



PRESS RELEASE

Paris, September 8th 2011

La Banque Postale is marshalling the resources required to pursue its commercial growth

As at June 30th 2011:

Consolidated Net Banking Income: **€2,671 million**

Consolidated Gross Operating Profit: **€441 million**

Net profit, Group share: **€258 million**

Operating ratio: **83.6%**

Core Tier One ratio: **10.6%**

Today, Philippe Wahl, Chairman of the Executive Board, commented on La Banque Postale's business activity and results for the first half of 2011. Despite the unfavourable market environment, La Banque Postale reported sound results. Boosted by the strength of the home loans market and the successful start-up of its new business activities, and strengthened by the equity capital injection from the La Poste Group, La Banque Postale is marshalling the resources required to pursue its commercial growth.

▪ La Banque Postale's business activities in the first half of 2011

> The volume of services provided to La Banque Postale customers continued to increase in the first half of 2011, both in terms of their day-to-day cash requirements, and of savings and insurance products.

In fact, around 400,000 individual current accounts were opened with La Banque Postale, while two million customers opted for a special type of account or entered into a customer relationship with the Bank.

La Banque Postale also continued to grow its bank card pool, which amounted to 6.8 million cards (+4.4 %) in June.

In the insurance sector, 131,200 life insurance policies and over 204,000 personal insurance policies were taken out in the first half. Despite a problematic environment for life insurance products, which were affected by uncertainty regarding their future taxation, and by competition from short-term savings products, the launch of the high-end *Cachemire* policy range was still a success (26,500 policies were taken out in the first half of 2011).

Life insurance revenues amounted to €4.9 billion as at June 30th 2011, a decrease of 10.6%. This decrease is similar to that recorded by the market overall (-11%).

La Banque Postale had a good first half as far as the home loans sector was concerned. The Bank recorded a 17% increase in loan generation compared with the first half of 2010, which increased the amount of home loans outstanding to almost €39.7 billion (+16%) as at the end of June 2011.

The marketing of La Banque Postale's consumer credit products accelerated in the first half of 2011. Total loans granted in the first half of 2011 amounted to €828 million, with around 95,000 applications approved. Over 200,000 applications have been approved since the product was launched in April 2010. Loans outstanding amounted to €1.4 billion.

Marketing of the casualty insurance range, which was launched in December 2010 on the Bank's remote platforms and gradually rolled out in post offices between June and October 2011, was also buoyant, with 40,000 policies in the portfolio as at June 30th 2011. Over 10,000 policies were taken out via the internet platform alone.

La Banque Postale's number of active customers increased, and reached over 10.3 million as at June 30th 2011.

Customer deposits rose by €6 billion compared with June 2010, reaching €286 billion as at June 30th 2011.

Livret A accounts, which are held by around 20 million La Banque Postale customers, saw an increase in deposits, which amounted to €55.2 billion as at June 30th 2011.

241,400 Livret A accounts were opened in the first half of 2011.

Meanwhile, in the traditional savings product sector, *Optimys PEL*, a new home loan savings product launched in February 2011, met with great success, attracting inflows of over €310 million and over 24,000 accounts opened.

> The Bank's subsidiaries and equity investments, which are a core part of its business and contribute specialist know-how, played a part in the growth of the Bank's business in the first half of 2011.

La Banque Postale Asset Management, the Bank's asset management company, had around €126 billion under management as at June 30th 2011, which made it the 5th largest asset management company in France. Although a tendency to withdraw funds was observed in the first half of 2011, in line with the trend for the UCITS market, inflows from private individuals and companies turned positive again in July and August 2011.

Overall revenues from (individual and group) personal insurance products, which are managed by La Banque Postale Prévoyance, subsidiary 50 % owned by La Banque Postale and 50 % owned by CNP Assurances which underwrites the personal insurance products marketed by La Banque Postale, amounted to €209 million as at the end of June 2011 (+0.8% compared with 2010). Revenues were boosted by the strength of the borrower insurance segment, which reported revenues up 13.4% to €54.4 million, in line with the increase in loans outstanding.

▪ La Banque Postale's results for the first half of 2011

>La Banque Postale's Net Banking Income amounted to €2,671 million, an increase of 1.2%. Revenues rose by €32 million¹ in the first half, across all areas of the Bank's business.

La Banque Postale's gross operating profit amounted to €441 million as at June 30th 2011, i.e. a similar level to the one recorded in 2010. There was a slight €14 million (-3.3%) decrease, taking the increase in net banking income, which was boosted by loans, and cost control into account.

Consolidated operating expenses amounted to €2,230 million. They remained tightly controlled, increasing by €46 million (+2.1%), at a time when La Banque Postale is continuing with the roll-out of the new business activities that it is organising and marketing. Excluding the impact of changes in the scope of consolidation for the entities in which these new businesses are sheltered (health insurance and casualty insurance), the year-on-year increase in expenses was capped at 1.8%.

The operating ratio amounted to 83.6%.

The cost of risk, which stood at €193 million as at the end of June 2011, was affected by the impact of the write-down on Greek sovereign debt securities. Indeed, La Banque Postale decided to take part in the support plan for Greece, which was enacted on July 21st 2011 in order to overcome the crisis caused by the country's indebtedness and to guarantee the financial stability of the euro zone. The support plan for Greece included a 21% write-down on the par value of debt securities maturing between mid-2011 and the end of December 2020 that are held by private lenders. La Banque Postale therefore recorded a €158 million write-down on these Greek securities in its first half 2011 financial statements.

Excluding the impact of the support plan, the cost of risk remained low, amounting to €35 million compared with €29 million for the first half of 2010.

Including the Group's share in CNP Assurances' net profit, which is consolidated via the equity method, net profit, Group share amounted to €258 million.

La Banque Postale continues to enjoy a particularly advantageous liquidity position, and has further increased its solvency thanks to the first capital increase since it was founded².

La Banque Postale's liquidity position continues to stand out due to the fact that the Bank's deposits are significantly larger than its loans, and to the quality of the assets in its portfolio. In fact, the loan-to-deposit ratio³ remained stable, at a level (49%) that is particularly low for the banking industry. In addition, the significant portion of securities that are considered as marketable eligible securities by the ECB (around 90%) provides a very substantial source of liquidity.

As regards solvency, La Banque Postale's prudential ratios remained at a high level as at June 30th 2011, before the capital increase. The solvency ratio stood at 14.7%, while the Core Tier 1 ratio stood at 10.6%, based on prudential equity capital of €5.05 billion.

If the capital increase is taken into account, the solvency ratio rises to 17.2% and the Core Tier 1 ratio to 13.2%, based on the data as at June 30th 2011, with prudential equity capital of €5.91 billion.

¹ Including an €8 million provision write-back on home loan savings.

² See page 4 for details of the capital increase.

³ Excluding saving deposits transferred to La Caisse des Dépôts.

- **Second half of 2011: La Banque Postale is marshalling the resources required to pursue its commercial growth**

>La Banque Postale launched an €860 million capital increase, which was subscribed by the La Poste Group

At its meeting of August 26th 2011, chaired by Jean-Paul Bailly, the Board of Directors of the La Poste Group authorised La Poste to subscribe to an €860 million capital increase for La Banque Postale.

Such a contribution had already been agreed in principle at the La Poste Group's Board Meeting of July 7th 2011. The increase is fully in line with the La Poste Group's "*Ambition 2015*" strategy plan, which includes planned investments of around €7.5 billion between 2011 and 2015, and is aimed at supporting the growth of all the Group's businesses.

The aim of this capital increase is to support the Bank's commercial business activities, which is primarily driven by the home loan business, as well as by the consumer credit business and the corporate credit businesses, which will be launched between now and the end of the year. The decision also enables the Bank to manage its balance sheet in a more diversified way, while making use of its strong liquidity position. Lastly, it enables the Bank to comply with its regulatory obligations and contributes to its strength and solvency.

>La Banque Postale has obtained accreditation as a corporate lender

On September 5th, La Banque Postale obtained accreditation from the French Prudential Control Authority, which enables it to finance companies (SMCs, VSCs, associations, subsidised housing landlords, etc.).

This range of funding will be specifically backed by a new subsidiary, La Banque Postale Crédit Entreprises.

By providing financing to companies, La Banque Postale is entering a new stage and is offering all the products and services provided by a retail bank.

>La Banque Postale is innovating and launching new products and services for all its customers...

- **Special offers in partnership with La Poste Mobile**

As part of its synergies with the La Poste Group, La Banque Postale is developing offers in partnership with La Poste Mobile, the Group's new mobile telephony subsidiary.

For instance, a back-to-school offer enables La Banque Postale's young customers to enjoy an exclusive €40 refund on any of La Poste Mobile's subscription packages when they buy a mobile phone.

La Banque Postale's banking application will be included on all telephones offered in post offices from September 2011 onwards.

Finally, other offers are currently being designed specifically for low-income customers.

- **A new system: machines and scanners for cashing cheques**

La Banque Postale and the post office network are rolling out machines and scanners that enable cheques to be cashed on the day they are deposited. 2,500 post offices will be equipped between now and June 2012. Cheques will be digitalised directly.

- **La Banque Postale is launching a new death and dread disease insurance policy**

La Banque Postale is launching the *Sérénia* policy in order to meet its customers family and wealth cover expectations when dealing with the consequences of a death, severe disability or illness. This policy enables holders to take out a level of insurance cover that may amount to €3 million, a significant sum, in the event of death or serious disability. *Sérénia* is one of the rare policies on the market offering cover against dread diseases to all policyholders as part of the policy, and not as an option.

The *Sérénia* policy is marketed in post offices by Customer Advisors, specialist Wealth Advisors and La Banque Postale's Wealth Management Advisors.

(Please see the product factsheet in the appendix for further information)

- **Launch of a health insurance range on the remote platforms**

Between now and the end of the year, La Banque Postale will bring its full health insurance range to market. This range is backed by *La Banque Postale Assurance Santé*, a subsidiary company that is 65% owned by La Banque Postale and 35% owned by La Mutuelle Générale. This range, which is fully in line with the Bank's values, undertakes to support customers in managing and monitoring their healthcare costs on a day-to-day basis. The launch will be gradual. Customers will be able to take out a policy via the remote platforms from November 5th onwards, and the range will then be gradually made available in post offices. A major training programme aimed at 20,000 employees (advisors in post offices and in financial centres) will begin in November. In order to support the roll-out of this new business, La Banque Postale is setting up a specialist health insurance platform at its Customers Relations Centre in Lille. La Banque Postale has teamed up with Solly Azar (Vespieren Group) to manage the policies (telephone subscriptions, policy management and health care services).

- **"La Banque Postale at home"**

Thanks to "La Banque Postale at home (*La Banque Postale chez soi*)", La Banque Postale will offer its customers and prospective customers the option of benefiting from a full remote banking relationship from early 2012 onwards. Customers will be able to get advice across a wide time band (from 8.00 am to 8.00 pm Monday to Friday and from 8.00 am to 5.00 pm on Saturday) and to put their questions to a team of dedicated advisors or to a specialist advisor (financial advisor, specialist property advisor, wealth advisor) by appointment.

Customers will also be able to obtain assistance in subscribing to products via the internet and will be able to use new ways of communicating with their bank, such as chat, email, or video appointments.

>La Banque Postale is boosting its support for low-income customers

A product range will soon be offered to support people who are in difficult financial circumstances, thanks to the REFLEX project (in French, REFLEX is an acronym for Taking Action Together and Uniting to Combat Social Exclusion). The aim of the partnership, which was entered into as part of the agreement between La Banque Postale and the French National CCAS (Community Social Action Centres) Union, or UNCCAS, is to coordinate the respective actions of La Banque Postale (including both the Financial Centres and the Post Offices) and of the CCAS that target La Banque Postale customers in difficult financial circumstances, in order to support them and help them improve their financial circumstances.

The service, which was rolled out with the Cresus association, and was set up right at the start of the consumer credit business in April 2010, and which aims to prevent the risk of low-income customers accumulating excessive debt and to support them, has been renewed for another year. To date, the organisation has set up 171 budget support plans.

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To conclude, Philippe Wahl stated: *“By generating better results in the first half than had initially been expected, La Banque Postale is once again demonstrating its strength. By staying innovative and keeping moving in an uncertain economic and financial environment, La Banque Postale, is marshalling the resources to accelerate its commercial growth and to meet the targets in its 2011-2015 strategic plan branded “Putting the customer’s interests first. Let’s show that we are different”.*

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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, namely acting in the general interest, confidentiality and localness, La Banque Postale puts paying close attention to 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, thus entering new areas. La Banque Postale is accessible 24/7, anywhere, any time.

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APPENDICES

Appendix 1: La Banque Postale presents its 2011-2015 strategic plan branded "Putting the customer's interests first. Let's show that we are different"

La Banque Postale has defined its targets and its strategic direction, based on two major guidelines: strengthening its position as a different bank and accelerating its commercial growth.

In order to achieve its ambitions, La Banque Postale has adopted an action plan focusing on nine major development areas:

- Making service quality a catalyst for customer satisfaction and loyalty;
- Offering the customer all the facets of multi-platform relationships;
- Making attracting and retaining young customers a priority;
- Offering suitable solutions to low-income customers;
- Boosting the private wealth management business;
- Overhauling the partnership with the La Poste Network;
- Making the association and subsidised housing landlord market the Bank's second largest market;
- Obtaining the funds required for the Bank's development from La Poste;
- Making postmen and women ambassadors for their Bank;
- Involving all La Poste employees and providing them with training regarding their Bank's goals;
- Designing lifestyle solutions for senior citizens;
- Designing a range of financing products for companies.

The strategic guidelines set out in the "Putting the customer's interests first. Let's show that we are different" plan should enable the Bank to achieve net banking income of €6.7 billion, an operating profit of €1.6 billion and to reduce the operating ratio by 10 points to 75% by 2015.

La Banque Postale is setting itself the goal of attracting 120,000 young customers for whom it is the main bank each year and of retaining the loyalty of 300,000 new customers sponsored by post women and postmen, in order to reach a level of 11 million active customers by 2015.

Appendix 2: La Banque Postale has obtained accreditation to finance companies from the French Prudential Control Authority

Thanks to the 475,000 large, small and medium-sized, and very small companies, associations, mutual insurance companies or subsidised housing landlords that place their trust in La Banque Postale today, **the Bank plays a sizeable role in the corporate market.**

The Association and Corporate market accounted for 6% of La Banque Postale's NBI in 2010. In the first half of 2011, the "Corporate" commercial business results were particularly outstanding; especially the banking commissions received, which amounted to **€75.5 million**, and average daily assets, which amounted to **€10.8 billion**.

On September 5th, La Banque Postale obtained **accreditation from the French Prudential Control Authority**, which enables it to market its first financing product ranges for companies (SMCs, VSCs, associations, and subsidised housing landlords, etc.).

This range of financing products will be specifically backed by a new subsidiary, *La Banque Postale Crédit Entreprises*.

La Banque Postale will launch its first **equipment leasing and overdraft products** (the management of which will be sub-contracted to Franfinance, a subsidiary of Société Générale) before the end of 2011. Following a pilot conducted in Paris, Lyon and Clermont Ferrand, the national roll-out will take place gradually up until the end of the first half of 2012.

Between now and the end of the year, La Banque Postale is also planning to launch a **Medium-Term Business Creation and Buy-Out Loan** and to take part in **Syndicated Loans**.

The range will be expanded in 2012 with the launch of **new specialised loans** (Property Leasing, and then Factoring) and **financing products for the Bank's Social Economy customers** (advances on subsidies for associations, and loans to subsidised housing landlords).

The financing product range will be distributed through La Banque Postale's network of 19 Business Centres and via a Multi-Channel Agency responsible for advising professionals and VSCs, and for launching the loan application process. Corporate customers will also be able to contact advisors in post offices, in order to be introduced to the Multi-Channel Agency.

Appendix 3: the *Sérénia* policy's specific features

	Death cover	TPD cover	Dread disease cover
Enrolment age	18-69 years	18-69 years	18-61 years
End of cover	On the day before the 1 st day of the month following the policyholder's 75 th birthday when regular contributions are paid	On the day before the policyholder's 65 th birthday (day before their 70 th birthday if the TPD is the result of an accident)	On the enrolment anniversary following the policyholder's 66 th birthday
Amount paid	In the absence of any dread disease for which compensation has been paid: 100% of the guaranteed death/TPD amount Following a dread disease for which compensation has been paid: 90% of the guaranteed death/TPD amount	In the absence of any dread disease for which compensation has been paid: 100% of the guaranteed death/TPD amount Following a dread disease for which compensation has been paid: 90% of the guaranteed death/TPD amount	10% of the guaranteed death/TPD amount
Payment method	At the policyholder's request: Paid to the beneficiary or beneficiaries as a lump sum or as monthly payments to their spouse and children	Paid to the policyholder as a lump sum	Paid to the policyholder as a lump sum
Options	The guaranteed in the event of death or accidental TPD can be doubled The guaranteed amount is indexed to the trend in the Annual Social Security Cap on an annual basis (the choice of this option is made on enrolment and is final)		
Added benefits	Provisional cover is provided from the date the enrolment application is signed (during the period when the enrolment is being processed) in the event of death or accidental TPD (up to a maximum amount of €150,000). During the enrolment period, the guaranteed amount, the beneficiaries, and the "double amount" option in the event of an accident may be changed. Where the Dread Disease Guarantee is concerned, <i>Sérénia</i> is the only policy on the market where the guarantee is included.		

TPD: Total and Permanent Disability

The dread diseases and serious conditions covered by the *Sérénia* policy are as follows:

- All cancers and malign tumours, except for less serious forms (benign tumours, pre-cancerous lesions, and localised cancers like some skin cancers or micro-cancers of the prostate);
- Myocardial infarctions that are diagnosed when the patient is admitted to a specialised medical facility;

- All heart conditions that have required coronary artery bypass surgery;
- CVAs with neurological consequences that are still present beyond a period of 90 days: CVAs resulting from a head injury are not covered;
- All forms of hemiplegic, paraplegic or quadriplegic paralysis that persist for more than 180 days;
- All 3rd degree burns that affect at least 20% of the body area.

The information leaflet is available from the press department on request.