



PRESS RELEASE

Paris, September 9<sup>th</sup> 2010

## La Banque Postale boosted its growth and profitability thanks to its dynamism and its core strength

As at June 30<sup>th</sup> 2010:

- Consolidated NBI: €2,640 million (+7.6% on a comparable basis<sup>1</sup>)
- Consolidated net income: €426.7 million (+38.9%)
- Net income, Group share: €379.5 million (+31.7%)
- Operating ratio: 82.8% (-3.9 points)
- Tier One ratio: 11.5%

Today, Patrick Werner, the Chairman of the La Banque Postale Executive Board, commented on La Banque Postale's business volumes and results for the first half of 2010. La Banque Postale has pursued its growth and confirmed the soundness of its development model in an environment that has remained volatile. Mr Werner also gave an overview of future developments that the Bank is planning, in order to improve the service it provides to all its retail and corporate customers.

**> With NBI up 7.6% on a comparable basis<sup>1</sup> in the first half of 2010, La Banque Postale has maintained a strong growth rate in its main business areas.**

La Banque Postale saw a sustained increase in its Net Banking Income, which amounted to €2,640 million as at June 30<sup>th</sup> 2010, up 7.6% on a comparable basis<sup>1</sup> (+7.3% on a headline basis).

This increase in NBI was driven by continued growth in **income from home loans (+17.2%** compared with the first half of 2009), which raised the amount of **home loans outstanding to almost €34 billion** as at the end of June 2010, i.e. growth of **+15.8%**.

The volume of services provided to La Banque Postale customers also continued to increase, both in terms of their day-to-day cash requirements, and of savings and insurance products.

This means that in the first half of 2010, **over 380,000 new post office accounts** were opened at La Banque Postale, **while 1.15 million customers have already opened one of the new types of account that were launched in May 2009.**

La Banque Postale also continued to **grow its bank card pool, which has now reached 6.5 million cards (+4.8%).**

In terms of savings and insurance, customer loyalty is increasing, with **230,000 new life insurance (+23%) policies and over 242,000 personal insurance (+9%) policies** taken out in the first half.

Following a pilot phase in late 2009, La Banque Postale's **consumer credit** business was successfully rolled out on a national basis in April 2010. After three months of marketing,

<sup>1</sup> I.e. after adjusting for the change in the home loan savings provision, and for the capital gain realised on the sale of the Visa Inc. non-voting shares and the impact of changes in the scope of consolidation.



the income generated and total loans outstanding were in excess of **€300 million as at the end of June 2010**.

La Banque Postale's **number of active customers**, which is a precise and forward-looking indicator, increased, **reaching over 9.998 million as at June 30<sup>th</sup> 2010**; the 10 million customer target was exceeded in July 2010.

**Savings and overnight deposit account balances increased by 1.6% compared with June 2009, reaching €280 billion as at June 30<sup>th</sup> 2010.**

The economic and financial context at the beginning of the year was mainly characterised by historically low remuneration rates on regulated savings products, and La Banque Postale recorded a fall in savings inflows in the first half, which was expected.

Given the circumstances, the level of payments on Ordinary Savings and Livret A accounts trended downwards. **As at the end of June, outstanding balances on Livret A accounts amounted to €54.2 billion.**

The rate at which Livret A accounts were being opened remained significant (225,400 over the first half), while the number of account transfers was limited, with only 30,000 additional requests made since the beginning of the year (bringing the total to 152,000 since the beginning of 2009). To date, therefore, the lifting of restrictions on the distribution of Livret A accounts has not significantly eroded La Banque Postale's customer base.

**Life insurance revenues amounted to €5.4 billion as at June 30<sup>th</sup> 2010**, a decrease of 8.3%. This trend is explained by a base effect, linked to the success of the marketing campaigns launched in early 2009. Those campaigns had resulted in a strong increase in business volumes during the first half of 2009 (+21% compared with 2008).

**> The Bank's subsidiaries made a significant contribution to La Banque Postale's development during the first half of 2010; especially:**

. **La Banque Postale Asset Management**: As at June 30<sup>th</sup> 2010, the Bank's investment management company had €122.5 billion under management, which puts it in 5<sup>th</sup> position among investment management companies in France. Although the business recorded an outflow of funds during the first half of 2010, mirroring the trend in the UCITs market, La Banque Postale Asset Management recorded positive inflows of €954.5 million over the first eight months of the year. Inflows from companies actually saw a sharp rebound in August 2010.

. **La Banque Postale Prévoyance**, which is jointly held by La Banque Postale and CNP Assurances on a 50/50 basis: the company experienced sustained growth during the first half of 2010, both in terms of the number of policies and of revenues, which increased by 18% to €207.4 million.

La Banque Postale now has almost 2.2 million personal insurance policies in its portfolio.

. **La Banque Postale Gestion Privée**, a discretionary investment company that manages investment security portfolios and is 51% owned by La Banque Postale and 49% by Oddo & Cie: La Banque Postale Gestion Privée's discretionary management services continue to meet with significant success among La Banque Postale's investment customers, despite a lacklustre stock market environment. In its third full year of returns, almost 3,500 new accounts had been opened as at the end of June 2010. Amounts under management increased from €505 million as at the end of 2009 to €722 million as at the end of June 2010.

**> Operating expenses remained very tightly controlled** during the first half of 2010 (+2.5%). In fact, the increase in costs was **entirely linked to setting up and launching new business activities** (consumer credit and casualty insurance) and to the first-time inclusion of Tocqueville Finance in the scope of consolidation.

> **The cost of risk** remained at a **very low level, i.e. €29 million**. The trend was in line with the growth in customer loans outstanding and does not reflect any slippage in the Bank's default risk ratio.

**Overall, the growth rate was strong, costs were strictly controlled and the cost of risk was low: all these factors made a positive contribution to the improvement in the Bank's net income. Consolidated net operating income for the first six months amounted to €426.7 million (+38.9%). The operating ratio, which stood at 82.8%, improved by almost four points. At the end of the first half of 2010, the Tier One ratio was 11.5%.**

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### > **The second half of 2010: new products and services...**

La Banque Postale, which is always keen to provide a better service to its customers, is adding to its range of products and services:

#### ***For all customers:***

- Following the successful launch of the **consumer credit business** on March 30<sup>th</sup> 2010, La Banque Postale is broadening its range of personal loans by offering a student loan, a loan for apprentices, a €1 per day driving licence loan and a temporary loan. In so doing, it is responding to the specific requirements of young people, who may experience difficulties in obtaining consumer credit.

In the case of these loans, the minimum amount can be granted from €1,000, and from €600 for the driving licence loan.

In addition, to mark the Paris Motor Show and up until October 31<sup>st</sup> 2010, La Banque Postale is **waiving the application fees** for the purchase of all new and second-hand cars, and offering a fixed rate of **3.90% for periods of between 12 and 48 months** on loans of between €1,500 and €50,000 (limited to €21,500 for second-hand cars that are two years old or more), and of 4.90% for periods of between 49 and 72 months (limited to €21,500 and 60 months for second-hand vehicles).

- La Banque Postale is launching a full range of **personal services**. From the end of September 2010, La Poste's personal services retail business will be taken over by La Banque Postale.

For the launch, the Bank will offer a range centred around six essential services: home maintenance and housework, small DIY projects, gardening, child minding, tutoring and computer and internet support.

This range of services, which has been developed in partnership with Mutuaide Assistance, a subsidiary of Groupama, will be available across all platforms: telephone, internet and post offices.

- The range of **products and services** offered across **all the Bank's distribution platforms** has increased significantly:

- In post offices, the new Customer Service Area upgrades (1,000 post offices by the end of 2010 and 2,000 by the end of 2011) are responsible for a definite improvement in the way customers are received, in the perception of the Bank, and in traffic flows and waiting times. The result is a sharp increase in customer satisfaction.

- Where online banking is concerned, new I-Phone, I-Pod and I-Pad mobile applications will be available, in addition to the [www.labanquepostale.fr](http://www.labanquepostale.fr) internet portal and the [labanquepostale.mobi](http://labanquepostale.mobi) mobile portal. The "Account Management" and "Project Management" applications will be available in November 2010; "Budget Management" will be available in February 2011.

- From October 2010 onwards, you will be able to ask to open a checking account directly over the telephone, by dialling the La Banque Postale secure 3639 short code.

- **The La Banque Postale range of funds is expanding** in order to meet the different current expectations of its customers:

- **“Vivango Actions” and “Vivango Actions PEA”**, two formula-based funds that guarantee the investor’s capital at maturity and offer security and performance.

- **“LBPAM Responsable Actions Solidaire”** for customers who want to invest in La Banque Postale Asset Management's socially responsible funds. By financing social inclusion or anti-exclusion projects, this fund enables investors to combine economic performance with socially responsible investing.

***For La Banque Postale's investment customers:***

- From September 20<sup>th</sup> onwards, La Banque Postale will be marketing “Toscane Vie<sup>2</sup>”, a new **high-end life insurance policy**.

With this life insurance proposal, which includes a “loyalty guarantee”, La Banque Postale is completing its range of life insurance policies in the Private Wealth Management Sector. This multi-platform life insurance policy, which is available from €200,000 upwards, is specifically intended for customers who are subject to the French Wealth Tax, as it enables them to optimise their tax affairs in this area.

- In addition, La Banque Postale is offering **a range of products that is adapted to its investment customers' requirements for property investment tax credits. That range is managed by a new subsidiary: La Banque Postale Immobilier Conseil.**

This range, which offers products for investing in rental property within the framework of the Scellier Law, or in serviced accommodation under the Censi-Bouvard system (furnished rentals) relies on a process that involves prior approval of each development partner and selecting each programme in a thorough and objective manner. This approval framework, along with the support offered to customers during each stage of their investment, are intended to ensure the successful diversification of their investment portfolio.

***For vulnerable customers:***

- La Banque Postale is continuing with its commitment in the **personal micro-loans** market, which it entered in 2007. It provides financing for individual projects proposed by private individuals with no access to banking services. **In 2010, 19 partnerships** with organisations working in the social inclusion field (UDAF, CCAS, etc.), have already been agreed.

- In addition, **La Banque Postale is experimenting with the use of a system for identifying vulnerable people with UNCASS, a player in the social services sector. The system has been christened C.A.R.E (“Coordonnons nos Actions pour Réduire Ensemble la fragilité”, or Co-ordinating our actions to reduce vulnerability together).**

The aim of this system is to introduce a joint local approach between Financial Centres and Post Offices on the one hand, and players in the social services sector in the other. La Banque Postale will identify customers who are financially vulnerable, and direct them towards partners in the social services sector where necessary, so that they can benefit from monitoring and advice.

**>...and new businesses.**

- **Casualty insurance.**

La Banque Postale is getting ready to **launch this business in December 2010**, through **the Bank's remote platforms** (Internet, telephone, etc.).

In order to support the development of this new business, *La Banque Postale Assurances IARD* has chosen to base its operations in the Nantes area, at La Chapelle sur Erdre, its Customer Relations Centre. That centre, which is a real hub of expertise in the casualty insurance sector, will embark on a substantial recruitment plan very shortly. Over 200 employees are expected to be hired in the next fifteen months.

- **Health insurance.**

On July 15<sup>th</sup> 2010, La Banque Postale and Mutuelle Générale signed the definitive agreements enabling them to establish a joint subsidiary, *La Banque Postale Assurance*

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<sup>2</sup> “Toscane Vie” is a group life insurance policy underwritten by CNP Assurances, a company governed by the French Insurance Code, on behalf of La Banque Postale.

*Santé*, the purpose of which will be to develop and **market a full, segmented product range**. That range, which will be of a high quality and aimed at the maximum number of people, will be marketed **during the last four months of 2011**.

- **Companies and associations.**

In line with the proposals made by the President of France in February 2010, **La Banque Postale has received the green light from Christine Lagarde, the French Minister for Economic Affairs, Industry and Employment, to design a range of corporate financing products and services.**

In so doing, the Bank will be able to make an additional contribution to financing the economy and boost its expansion in this sector. It has the human and financial resources to do so (around €7 billion of Livret A and LDD (Sustainable Development) account funds as at the end of June 2010).

However, since La Banque Postale is conscious of acting professionally in this area, as it does elsewhere, and since financing companies is a new business, it will approach this market gradually, making a start in 2011. The appropriate licence will be requested from the French Prudential Control Authority as soon as possible.

The Bank will rely on local partners for medium term loans for small company (SC) start-ups and buyouts. To this end, the Bank has signed a non-exclusive partnership agreement with France Initiative, the leading community-based network for financing and supporting company start-ups and buyouts.

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Summing up, Patrick Werner remarked that: *“As the 2010 autumn term begins, La Banque Postale is putting the final touches to its full range of products and services for retail customers, with the launch of its casualty insurance range in the coming months. In so doing, the Bank will be able to offer a better service to its customers and boost its growth rate, which is already fast. Now that it has the green light from the Government to offer financing to companies, the Bank is drawing up a range of corporate credit products, the first of which should see the light in 2011. Now more than ever, La Banque Postale intends to play its role as a unique and special bank in the French retail banking market to the full.”*

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#### **La Banque Postale ([www.labanquepostale.fr](http://www.labanquepostale.fr))**

La Banque Postale, La Poste Group's banking subsidiary, is a unique and special bank operating in the French retail banking market. As an institution that is faithful to its core values: acting in the general interest, confidentiality and maintaining a local presence, La Banque Postale puts welcoming all its customers at the heart of its business. It supports its retail and corporate customers by offering them a long-term banking relationship, with an accessible and reasonably-priced range of products and services. It is continually adding to its product range, specifically through relying on the expertise of its subsidiaries and partners, and thereby entering new areas. La Banque Postale is accessible 24/7, anywhere, any time.

#### **La Banque Postale means:**

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| <ul style="list-style-type: none"><li>- NBI of €5.019 billion</li><li>- 11.3 million Post Office current accounts</li><li>- 9.9 million active customers</li><li>- 480,000 customers who are Companies, Local Authorities and Associations</li><li>- 5,343 cash and/or electronic payment machines in France</li><li>- €277.3 billion in outstanding customer deposits</li><li>- Over 6.3 million bank cards, i.e. 11% of the market</li><li>- 17,000 contact points</li></ul> |
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*Key figures as at the end of 2009*

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