



PRESS RELEASE

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LA BANQUE POSTALE'S 2011 RESULTS AND BUSINESS REVIEW

**NBI and GOP held up well in 2011,
financial strength reaffirmed,
continuation of the expansion dynamism in 2012**

2011 RESULTS

- Consolidated Net Banking Income: **€5,231 million (+0.3%)**
- Operating profit: **€708 million (-9.1%)**
- Net profit, Group share (excluding Greece): **€569 million (-12%)**
- Net profit, Group share: **€412 million (-37%)**
- Operating ratio: **86.6% (+1.5 points)**
- Core Tier 1 ratio: **12.7%**

2011 BUSINESS REVIEW

- Number of active customers: **10.38 million (+3.3%)**
- **11.5 million** current accounts, linked to over **6.95 million** bank cards
- **5.52 million** account agreements (+6.7%)
- **Over 400,000** individual insurance policies written; and over **2.4 million policies** in the portfolio (+7.3%)
- **204,000** casualty insurance policies in the portfolio
- **186,000** consumer loans financed
- Savings and overnight deposit account balances: **€290 billion (+2%)**
- Home loans outstanding: **€41.7 billion (+12%)**
- Consumer loans outstanding: **€1.9 billion (x 2.5)**

Philippe Wahl, Chairman of La Banque Postale's Executive Board, and Philippe Bajou, member of the Executive Board, presented the 2011 results and business review today.

In an environment affected by the financial crisis and adverse market conditions, La Banque Postale confirmed the appropriateness of its business model, which focuses on retail banking. Boosted by its commercial dynamism, and specifically by the growth in loans generated, La Banque Postale is continuing its expansion.

- **La Banque Postale's 2011 business activities**

La Banque Postale confirmed its commercial dynamism in 2011, primarily as a result of a rise in the number of active customers, who numbered **10.38 million**, the continuation of its customer services policy, and of the increase in loans generated.

With **11.5 million current accounts as at the end of 2011**, La Banque Postale confirmed its position as a major player in the French retail banking sector, both in terms of new accounts (**830,000 new current accounts**) and of customer services (**5.52 million account agreements and 6.95 million bank cards**).

In the savings and insurance area, deposits gathered and bank savings increased by 2.0%, against an economic backdrop that still bore the effects of the financial crisis and of historically low interest rates.

In the life insurance market, which contracted sharply, **La Banque Postale's deposits amounted to over €109 billion, which was a slight increase**. 2011 was once again characterised by the success of the *Cachemire* life insurance policy marketing campaign.

After a strong performance in 2010, the personal insurance business continued its expansion in 2011. **Over 400,000 personal insurance policies** were written, **generating revenues of €250 million**. As a result, **La Banque Postale Prévoyance's personal insurance policy portfolio now includes over 2.4 million policies, an increase of 7.3% compared with 2010**.

The **casualty insurance** business, which was launched on December 9th 2010, had a record first year in banking and insurance services: after one year of marketing, **over 204,000 policies have been written. The portfolio currently amounts to 285,000 policies**.

Deposits in **Livret A savings accounts**, which are held by almost 20 million of La Banque Postale's customers, **amounted to €57 billion in 2011 (compared with €54.7 billion as at the end of 2010)**. Livret A savings accounts continued to be opened at a sustained rate, **with 516,000 accounts opened in 2011**.

In total, customer savings and other bank deposits amounted to €290 billion (+2%) as at the end of 2011.

Despite the slowdown in the property market in 2011, La Banque Postale recorded a significant increase in loans outstanding, which reached **around €41.7 billion as at the end of December 2011, i.e. an increased loan market share of 5.2%**. In total, La Banque Postale supported over 86,000 households with their home ownership or renovation projects in 2011.

The consumer credit business saw a significant acceleration in its commercial expansion in 2011, with **over 186,000 agreements** financed during the year. With **aggregate loans generated** amounting to almost **€1.6 billion** and **loans outstanding of almost €1.9**

billion, La Banque Postale Financement has reached a market share of 4.4%¹ in terms of the credit flows on the products that it markets.

The Bank's health insurance business, which has been available via telephone since December 5th 2011, and via the Internet since December 23rd 2011, will gradually be offered by all La Banque Postale's post office financial advisors. Since its test launch, this new range of health insurance had already attracted **6,200 La Banque Postale customers as at mid-March 2012**.

> The Bank's **subsidiaries and investments**, which are firmly integrated into its business and provide it with specialist expertise, **confirmed their essential role at the strategic, financial and technical level in 2011**.

In a difficult environment, La Banque Postale Asset Management recorded inflows **of €0.7 billion**, relating to the management of life-insurance deposits. The amounts outstanding were **around €124.5 billion as at the end of December 2011** (down €1.5 billion).

Overall (individual and group) revenues from the personal insurance services managed by La Banque Postale Prévoyance **reached €413 million (+6.5%)**.

As at the end of December 2011, La Banque Postale Gestion Privée had **€1.2 billion in funds under management**, compared to **net inflows of €436 million**. Over 15,000 accounts are now managed by this subsidiary.

Tocqueville Finance, a subsidiary dedicated to specialist "value" investment management, which is 90% owned by La Banque Postale, had mutual funds of **€1.2 billion under management as at the end of December 2011**.

▪ **2011 results**

> **Net Banking Income amounted to €5,231 million (+0.3%)**.

Retail Banking NBI, which represents 96% of La Banque Postale's NBI, was virtually unchanged (up 0.2%). Asset management contributed 2.3% of NBI in 2011, while insurance contributed 1.7% of consolidated NBI, a year-on-year increase of 14%.

Net commissions increased by €42 million (+2.2%), due to the impact of the insurance business' commercial dynamism, and to the development of customer services.

The interest margin was affected by the fall in average returns on La Banque Postale's long-term cash position.

> The ramp-up of new businesses weighed on **operating costs, which rose by 1.5% to €4,365 million on a consolidated basis**, excluding depreciation, amortisation and impairment charges. Depreciation, amortisation and impairment charges amounted to €157 million, due primarily to the IT expenditure generated by major business line projects, as well as to supplying ATMs to post offices.

Overall, gross operating profit amounted to **€708 million, a decrease of 9.1%, while the operating ratio amounted to 86.6% (+1.5 points) as at the end of 2011**.

La Banque Postale participated in the private sector support plan for Greece. The cost of risk was therefore affected by a €241 million **impairment charge on Greek sovereign securities**. **The quality of assets remained very high, while the cost of risk in relation to loans outstanding remained comparable to the cost in prior years, at 21 basis points**.

¹ La Banque Postale Financement's share of the theoretical amount of consumer loans generated on an aggregate basis between January and December 2011.

CNP Assurances' contribution to La Banque Postale's consolidated results amounted to **€160 million** in 2011 (**down €35 million compared with 2010**).

Net profit, Group share amounted to €412 million, down 37%. Excluding the impact of the Greek crisis, net profit, Group share would have amounted to €569 million, a limited fall of 12%.

As at the end of 2011, Core Tier 1 equity capital had increased by €1 billion, i.e. by 29%, to €4.52 billion, while the **Core Tier 1 ratio amounted to 12.7%**. Total equity capital amounted to €5.4 billion, up almost 10%. The boost in equity capital was primarily due to the €860 million capital increase subscribed by the La Poste Group on September 9th 2011.

La Banque Postale's consolidated balance sheet total amounted to **€186 billion as at December 31st 2011, up €13 billion compared with 2010**.

In 2011, La Banque Postale's balance sheet structure maintained its attractive features, which reflect a level of deposits that is significantly higher than that of customer loans.

Philippe Wahl stated that: *"La Banque Postale turned an important page in its history in 2011, by becoming a full-service retail bank, with a full complement of products and services. Once again, the Bank demonstrated the appropriateness of its expansion model, and confirmed its status as a major player in terms of providing financing for retail customers and for the real economy. It will pursue its expansion dynamism in 2012, in order to offer innovative products and services to all its customers, and will participate in the financing of local authorities."*

▪ **2012 Outlook**

>La Banque Postale is pursuing its development dynamism, in accordance with the targets set in its 2011-2015 strategic plan.

>La Banque Postale will offer new products and services to retail customers

✓ **"La Banque Postale Chez Soi"**

With "La Banque Postale at Home", La Banque Postale will offer its customers and prospective customers the option of enjoying a full remote banking relationship in the first half of 2012. Customers will be able to receive advice across a broad time span (from 8.00 am to 8.00 pm Monday to Friday, and from 8.00 am to 5.00 pm on Saturday), and to talk to a team of dedicated advisors, or to a specific adviser (financial adviser, specialist property adviser, wealth adviser) by appointment. Customers will also be able to receive assistance regarding subscribing to products via the Internet, and to use new means of communication with their bank, such as chat, email, and video meetings.

✓ **Joint offers**

In order to improve the way it supports its customers' projects on an ongoing basis, La Banque Postale will be launching joint offers from March 2012 onwards, combining personal or property loans with related services at reasonable rates.

The Bank will offer two months' payments on home insurance policies in the first year for any home loan subscribed.

Customers will enjoy two free months of home insurance in the first year as an addition to a consumer loan.

Lastly, when they take out a home insurance policy, customers will be offered a two-month discount on their first annual *Prévia* non-work related accident policy payment.

✓ **La Banque Postale is joining forces with the French Civic Service Agency (Agence du Service Civique)**

La Banque Postale shares the Civic Service's public interest values of trust and local access, which is why it has chosen to support volunteers during and after their assignment. From March 15th 2012 onwards, Civic Service volunteers will enjoy **dedicated benefits**: their account option will be free for the first year, and they will be offered two months' free home insurance payments in the first year.

Lastly, La Banque Postale is supporting Civic Service Institute graduates by offering them the opportunity to follow a career path at the Bank.

✓ **Financially vulnerable customers**

La Banque Postale is continuing its commitment to **consumer micro-loans**, which began in 2007. The Bank finances personal projects for private individuals who are excluded from normal banking services. **18 partnerships were entered into with bodies working in the social inclusion area (UDAF, CCAS, etc.) in 2011**, raising the number of partnerships agreed since 2007 to 96.

Elsewhere, in line with its support for the "**Manifesto to provide vulnerable population groups in France with banking services**" drafted by the French Red Cross, the Secours Catholique (Catholic Relief), and the UNCCAS in December 2011, La Banque Postale is putting together a dedicated banking product range and support package for vulnerable customers, together with the major social service partners in France, and specifically with the major voluntary organisation networks.

✓ **An out-of-the-ordinary revolving loan range**

La Banque Postale is set to launch a revolving loan range that is faithful to its values of simplicity and accessibility. The roll-out of this range across the remote channels and in the post office network will take place during the second half of 2012. The range will be backed by La Banque Postale Financement, the Bank's dedicated consumer credit subsidiary.

✓ **A clear, simple and transparent two-wheeled vehicle insurance policy**

Buoyed by its success, La Banque Postale Assurances IARD will round out its range with a two-wheeled vehicle insurance policy in 2012. As for the car, home, and legal cover insurance policies launched in December 2010, the two-wheeled vehicle insurance policy will cover customers' main requirements, and will be accessible at a reasonable rate, which will be identical across all the Bank's channels.

Several options will be available, depending on customers' requirements. They will all include body protection.

> **La Banque Postale is set to expand its corporate financing range**

Marketing of the first corporate financing range began in October 2011. **As at the end of 2011, the balances outstanding on loans granted major customers, social housing landlords, VSCs, and professionals amounted to €700 million.**

La Banque Postale began marketing the financing range for its social economy customers (**advances on subsidies for voluntary organisations, and loans for social housing landlords**) in early 2012.

Between now and the end of the year, La Banque Postale will also launch **its range of lease-to-buy and property lease products, followed by its factoring range for all of its corporate customers.**

> **La Banque Postale is set to bring the first financing range for local authorities to the market**

Negotiations between La Banque Postale, Caisse des Dépôts, Dexia SA, Dexia Crédit Local and the French Government reached a successful outcome in February 2012. La Banque

Postale and Caisse des Dépôts would like to offer a new financing model to local authorities, which will rely on the founding of a new joint venture, 65% owned by La Banque Postale and 35% owned by Caisse des Dépôts.

The new financing range will consist of a selection of simple cash-backed loans, with a transparent rate structure.

In order to refinance these new loans, the La Banque Postale and Caisse des Dépôts joint venture will rely on the Dexia Municipal Agency property lending company (Dexma), which is now controlled by a public holding company in which the French Government, Caisse des Dépôts, and La Banque Postale will be shareholders.

In order to offer their new range between now and the end of June, La Banque Postale and Caisse des Dépôts will use a certain number of Dexia Crédit Local's tools and resources within their joint subsidiary.

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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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CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE 2011 FINANCIAL YEAR

(€ million)	December 31 st 2010	December 31 st 2011
Net Banking Income	5 215 291	5 230 692
General operating expenses	(4 298 846)	(4 365 202)
Depreciation, amortisation and impairment of tangible and intangible fixed assets	(137 110)	(157 390)
Gross Operating Profit	779 335	708 100
Cost of risk	(59 884)	(318 223)
Net operating profit	719 451	389 877
Income from equity associates	194 949	160 365
Net gains or losses on other assets	(2 326)	(806)
Impairment of goodwill		(4722)
Profit before tax	916 726	544714
Income tax	(275 840)	(134 653)
Group net profit	640 886	410 061
Minority interests	(10 431)	(2 096)
Net profit, Group share	651 317	412 157

▪ CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31ST 2011

(€ million)	December 31 st 2010	December 31 st 2011
Assets		
. Cash and central banks	2 149 998	2 643 973
. Financial assets at fair value through profit and loss	4 270 647	11 016 356
. Derivative hedging instruments	334 742	272 515
. Financial assets available for sale	9 966 741	9 474 603
. Loans & receivables - credit institutions	73 493 943	74 882 171
. Loans & receivables - customers	39 213 820	45 082 910
. Revaluation differences on portfolios hedged against interest rate risk	129 602	145 129
. Financial assets held to maturity	37 413 191	35 376 985
. Tax and other assets	3 278 978	3 990 644
. Investments in associates	1 961 425	1 952 180
. Fixed assets		
. Goodwill	53 449	53 655
TOTAL	173 015 747	185 711 926
Liabilities		
. Financial liabilities at fair value through profit and loss	112 846	249 710
. Derivative hedging instruments	181 679	234 123
. Payables - credit institutions	6 169 760	10 865 606
. Payables - customers	151 068 471	156 749 470
. Debt represented by securities	4 523 400	5 463 758
. Tax and other liabilities	4 184 617	4 802 671
. Underwriting reserves of insurance companies	450 963	530 496
. Provisions	303 805	399 199
. Subordinated debt	1 236 279	796 475
. Equity capital, Group share	4 793 763	5 637 618
. Minority interests	(9 836)	(17 200)
TOTAL	173 015 747	185 711 926