



PRESS RELEASE

Paris, March 17th 2011

LA BANQUE POSTALE'S 2010 RESULTS

Commercial dynamism, a completed range of services:

2010, another year of growth for La Banque Postale

Consolidated Net Banking Income: €5.215 billion (+4.2%*)
Consolidated Net operating income: €719.5 million (+15.2%)
Group Net income : €651.3 million (+10.8%)
Operating ratio: 85.1% (-1.5 points)
Tier One ratio: 11.0%

Philippe Wahl, Chairman of La Banque Postale's Executive Board, presented the 2010 results and business review today.

In the fifth year since it was founded, La Banque Postale operated in an environment that was still volatile, and characterised by the beginnings of an economic recovery that remains fragile, as well as by discussions on international regulatory changes.

The Bank recorded sustained business levels in 2010, demonstrating the appropriateness of its growth model. La Banque Postale's robust financial health, which is linked to the soundness of its balance sheet and to the quality of its financial management, enabled it to make a material contribution to financing the French economy, through a sharp increase in home loans granted to customers (+€5 billion compared with 2009), and the launch of its consumer credit business (over 100,000 customers).

▪ **La Banque Postale's 2010 business activities**

> For La Banque Postale, 2010 was marked by a **€196 million increase in Net Banking Income, which reached €5.215 billion, a rise of 4.2%^(*)**.

This growth is explained by the Bank's commercial dynamism, which was primarily due to an increase in the number of active customers, who numbered **10.04 million**, the continuation of its client services policy and the strength of its home loan range.

With **11.4 million current accounts as at the end of 2010**, La Banque Postale confirmed its position as a major player in the French retail banking sector, both in terms of new accounts (**774,000 current accounts opened**) and of day-to-day financial services (**5.15 million bundled offers, and 6.6 million bank cards, i.e. a customer take-up rate of 58%**).

* Excluding changes to the home loans provision

In the savings and insurance area, deposits gathered and bank savings saw a modest 0.8% increase, against an economic background that still bore the effects of the financial crisis, and despite historically low interest rates.

In the life insurance area, **total policies amounted to just over €108.3 billion, which was a slight increase**. 2010 was also characterised by the success of two life insurance policies, *Cachemire* and *Toscane Vie* (launched in September 2010).

After an outstanding performance in 2009, the personal insurance business confirmed its momentum in 2010. Almost **424,000 personal insurance policies** were subscribed, **generating revenues of €248 million (up 14%)**. As a result, **La Banque Postale Prévoyance's personal insurance policy portfolio now includes almost 2.3 million policies, an increase of 10.8% compared with 2009**.

The **casualty insurance** business, which was launched on December 9th 2010, got off to a promising start: after three months of marketing exclusively on the remote platforms, **over 10,000 policies have already been taken out**.

Deposits in Livret A savings accounts, which are held by almost 20 million of La Banque Postale's customers, **amounted to €54.7 billion (compared with €55.6 billion as at the end of 2009)**. Livret A savings accounts continued to be opened at a sustained rate, **with 440,000 accounts opened in 2010**.

In total, savings and other bank deposits amounted to €283.5 billion as at the end of 2010.

As in 2009, home loan generation increased significantly in 2010, rising to **€10.2 billion (+22%)**, which enabled home loans outstanding to reach **€37.3 billion, a 16.8% increase** compared with 2009. **This translated into a 0.3% increase in La Banque Postale's share of loans outstanding in the market, which amounted to 4.9%**. In total, La Banque Postale supported 120,000 households with their home ownership or renovation projects. La Banque Postale now has over **1 million home loan agreements in its portfolio**.

La Banque Postale's **consumer credit business** was successfully rolled out in 2010, and the first results were encouraging. Total consumer loans **generated amounted to €850 million as at the end of December, based on the signing of 106,000 credit agreements**. As at the end of February 2011, the amount of total loans generated since launch had exceeded €1 billion, less than a year after the launch on March 30th 2010.

> **The Bank's subsidiaries and holdings**, which are firmly integrated into the Bank's business, and provide it with specialist expertise, **confirmed their essential strategic, financial and technical role in 2010**. The subsidiaries and holdings experienced sustained growth last year, and made a very significant contribution to La Banque Postale's performance.

Despite the difficult environment, La Banque Postale Asset Management recorded **net inflows of €1.1 billion**, which brought **total assets under management as at the end of December 2010 up to €126 billion, a 4% increase**.

The overall revenues of the personal and group insurance business managed by La Banque Postale Prévoyance, a joint subsidiary owned by La Banque Postale (50%) and CNP Assurance (50%), which underwrites the range of personal insurance products marketed by La Banque Postale, **amounted to €389.3 million (+10.5%)**.

Tocqueville Finance, a subsidiary dedicated to specialist "value" investment management, which is 75% owned by La Banque Postale, had mutual funds of **€1.435 billion under management as at the end of December 2010**.

▪ 2010 results

The 4.2% increase[†] in La Banque Postale's consolidated NBI in 2010 is in line with the trend experienced by the Bank since it was founded. On average, NBI has increased by 4% per year since 2006.

Retail banking, insurance and asset management expanded in 2010.

Retail Banking NBI, which represents the bulk of La Banque Postale's NBI (**96%**), increased by 3.9%. The asset management business' contribution to NBI increased sharply, rising by 37.6% in 2010 (+12.9% excluding changes to the scope of consolidation). The insurance sector's NBI increased by 8% over the year.

> **Meanwhile, consolidated operating expenses amounted to €4.436 billion**, a slight 2.1% increase (+€74 million, of which €71 million was due to changes in the scope of consolidation or new business activities involving La Banque Postale Financement, Tocqueville and La Banque Postale Assurances IARD). Personnel expenses rose as a result of the Bank's higher headcount, which was primarily linked to the ramp-up of the consumer credit business, and to operating preparations for new business activities (casualty and health insurance). Expenses relating to La Poste service agreements increased very slightly compared with 2009 (+€ 7 million). Depreciation and amortisation increased by €19 million compared with 2009, due primarily to IT expenditure relating to major business line projects, and to partnerships.

Overall, net operating income amounted to **€719.5 million, i.e. an increase of 15.2%**.

The quality of assets remained very high, while the cost of risk remained stable at 18 basis points.

The operating ratio improved, dropping 1.5 basis points to 85.1% compared with 86.6%.

CNP Assurances' contribution to La Banque Postale's consolidated results amounted to **€195 million (+4.8%)** in 2010.

The Group share of annual net profit was €651.3 million, up 10.8%.

As at the end of the 2010 financial year, Tier One prudential shareholders' equity had increased by 5.3% to €3.5 billion, **while the Core Tier One ratio stood at 11.0%. Total prudential shareholders' equity amounted to €4.9 billion**

La Banque Postale's consolidated balance sheet amounted to **€173 billion as at December 31st 2010, up €1.8 billion compared with 2009.**

Its structure continues to stand out due to the fact that the level of deposits is significantly higher than the level of customer loans. However, the 2010 financial year was nonetheless characterised by an acceleration in the rate at which La Banque Postale's balance sheet is moving towards a structure that is closer to that of its competitors, thanks to the very strong credit growth.

▪ 2011 Outlook

> In 2011, La Banque Postale will complete its range of products and services for private individuals...

In Spring 2011, it will **progressively roll out its casualty insurance range throughout the entire post office network, and will launch its full health insurance range at**

[†] Excluding changes in the home loans provision

the end of 2011. That range is underwritten by La Banque Postale Assurance Santé, a subsidiary that is 65% owned by La Banque Postale and 35% owned by La Mutuelle Générale.

Finally, La Banque Postale's **multi-channel platform system** will cross a major threshold at the end of the year: every customer will be able to access the Bank's full range at the same price across all the distribution channels (post offices, telephone and internet). They will be able to start a transaction on one of the channels, continue it on another and finalise the transaction on a third channel.

>... and will launch its initial corporate credit range

In December 2010, **La Banque Postale and Oséo introduced an innovative solution enabling French SMCs to improve their financing.** This solution, which involves two tranches of €200 million each, involves a guarantee provided by SMC loans granted by Oséo Financement. This transaction relies on Oséo's expertise in the SMC credit sector and in structuring secure refinancing solutions.

La Banque Postale will file an **authorisation application in the first half of 2011**, in order to obtain permission to market its initial range of corporate credit products. As part of this process, it has chosen Franfinance as its equipment leasing service provider. This initiative ought to enable the Bank to meet its corporate customers' requirements in the vehicle and general equipment finance fields.

La Banque Postale's customers already include 475,000 companies and associations, to which it offers payment flow management services, and cash management and social engineering solutions.

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In conclusion, Philippe Wahl stated : *“La Banque Postale has demonstrated the soundness of its financial structure in 2010, while completing the range of products and services that it offers to retail customers by adding consumer credit and property insurance, which have both seen an encouraging start. In 2011, La Banque Postale intends to extend its customer services even further, primarily through marketing casualty insurance in post offices, launching a full health insurance range and making the first inroads into the corporate credit market. Through its new products and initiatives, La Banque Postale will focus on developing its positioning as a bank that is not like other banks, and is at the service of its customers and our country's economy”.*

CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE 2010 FINANCIAL YEAR

(€ million)	December 31 st 2009	December 31 st 2010
Net Banking Income	5,018,914	5,215,291
General operating expenses	(4,224,638)	(4,298,846)
Depreciation, amortisation and impairments to tangible and intangible fixed assets	(118,097)	(137,110)
Gross Operating Profit	676,179	779,335
Cost of risk	(51,570)	(59,884)
Net Operating Profit	624,609	719,451
Income from equity associates	185,792	194,949
Net gains or losses on other assets	(1,795)	2,326
Profit before tax	808,606	916,726
Income tax	(220,908)	(275,840)
Group net profit	587,698	640,886
Minority interests	105	(10,431)
Net profit, Group share	587,593	651,317

▪ CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31ST 2010

(€ million)	December 31 st 2009	December 31 st 2010
Assets		
. Cash and central banks	3,699,660	2,149,998
. Financial assets at fair value through profit and loss	6,580,587	4,270,647
. Derivative hedging instruments	363,254	334,742
. Financial assets available for sale	11,240,968	9,966,741
. Loans & receivables - credit institutions	73,966,537	73,493,943
. Loans & receivables - customers	33,074,805	39,213,820
. Revaluation differences on portfolios hedged against interest rate risk	94,944	129,602
. Financial assets held to maturity	34,626,622	37,413,191
. Tax and other assets	5,009,470	3,278,978
. Fixed assets	2,594,183	2,764,085
TOTAL	171,251,030	173,015,747
Liabilities		
. Financial liabilities at fair value through profit and loss	388,228	112,846
. Derivative hedging instruments	218,095	181,679
. Payables - credit institutions	5,618,828	6,169,760
. Payables - customers	149,830,946	151,068,471
. Debt represented by securities	3,806,899	4,523,400
. Tax and other liabilities	5,730,552	4,184,617
. Underwriting reserves of insurance companies	383,343	450,963
. Provisions	325,793	303,805
. Subordinated debt	502,232	1,236,279
. Equity capital, Group share	4,445,284	4,793,763
. Minority interests	830	(9,836)
TOTAL	171,251,030	173,015,747

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La Banque Postale (www.labanquepostale.fr)

La Banque Postale, the banking subsidiary of the La Poste group, 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 closeness to its customers, La Banque Postale puts welcoming all its customers at the heart of its business. It supports its retail and corporate customers by providing a sustainable 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, thus entering new areas. La Banque Postale is accessible 24/7, anywhere, any time.

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