

PARIS, 27 JULY 2018

Stable net income in the 1st half of 2018

The Board of Directors of the Union Financière de France Banque (UFFB) which met on 26 July 2018 has approved the interim financial statements for the first half of 2018.

Commenting on the results, Julien Brami, Chief Executive Officer of the UFF said: *"Once again, UFF demonstrated the robustness of its business model by delivering stable results, despite a turbulent market impacted by tax evolution and renewed volatility."*

The first half of 2018 was also marked by our strategic move to sell our minority interest in Primonial Real Estate Investment Management (PREIM), which will result in a major capital gain for the second half of the year.

We remain, more than ever, focused on our projects' implementation to further develop UFF in the years ahead."

Commercial activity¹ impacted by changes in taxation and renewed volatility:

Global inflow	2016	2017	2018	Change 2018/2017
- Employee network	680	760	692	-9%
- Independent advisor network and partnership	39	94	84	-11%
Total global inflow (€m)	719	854	776	-9%

The changes introduced by France's 2018 Finance Act led to the suppression of ISF (French solidarity tax on wealth) tax efficient solutions (investment securities) and waning client interest in direct property following the introduction of the IFI (French solidarity tax on property). At the same time, the REITs market, which enjoyed spectacular growth in 2017, returned to more normal levels from the fourth quarter of 2017 onwards. In this context, the property market still achieved a solid performance, however below last year's record. The life insurance sector has been relatively untouched by these changes and remains robust.

Commercial activity down 9% to €776 million:

- Activity for the **employee network** (-9%) varied widely by sector. The health insurance sector increased 7% and distinguished itself by maintaining an extremely high unit-linked products rate of 70% while other sectors were down: REIT (-25%), direct property (-16%), investment securities (-49%) and corporate stocks (-10%).
- The decrease in activity for **independent advisor networks and partnership** (-11%) is due in part to the end in a real estate partnership agreement in the second half of 2017. Excluding this impact, independent advisor networks lost 6% as a result of the downturn in investment securities and direct property while the insurance sector remained buoyant with an increase of 11%.

¹ Customer inflows for products marketed by UFF (financial securities, life insurance and real estate).

Strong resilience of assets under management² and robust increase in net inflows³:

Financial results	2016	2017	2018	Change 2018/2017
NBI (€m)				
- 1 st quarter	47.5	53.3	53.4	0%
- 2 nd quarter	49.2	54.5	51.9	-5%
NBI at June 30 (€m)	96.7	107.8	105.3	-2%
- o/w Commissions on investment inflows	42.5	49.8	46.1	-7%
- o/w Commissions on assets under management	55.1	57.8	59.6	3%
- o/w Net interest and similar income	-0.9	0.2	-0.4	NS
Operating profit at 30 June (€m)	14.2	15.9	14.2	-11%
Consolidated net income, Group share at 30 June (€m)	11.0	13.0	12.8	-2%
Assets under management - end of period (€bn)	11.0	11.9	11.9	0%

Net inflows of €70 million (€7 million in first-half 2017) due to a significant drop in redemption volumes (15%) and a decrease in repayments on mature terminated funds (€16 million as against €29 million at end-June 2017).

Assets under management at period end amounted to €11.9 billion and are stable on first-half 2017 despite drastically negative price fluctuations (-€248 million) compared to a very favorable price effect (€329 million) in first-half 2017.

Net banking income came in at €105.3 million (-2%). The downturn in activity for investment securities, direct property and REIT, in part offset by the growth in life insurance, had an impact of -7% on commissions on investment inflows. Commissions on assets under management climbed 3% thanks to an increase in average assets under management (+3%).

Operating profit came in at €14.2 million (-11%). The 1% decrease in expenses is tied to lower sales commissions following the drop of activity seen during the first half of the year. UFFB booked €3 million in extraordinary expenses linked to changes in organization implemented during the first half of 2018.

Net income of €12.8 million was virtually stable (-2%). The cost of risk was insignificant for the period and the share of earnings in 30%-held Primonial Reim contributed €3.7 million, which is substantially higher than in the first half of 2017 (€2.8 million).

Payment of an interim dividend of €0.70 per share

The consolidated balance sheet structure remains healthy, with carefully-managed cash assets (investments and liquid assets) of €115 million (compared with €139 million at 31 December 2017) that are 88%-invested in medium-risk assets. All operating payables and receivables are also short-term.

Consolidated shareholders' equity before distribution of earnings amounted to €99 million compared with €107 million at 31 December 2017.

² Client investments in financial securities or life insurance managed by the UFF Group.

³ Customer inflows less outflows in assets under management in the period.

All of these factors reflect UFF's sound financial footing, which more than meets current regulatory requirements, with a Basel 3 CRD IV solvency ratio of over 13.5% and a one-month liquidity ratio (LCR) of 981%.

Backed by this strong financial footing, the Board of Directors has approved an interim dividend of €0.70 per share (equal to interim dividend paid in 2017) to be paid on 1 November 2018. The dividend is confirmation of the UFF's commitment to ensuring a lasting commitment to shareholder return policy while maintaining a solid financial structure.

Outlook

Union Financière de France Banque (UFFB) is reviewing, half way through the plan, its 2020 strategic roadmap. This review has already had the following results:

- **The sale of the 30.3% minority interest in Primonial Real Estate Investment Management (PREIM)**, finalized after the close of the June 30 financial statements.⁴ This sale will result in a net capital gain of €86.96 million⁵ to be recognized under "net gains on other assets" in the second half of 2018.
- **The confirmation of major development projects to reinforce our "core" business** by developing our client base, continuing with the digitalization of processes and constantly renewing our product and service offer, including new banking activities, which should be rolled out by the end of the year.

Other information

The statutory auditors performed a limited review of the consolidated financial statements. The original French version of the interim financial report will be filed with the French financial markets authority, the AMF, and made available to the public on the company's website within the statutory time limits.

A detailed presentation of the results for the first half of 2018 will be available under the "Actionnaires" section of the company's website (<http://www.uff.net/actionnaires-investisseurs/74>) on 27 July 2018.

Given the integrated operational structure of the Group's businesses, it is difficult to interpret individual company figures. Net income for the Union Financière de France Banque parent company for the first-half of 2018 amounted to €20 million.

Aviva France Group, the parent company of Union Financière de France Banque, qualifies as a "related party". The operational relations between companies of Union Financière de France Banque Group and Aviva France Group concern life insurance, the financial management of certain UCITS, investment activities and information technology services.

⁴ See 17 July 2018 press release.

⁵ In statutory accounts.

UFF in brief

Set up in 1968, the company celebrates its 50th anniversary this year. Union Financière de France Banque is a provider of wealth management services and products for individual and corporate clients. UFF's product range, developed through an open architecture approach, includes real estate, financial securities, and life insurance, as well as a wide range of products for companies (retirement savings plans, employee savings plans, medium-term cash management, etc.).

With close to 1,500 employees that include nearly 1,150 financial advisors, the Union Financière de France has an extensive network covering all of France.

On 30 June 2018, Union Financière de France had a customer base of 206,500 clients (184,500 individuals and 22,000 corporate clients).

Union Financière de France Banque is listed on Euronext Paris (Segment B)
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