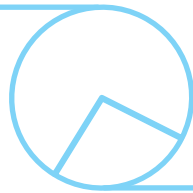
The Group recorded strong performance despite a difficult content in 2016, confirming the robustness of its multi-business model. Its action plans in terms of development, cooperation between Business Units and cost control are reflected in the growth in the Group's results and illustrate the transformation that is underway.

€23.294
billion in revenue



Public shareholders

100%



73.68% French government

26.32% Caisse des Dépôts

251,249⁽¹⁾
employees

(1) Average full-time equivalent.

Breakdown
of Group
staff



By geographic area

95.8% of Group's workforce is located in Western Europe (UNESCO classification)

88.8%

France

7.0%

Other Western European countries

2.7%

Eastern Europe and Russia

1.5%

Other countries

By Business Unit

Average full-time equivalent

55.1%

Services-Mail-Parcels

21.1%

La Poste Retail Network

13.0%

GeoPost

7.2%

La Banque Postale

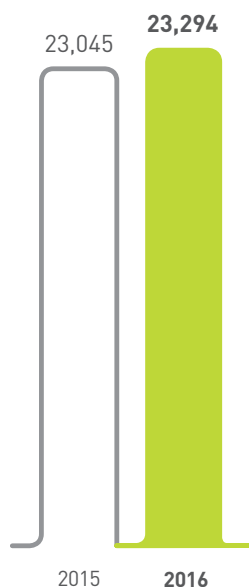
2.1%

Digital Services

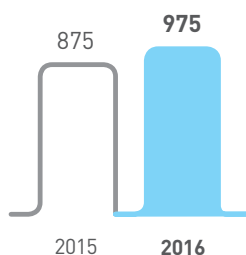
1.5%

Group parent company and real estate

Le Groupe La Poste indicators

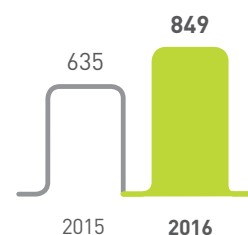


Revenue
(in € million)



Operating profit⁽¹⁾
(in € million)

(1) Operating profit after share of net profit of companies under joint control.



Net profit - Group share
(in € million)

The Group's multi-business model allows it to balance out changes in different areas of its business activities (with a strong dynamic in the parcels, express delivery and personal assistance services on the one hand, and the reduction in mail volumes and the fall in interest rates impacting banking activities on the other).

Le Groupe La Poste's consolidated revenue was €23.294 billion, a slight increase of 1.1% (+1.0% on a constant scope and exchange rate basis). The scope effect, related to acquisitions in 2015 and 2016, mainly by GeoPost and to a lesser extent

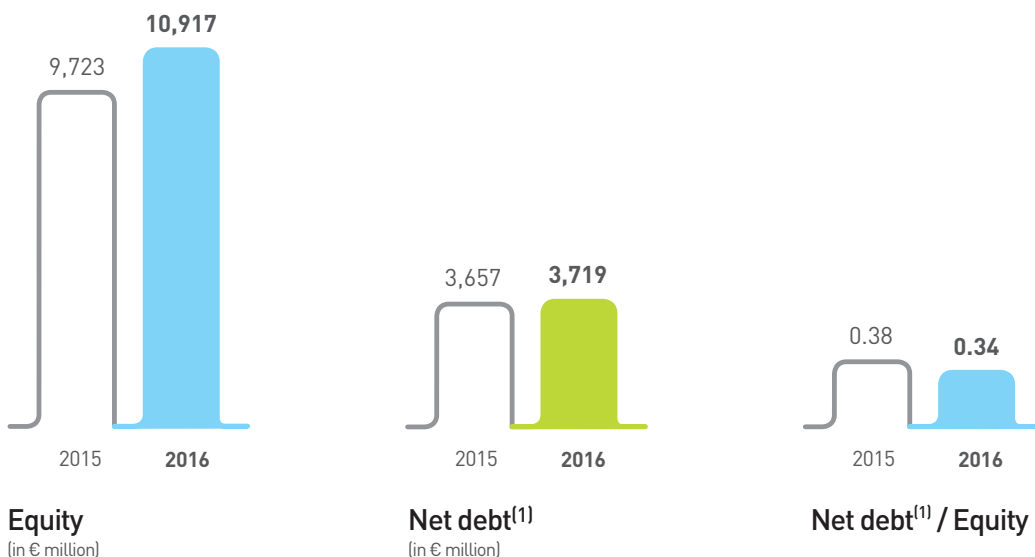
La Banque Postale and the Digital Services Business Unit, was €208 million. Exchange rate movements had a negative impact of €177 million (mainly linked to the pound sterling).

The Group's consolidated operating profit⁽¹⁾ was €975 million, up 11.5% (+13.6% on a constant scope and exchange rate basis).

The net profit - Group share was €849 million, an increase of 33.6%.

(1) Operating profits (Group and Business Units) are shown after the share of net profit of companies under joint control.

Financial structure of Le Groupe La Poste



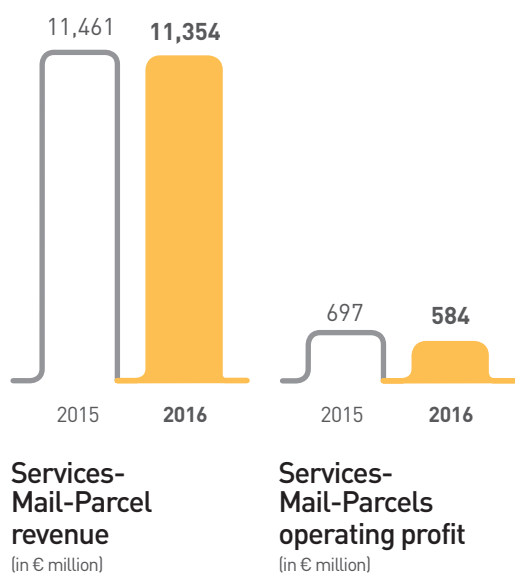
Consolidated equity – Group share amounted to €10,917 million, an increase of 1,194 million, resulting from the net profit – Group share (net of dividends paid) and other favourable elements.

Net debt⁽¹⁾ was €3,719 million, an increase of €62 million compared with 2015, as a result of financing some external growth transactions.

The debt ratio showed an improvement, at 0.34 (compared with 0.38 at 31 December 2015). In addition, in December 2016, the Group issued US\$500 million in fixed-term subordinated notes with a final maturity date of 2043, placed with an investor. Rating agencies treat this type of hybrid debt as 50% capital and 50% debt. The transaction has allowed the Group to extend its debt maturity and will contribute to funding its development plan.

(1) The Group's net debt does not include its banking activities, for which the concept is not relevant.

Operating performance by business unit⁽¹⁾



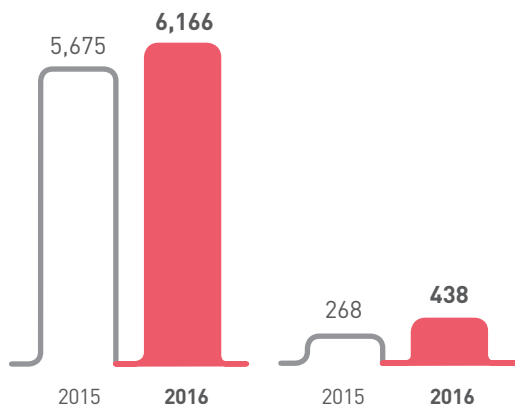
Revenue from the Services-Mail-Parcels Business Unit

showed a slight decline of 0.9%, with varied performance from different business activities. Revenue from Mail-Services, which represents 80% of the total for the Business Unit, showed a decline of 2.0% to €9.147 billion, reflecting the reduction in addressed letter volumes (-5.2%)⁽¹⁾ and a negative product-mix effect, partly offset by a number of positive elements: the price increase that took place on 1 January 2016 (+3.4% on average), international growth (+€46 million), particularly in China, the increase in local mail carrier services (+€10 million) and the launch of new services, such as the driving theory test. The Parcels business (Colissimo) saw its revenue increase by 3.6% to €1.659 billion. The activity was driven by volume growth (+6.6%)⁽²⁾ and was steady throughout the year, particularly in the final quarter. The increase was partially absorbed by a contrary price/customer mix effect. Subsidiaries in the direct marketing, logistics and energy transition markets saw an overall increase in revenue of 4.2% to €548 million.

The Services-Mail-Parcels Business Unit saw **its operating profit** fall by 16.2% (-15.9% on a constant scope and exchange rate basis). The change is explained by the decline in mail volumes (partly offset by the increase in mail prices) combined with the costs of implementing new services and transforming the industrial network but was partially mitigated by the strong performance achieved by the Parcels business.

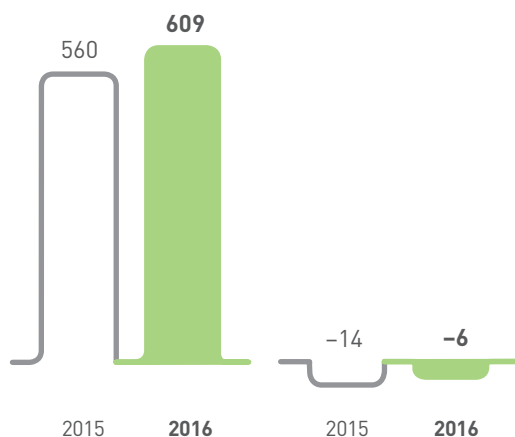
(1) Operating profits (Group and Business Units) are shown after the share of net profit of companies under joint control.

(2) Performance based on constant working days.



GeoPost revenue
(in € million)

Geopost operating profit
(in € million)



Digital Services revenue
(in € million)

Digital Services operating profit
(in € million)

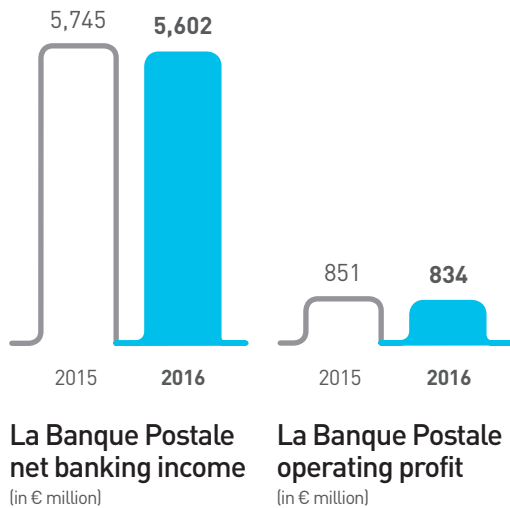
The GeoPost Business Unit, which operates under the DPDgroup brand in the BtoB and BtoC express and priority parcels market in France and internationally, has continued to grow strongly, with **revenue** up by 8.6% (+9.3% on a constant scope and exchange rate basis) to €6.166 billion. This performance is the result of the increase in volumes (+11.2%⁽³⁾ with 1,119 million parcels delivered in 2016), supported by strengthening home and non-home offers and services, and new market segments such as transporting controlled-temperature products in the health and pharmaceuticals sector, and food products. An active external growth policy, focused on extending GeoPost multi-domestic network, also contributed to the overall increase. The price effect had an impact of -0.9% on revenue. All countries are showing growth.

Operating profit for GeoPost showed strong growth of 63.6% (+78.0% on a constant scope and exchange rate basis), resulting from the combined effect of an increase in volumes and cost control. For 2016, the result includes the positive impact of a €60 million revaluation of holdings as part of the acquisition of the remaining 50% stake in Armadillo (Russia) and, for 2015, a provision of €99 million relating to an investigation by the French Competition Authority⁽⁴⁾.

(3) Increase of 6.5% on a like-for-like basis and constant working days.

(4) Penalty notified by the French Competition Authority following the investigation into parcels transport. An application to set aside the decision has been made to the Court of Appeal in Paris, with a hearing date set for March 2017.

The Digital Services Business Unit continues to develop with revenue of €609 million, an increase of 8.7% (+5.8% excluding the scope effect). The Docapost division, which specialises in digital transformation for companies, grew by 6% (+1.8% on a like-for-like basis) with the development of paperless activities (penalties, HR services platform, etc.). The Mediapost Communication division grew by 2% (+3.2% on a like-for-like basis). Online sales (www.laposte.fr) grew by 6%. Operating profit for the Digital Services Business Unit improved by €8 million to -€6 million.



Net banking income for La Banque Postale

was €5.602 billion⁽¹⁾, a fall of 2.5% [–6.3% on a like-for-like basis and following a restatement of the home-savings provision]. Net banking income for retail banking was down by 3.2% [–6.9% on a like-for-like basis and excluding the home-savings provision⁽²⁾] to €5.242 billion. Historically low rates had a negative impact on the net interest margin, although the impact was partly offset by the increase in revenue from commissions (customer equipment and life insurance), which was up by 2.3% over the period. Total outstanding loans rose by 9.8%, with an increase of 48.2% for outstanding loans to legal entities, +8.4% for outstanding consumer credit and +3.2% for outstanding real estate loans. Net banking income from the Asset Management division grew by 12.7% [–0.9% on a like-for-like basis, thanks to a very positive market effect in 2015] to €163 million. Net banking income from the Insurance division grew by 6.3% to €198 million, with a portfolio of policies increasing by 5.5%. The contribution of La Banque Postale to the Group's operating profit fell by 2.0%⁽¹⁾ [–2.7% on a like-for-like basis]. In spite of the costs associated with major transformation programmes (information systems) and development of the subsidiaries, management expenses fell by 3.1% (reflecting efforts on cost control), partially offsetting the fall in net banking income. The cost of credit risk remained stable at €181 million. The operating ratio was 82.4%.

(1) Including a capital gain of €107 million for the disposal of Visa Europe shares.

(2) Increase of €142 million at 31 December 2016 compared with a provision of €63 million at 31 December 2015, i.e. a variation of €205 million.

The La Poste Retail Network supports its branches' commercial development.

In 2016, the Network deployed a new management structure based on commercial development and support for banking advisers, and continued to adapt the format of its retail outlets. 500 public service areas have now been introduced in post offices in rural areas. Over 560 mail carrier-counter clerks have been deployed to the least busy areas. In urban areas, the introduction of new forms of partnerships, La Poste Relais outlets has helped the business adapt to the changing needs of city dwellers.

La Poste Mobile continues to grow in a very mature and highly competitive market, with 1.3 million lines at 31 December 2016, an increase of 6.5% as a result of marketing almost 550,000 new lines over the financial year. A triple- or quadruple-play fibre-optic service was launched in February 2016, with 21,000 box subscriptions.

Consolidated income statement

(in € million)	2016	2015
Revenue from commercial activities	17,696	17,315
Net banking income	5,598	5,730
OPERATING REVENUE	23,294	23,045
Purchases and other expenses	(8,534)	(8,078)
Personnel expenses	(12,593)	(12,731)
Taxes and levies	(243)	(293)
Depreciation, amortisation, provisions and impairment	(1,194)	(1,282)
Other operating income and expenses	297	235
Gains (losses) on asset disposals	(45)	(25)
NET OPERATING EXPENSES	(22,313)	(22,174)
Operating profit before share of net profit of companies under joint control	981	871
Share of profit of companies under joint control	(6)	3
OPERATING PROFIT AFTER SHARE OF NET PROFIT OF COMPANIES UNDER JOINT CONTROL	975	875
Net borrowing cost	(141)	(133)
Other net finance income and expenses	(28)	(21)
Net finance income and expenses	(169)	(154)
Profit before tax of consolidated companies	806	721
Income tax	(104)	(253)
Share of profit of other equity associates	191	207
CONSOLIDATED NET PROFIT/(LOSS)	893	675
GROUP SHARE	849	635
Attributable to minority interests	44	39

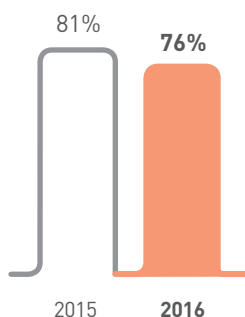
Consolidated balance sheet

ASSETS (in € million)	2016	2015
Goodwill	2,119	1,968
Intangible assets	916	860
Property, plant and equipment	5,661	5,780
Investments in associates	3,426	3,141
Other non-current financial assets	480	707
Deferred tax assets	239	343
NON-CURRENT ASSETS	12,840	12,800
Current banking assets		
Loans and advances to customers	78,784	73,628
Credit institutions loans and receivables	84,461	83,102
Investment portfolio	54,799	51,542
Other current financial assets	1,716	1,486
Accrual accounts	1,497	1,583
Cash and central bank deposits	2,732	1,812
Other current assets		
Inventories and work-in-progress	97	109
Trade and other accounts receivable	3,886	3,737
Other current financial assets	609	485
Income tax receivable	354	196
Other accrual accounts – Assets	81	66
Cash and cash equivalents	2,152	2,457
Assets held for sale	179	17
CURRENT ASSETS	231,346	220,219
TOTAL ASSETS	244,186	233,019

LIABILITIES (in € million)	2016	2015
Share capital	3,800	3,800
Issue premium	900	900
Reserves	4,397	3,735
Unrealised gains and losses on financial instruments	1,222	952
Actuarial adjustments on employee benefits	(150)	(179)
Translation adjustments	(101)	(121)
Net profit – Group share	849	636
Equity – Group share	10,917	9,723
Non-controlling interest	115	292
CONSOLIDATED EQUITY	11,033	10,015
Medium- and long-term bonds and other financial debts	5,836	5,968
Employee benefit obligations – non-current portion	2,118	2,093
Non-current contingency and loss provisions	328	290
Deferred tax liabilities	277	293
NON-CURRENT LIABILITIES	8,560	8,644
Current contingency and loss provisions		
Technical reserves for banking and insurance activities	2,593	2,513
Current contingency and loss provisions	567	616
Short-term bonds and other borrowings	1,064	1,345
Current banking liabilities		
Liabilities to credit institutions	19,003	15,741
Liabilities to customers	175,669	171,384
Debt evidenced by a certificate and other financial liabilities	17,785	14,717
Accrual accounts	2,203	2,441
Other current liabilities		
Trade and other accounts payable	4,693	4,652
Government – income tax	47	44
Employee benefit obligations – current portion	774	734
Other accruals accounts – Liabilities	196	173
CURRENT LIABILITIES	224,593	214,360
TOTAL LIABILITIES	244,186	233,019

Social, societal and diversity indicators

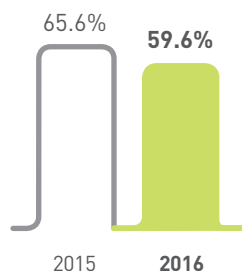
Promoting skills development⁽¹⁾



Change in proportion of staff having taken at least one training course

The significant efforts made on training since 2013 continue with, for the third year running, almost 8 out of 10 postal workers attending at least one training course in 2016 and over 9 postal workers in 10 attending a training course over the two years, in line with the "A future for all postal workers" agreement signed on 5 February 2015 by CFDT, FO and the CFTC-CGC-UNSA joint list.

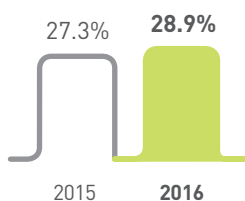
Promoting the professional integration of young people⁽¹⁾



Change in proportion of under-30s recruited on permanent contracts

The proportion of people under 30 recruited on permanent contracts remains at 60%, in line with the agreement signed on 3 October with CFDT, FO and the CFTC-CGC-UNSA joint list on integrating young people into the workplace and employing older workers.

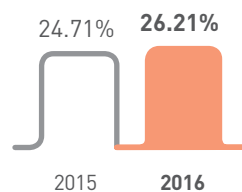
Keeping on older workers⁽¹⁾



Change in proportion of over-55s in permanent workforce

The proportion of over-55s in the permanent workforce increases regularly. This increase illustrates the issue of employing older workers in the business, which is pursued as an active policy, in particular in relation to the agreement on integrating young people into the workplace and employing older workers, signed on 3 October with CFDT, FO and the CFTC-CGC-UNSA joint list.

Improving occupational health and safety⁽²⁾



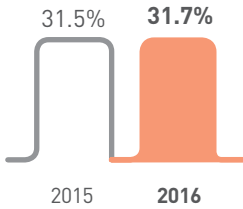
Change in frequency rate of lost-time occupational accidents

The frequency rate of occupational accidents increased in 2016. Stronger prevention measures have been introduced and produced positive results in business sectors such as Parcels and other entities in 2016. Actions will continue throughout the business in 2017, as part of the "Happy at Work" project.

(1) Scope: La Poste.

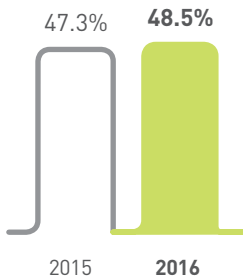
(2) Scope: Le Groupe La Poste France.

Promoting gender equality in the workplace⁽¹⁾



Change in proportion of women in senior executive positions

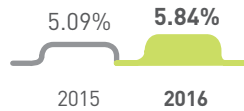
La Poste is continuing to improve the gender balance at the highest levels of the company.



Change in proportion of women in management positions

The proportion of women in senior executive positions continues to increase and reflects La Poste's commitment to improving gender balance at every level of the company.

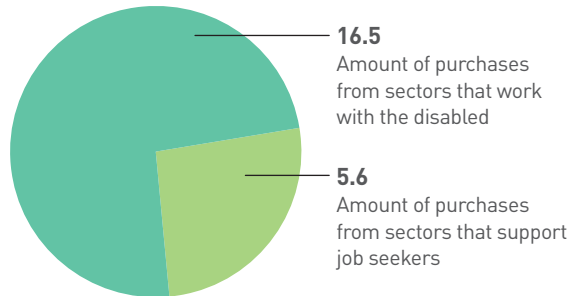
Fostering job opportunities for the disabled⁽¹⁾



Fostering job opportunities for the BOE⁽²⁾ over two years

The employment rate for people with disabilities increases each year and is now very close to the target of 6%. 11,000 postal workers are currently registered as disabled workers, with 159 new disabled employees recruited in 2016, 45 on permanent contracts.

Solidarity-based purchasing (in € million)



Increase of 15.8% compared with 2015

The amount of purchases from the disabled and job-seekers sectors increased by 15.8% in 2016. As a result, La Poste contributed to the employment of 666 disabled people in these sectors in France in 2016.

Scope: Le Groupe La Poste France.

(1) Scope: La Poste.

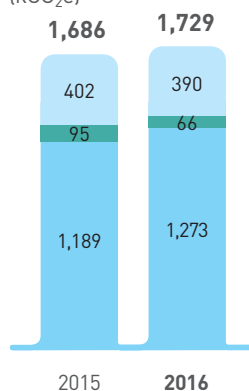
(2) BOE: *bénéficiaire de l'obligation d'emploi* (person employed under mandatory employment provisions).

Environmental indicators

The overview below presents the main non-financial results for 2016. Since 2004, Le Groupe La Poste has implemented a monitoring approach and indicators.

Curbing greenhouse gas (GHG) emissions

GHG emissions from transport and buildings, in thousands of tonnes of CO₂ equivalent (kCO₂e)



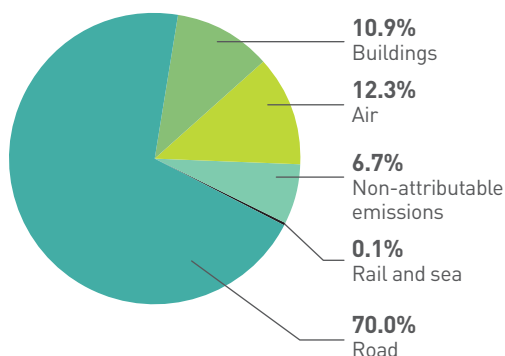
- Direct emissions from leased or controlled sources
- Indirect emissions from production of electricity, steam, heating or cooling
- Emissions linked to transport subcontractors and subcontracted employee business travel (scope 3)

Group GHG emissions increased by 2.6% between 2015 and 2016.

This increase is the result of strong growth in the express parcels business, following an 11% increase in the number of parcels handled between 2015 and 2016.

Within the scope of the commitment, GHG emissions fell by 16%, exceeding the 2020 target in 2016.

Scope: Le Groupe La Poste.



Transport: 1,426 kCO₂e, i.e. 82% of the total.

Buildings: 188 kCO₂e, i.e. 11% of the total.

Non-attributable to the Group: 115 kCO₂e, i.e. 7% of the total.

Emissions from buildings fell by 15%. This sharp decline resulted from the significant increase in the proportion of electricity from renewable sources in the energy supplied to buildings.

Breakdown of total GHG emissions for the 2016 financial year in thousands of tonnes of CO₂ (kCO₂e)

Reducing the environmental footprint of transport

Electric vehicle fleet	2014	2015	2016
Electric trolleys	780	1,000	865
Electric bikes	18,476	21,062	24,604
Stabys	100	418	3,094
Electric quadricycles	1,327	525	1,051
Light vehicles	4,621	5,576	6,842
Total for fleet:	36,456		

With an increase of 27% in the number of vehicles between 2015 and 2016, La Poste had one of the biggest electric vehicle fleets in the world at the end of 2016.

The Group uses several levers to reduce energy bills and limit the environmental footprint of its transport operations, in terms of noise, atmospheric pollutants and GHG emissions. The Group achieved 68% of its target to have a fleet of 10,000 light commercial vehicles by 2020.

Scope: Le Groupe La Poste.

Key figures: resources

89%

Percentage of WEEE reused or recycled⁽¹⁾

Scope: Le Groupe La Poste for WEEE and Recy'go.

(1) WEEE: waste electrical and electronic equipment.

30,970 tonnes

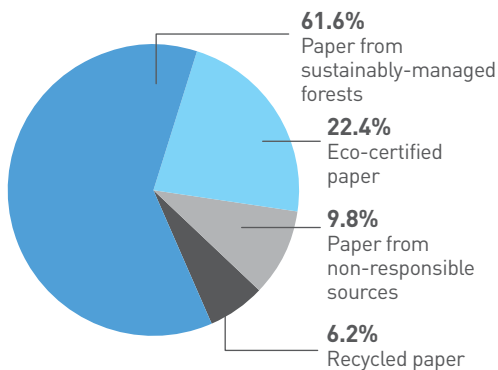
of paper recycled by Recy'go

5th

in the PAP50 ranking in 2016
Performance indicator to assess the paper policy of 50 large businesses (22nd in 2013)

Scope: La Poste.

Controlling the impact of paper consumption



21,656 tonnes
of 100% responsible paper

Paper consumption⁽¹⁾ dropped by 1.8% compared with last year. The share of "responsible" paper represents 90.2% of the total as a result of the efforts made by all Group employees and buyers. Rates of recycled paper and eco-certified paper increased between 2015 and 2016.

Scope: Le Groupe La Poste.

(1) Products (stamps, pre-paid packaging and other marketed packaging), cardboard boxes and mixed items such as padded envelopes do not fall within the scope of this indicator.

Quality indicators: customer commitments

Le Groupe La Poste's customer relations policy is based on a proactive approach to customer commitments. Upholding these commitments means harnessing postal workers' service-oriented attitude, thanks to a set of values, key attitudes and skills that goes towards building sustainable service over the long term. The principle of symmetrical attention lies at the heart of this approach: a service-oriented attitude applies both when working with customers and in-house, between the Group's services and Business Units, with La Poste managers and employees.

Improving post office quality in the eyes of our customers

Overall satisfaction among French post office users

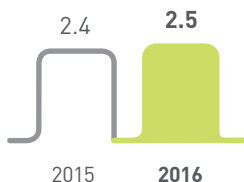


In 2016, La Poste Retail Network customers were still very satisfied with their recent experience of buying products and services or getting advice from a post office: almost 95% were satisfied with their post office, and half of those "very satisfied" (Ipsos survey). Looking at all network customers, 87% of French customers who had visited a post office in the last six months were satisfied (BVA survey).

These excellent figures are the result of actions taken by the Network for many years to ensure customers have a positive experience at the post office. The implementation of the "Customer Latitude" approach in 2016 is playing an active role in motivating postal workers in contact with customers and support their commitment every day.

Improving customer complaint handling

Change in response times to customer complaints made by individuals (in days)
Consolidated annual results

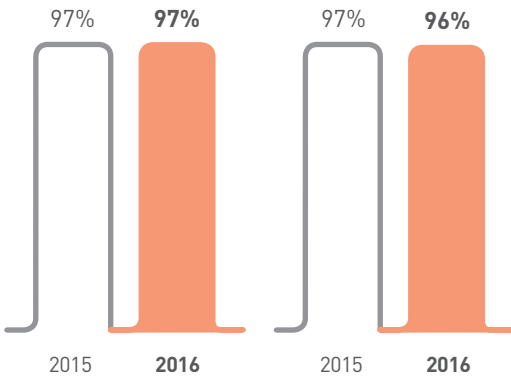


In 2016, the average response time for complaints was 2.5 days, the same as in 2015. The average complaint response time stayed consistently under five days (4.8 days) for complaints dealt with on a national level by the Mail customer service and less than two days (1.9 days) for complaints dealt with locally by postal centres.

Complaints were even dealt with within 24 hours of the initial response for parcels needing to be sent again, post needing to be delivered on dates where no delivery is scheduled or repeat deliveries for registered letters. The Group's multi-channel customer service is highly accessible and makes it easy to file a complaint by telephone (3631, a non-premium rate, quick-dial number), online or by post.

Improving mail delivery

Consolidated annual results



Providing mail delivery conditions and ensuring next-day delivery if a problem is encountered.

Getting the next-day mail delivery service up and running again at the customer's request.

Customers can call 3631 to ask for their mail to be delivered if their round has not been done and ask for the repeat delivery service. The 95% target for all these commitments was exceeded.

The customer experience: transforming organisations

In January 2016, the French translation of the European standard "Service Excellence – Creating an outstanding customer experience through excellent service", for which the preparatory work was managed by La Poste, was published. The model "The Service-oriented attitude: supporting organisational transformation and development through excellent service", written by almost 200 customer experience professionals representing over 40 large service companies and institutions and led by La Poste, was also published.

Reporting methods

The indicators are described in a detailed reporting protocol drawn up by the Group's Corporate Social and Environmental Responsibility Department. This specifies definitions for indicators, methods for gathering data and calculating any estimates and extrapolations, and the checks carried out. It acts as the Group's benchmark for internal and external checks. Social indicators are drawn up according to the methodology used for the social assessment. In 2016, the scope of social indicators was extended to all the Group's French subsidiaries, covering 89% of the Group's headcount [full-time-equivalents].

Environmental indicators are based on recognised reference guides:

- the G4 Global Reporting Initiative sustainability reporting guidelines;
- the GHG Protocol for the definition of scopes 1, 2 and 3;
- ADEME's Bilan Carbone V7[®] tool, the Base Carbone[®] and International Energy Agency data.

The most significant environmental indicators (building energy consumption and greenhouse gas emissions associated with transport and buildings) cover 100% of the Group's companies (including international subsidiaries).

In order to ensure consistent reporting with the scope of consolidation of Group entities, data for companies not yet included in the reporting process have been extrapolated from 2016 onwards in respect of the Group's consolidated data. By convention, extrapolated data are assigned to type 3 in the Group's emissions graph and not attributed in the graph showing the breakdown of total emissions. See the methodological note at the end of chapter 5.8 of the 2016 registration document.

ECO-DESIGNING THE 2016 ANNUAL REPORT

This document was created in compliance with Le Groupe La Poste's responsible communication commitments, and ranks as Efficient according to the Group's Responsible Communication Reference Guide⁽¹⁾.

PRIMARY STEPS TAKEN

Production

The business report and its cover are printed on PEFC paper by an "Imprim'Vert" eco-certified printer and are made by a partner from the subsidised/sheltered employment sector.

The paper for this publication was ordered at the same time as other media for the Group in order to limit the amount of paper wasted in production.

All inks are vegetable based with an acrylic coating.

The acrylic or water-based coating was made with the lowest refractive index possible for all coatings and is highly transparent. It protects the printed material and prevents the paper from discolouring for longer.

Mailing and sorting

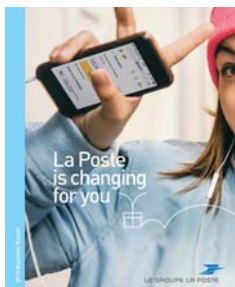
The boxes used to distribute this publication (individual mailing and fulfilment and packaging) are made from recycled materials (cardboard).

A symbol on the packaging encourages recycling.

⁽¹⁾ The Responsible Communication Reference Guide outlines how to assess and improve the environmental and societal performance of communication resources. It includes three levels of performance: basic, efficient, and very efficient.

As of January 2014, Le Groupe La Poste is signatory to the Advertisers' Charter for Responsible Communication, an initiative of the French advertisers' association (UDA).

Read the 2016 business report in full on our website:
legroupe.laposte.fr/profil/les-publications-institutionnelles/2016




Design and production:  havas arnie

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