



PRESS RELEASE

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## LA BANQUE POSTALE'S 2013 FIRST HALF RESULTS

La Banque Postale continued its expansion on the back of good commercial results, and posted an 11.4% increase in operating profit<sup>1</sup>

### RESULTS / BUSINESS ACTIVITIES FOR THE 1<sup>ST</sup> HALF OF 2013

#### **INCREASE IN OPERATING RESULTS AGAINST A SLUGGISH ECONOMIC BACKDROP**

- . Increase in NBI: **€2,760 million (+2.8%<sup>1</sup>)**
- . Decrease in the cost-to-income ratio: **83.2% (-0.7 point)**
- . Increase in operating profit: **€393 million (+11.4%<sup>1</sup>)**
- . Increase in net profit: **€365 million (+9.4%)**

#### **EXPANSION OF CUSTOMER SERVICES**

- . Number of account agreements: **5.9 million**
- . Number of bank cards: **7.2 million**
- . Casualty insurance: **680,000 policies in the portfolio**
- . Health insurance: **44,000 policies in the portfolio**

#### **EXPANSION OF THE LOAN OFFERING, THEREBY STRENGTHENING THE BANK'S CONTRIBUTION TO THE FINANCING OF THE ECONOMY**

- . Increase in loans outstanding: **€55.1 billion<sup>2</sup> (+17.9%)**
  - . Including legal entities and local authorities: **€2.5 billion (x 4)**

#### **A SOUND BALANCE SHEET STRUCTURE TO DEAL WITH THE NEW REGULATORY ENVIRONMENT**

- . Increase in customer deposits: **€162.5 billion (+3.8%)**
- . Strong liquidity position: **Loan-to-deposit ratio of 64%<sup>3</sup>**
- . High solvency level: **Basel 2.5 Core Tier 1 ratio of 11.2%**

<sup>1</sup> At constant scope, excluding the home loan savings provision and the Cheque Image Exchange (EIC) fine.

<sup>2</sup> Includes the La Banque Postale zero-rated loans that were previously managed by Crédit Foncier (€823 million as at the end of June) and the BPE loans (€2.3 billion).

<sup>3</sup> Deposits excluding Livret A, LDD and LEP accounts, which are pooled at CDC.

## H1 2013 highlights

- Foundation of La Banque Postale Collectivités Locales, in which La Banque Postale and Caisse des Dépôts have respective interests of 65% and 35%. This subsidiary provides services relating to marketing the loans that La Banque Postale grants to local authorities and hospitals. La Banque Postale Collectivités Locales has the status of a banking transaction intermediary, and hosts the customer helpline platform, as well as the research unit.
- Acquisition of BPE from Crédit Mutuel Arkéa on 2 April 2013. BPE has a strong wealth management platform, as well as a range of financial products and services that combines loan and savings management offers. La Banque Postale is broadening the service offered to its high net-worth customers via this acquisition, by offering them a full range of products and services suited to their requirements.
- Purchase of the 49% interest previously held by Oddo & Cie in La Banque Postale Gestion Privée on 27 June 2013. La Banque Postale now owns 100% of its subsidiary.
- Setting up of a system dedicated to social access to home ownership. In accordance with the commitments that it made in late 2012, La Banque Postale accelerated the marketing of its loan offers to low-income households. This development was achieved via a dedicated platform located in Clermont-Ferrand, by positioning local financial advisers who specialise in financing social access to home ownership, and by implementing partnerships with players in the social housing sector. This business activity is backed by the Social Access to Home Ownership Steering Committee, which held its first meeting on 19 April 2013.

## La Banque Postale Group's consolidated results

Consolidated results (in € m)	H1 2013	H1 2012	%
Net Banking Income <i>At constant scope<sup>4</sup>, excluding Home Loan Savings and the EIC fine</i>	2,760	2,668	3.4% 2.8%
Management fees <i>At constant scope</i>	2,289	2,234	2.4% 1.9%
Gross operating profit	471	433	8.7%
Cost of risk	78	82	-5.1%
Operating profit <i>At constant scope<sup>4</sup>, excluding Home Loan Savings and the EIC fine</i>	393	352	11.9% 11.4%
Share of income from equity associates	111	100	10.3%
<b>Net profit, Group share</b>	<b>365</b>	<b>334</b>	<b>9.4%</b>
Cost-to-income ratio	83.2%	83.9%	

In an environment characterised by historically low interest rates and by an economic slowdown in France and Europe, La Banque Postale's results improved, boosted by an increase in its lending and

<sup>4</sup> Excluding the impact of the consolidation of BPE as at 1 April 2013.

customer service businesses. **Consolidated NBI** increased by 3.4% to €2,760 million. The increase at constant scope<sup>4</sup>, excluding the home loan savings provision and the Cheque Image Exchange (EIC) fine, was 2.8% to €2,743 million.

The interest margin rose due to the impact of the increase in lending activities across the entire customer base (retail customers, legal entities and local authorities). Commissions rose by 8.5% to €1 billion due to the expansion in customer services and the success of the insurance activities.

**Operating expenses** amounted to €2,289 million, a 2.4% increase compared with June 2012. Excluding the impact of changes in the scope of consolidation<sup>5</sup>, the increase was 1.9% to €2,276 million. This expansion was primarily due to the resources implemented in order to develop the new businesses (*loans to local authorities and legal entities*).

**The cost-to-income ratio** improved by 0.7 point to 83.2%, underlining the improvement in the Bank's operating efficiency.

**Gross operating profit** rose by 8.7% to €471 million.

**The cost of risk amounted to €78 million** Restated for the provision charged on Greek sovereign debt in the first half of 2012 (+€34 million) and for the consolidation of BPE (+€2 million), the current cost of risk increased by €28 million. This trend was primarily due to the impact of the increase in consumer loans (+€9 million), and overdrafts (+€6 million) outstanding, as well as to the combined impact of a rise in home loans outstanding (+€8 million) and to a change in the rules for identifying and downgrading sensitive and doubtful loans in 2012 (negative impact of €4 million).

**Operating profit** rose by almost 11.9% to €393 million compared with the first half of 2012. Excluding the impact of changes in the scope of consolidation, the home loan savings provision and the EIC fine, the increase was 11.4%.

After including a €111 million contribution from CNP Assurances, which is consolidated via the equity method, and the corporation tax charge, **net income, Group share** amounted to €365 million, an increase of 9.4% compared with the first half of 2012.

La Banque Postale displayed a high level of solvency as at 30 June 2013. **The Basel 2.5 Core Tier 1 ratio** amounted to 11.2%, a decrease of 0.9 point compared with 31 December 2012. This trend was due to the expansion of the lending business and to the application of the transitional provisions regarding the treatment of insurance investments determined for 2013 by the ACP<sup>6</sup>.

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<sup>5</sup> Excluding the impact of the consolidation of BPE as at 1 April 2013.

<sup>6</sup> RWA weighting for the non-deducted portion of shareholders' equity.

## Breakdown of results by business segment

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### Retail Banking:

Retail banking, which includes La Banque Postale's product marketing and customer loan and deposit management businesses, remains the Group's core business. The Retail Banking segment's NBI increased by 2.9% compared with the first half of 2012. Excluding the impact of changes in the scope of consolidation<sup>5</sup>, the home loan savings provision and the EIC fine, the increase was 2.2%.

<i>- (million) Retail banking</i>	H1 2013	H1 2012	%
<b>Net Banking Income</b>	<b>2,628</b>	2,555	2.9%
<i>At constant scope<sup>7</sup>, excluding Home Loan Savings and the EIC fine</i>			2.2%
<b>Management expenses</b>	<b>2,228</b>	2,178	2.3%
<i>At constant scope<sup>7</sup></i>			1.7%
<b>Gross operating profit</b>	<b>400</b>	378	6.0%

### Operating performance:

**The net interest margin** increased by €56 million. Excluding the impact of changes relating to the home loan savings provision (€36 million) and of changes in the scope of consolidation (€9 million) due to the consolidation of BPE, the increase would have been €10 million as a result of the buoyancy of the lending businesses (especially property loans and corporate loans), and of resilient margins. **The substantial inflows into Livret A and LDD accounts** did not have a significantly positive effect on NBI due to the decrease in commissions earned on marketing these products.

**Commission-bearing transactions** rose by 6.8% to €968 million. Excluding the impact of changes in the scope of consolidation relating to the consolidation of BPE (€4 million), the increase was 6.3%. This increase reflects an improvement in customer services in the means of payment and account-keeping areas (+€43 million compared with 2012), as well as in the insurance product area (+€16 million).

**Other income and expenses** decreased by €45 million, due mainly to the €33 million impact of the repayment of the EIC fine by the French Competition Authority in 2012.

**Management expenses** amounted to €2,228 million (+2.3%). This rise was due to the impact of changes in the scope of consolidation (€12 million due to the consolidation of BPE) and of expenses relating to the development of the new local authority and corporate lending businesses.

Against this backdrop, the Retail Banking segment's **gross operating profit** rose by 6% to €400 million as at 30 June 2013.

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<sup>7</sup>Excluding the impact of the consolidation of BPE as at 1 April 2013.

### Commercial business:

- La Banque Postale's **customer services** continued to expand during the first half of 2013. In fact, La Banque Postale recorded the opening of 316,000 new current accounts over the period, while 5.9 million customers now have an account agreement with the Bank. The number of bank cards outstanding as at the end of June 2013 was 7.2 million.
- **Savings and deposits**

**Savings account deposits** (overnight deposits and regulated savings) increased sharply, primarily as a result of the increase in LA and LDD account ceilings.

- (€ billion) (closing balances)	H1 2013	H1 2012	%
<b>Sight deposits and savings deposits</b>	<b>162.5</b>	<b>156.5</b>	<b>3.8%</b>
<i>Of which Livret A &amp; LDD accounts</i>	<i>71.8</i>	<i>63.6</i>	<i>12.9%</i>
<b>Life insurance</b>	<b>116.6</b>	<b>112.4</b>	<b>3.7%</b>
<b>UCITS</b>	<b>14.7</b>	<b>15.2</b>	<b>-3.5%</b>

*\*Nominal accounting balances (except for life insurance and UCITS) including BPE*

**Sight deposit** balances were down slightly (-1.3% on an annualised basis), and amounted to €47.2 billion.

**Ordinary savings** deposits increased by almost 8% on an annualised basis, driven by the high inflows recorded for Livret A (+10%) and LDD (+43%) accounts, where the rate remained at an attractive 1.75%. **Home loan savings** deposits remained virtually unchanged at €26.7 billion.

La Banque Postale's **life insurance** deposits rose by 3.7% to €116.6 billion, with 4.8 million policies in the portfolio.

UCITS balances fell by 3.5% to €14.7 billion on an annualised basis as at the end of June 2013.

- **Lending business**

La Banque Postale is continuing to support the French economy's financing requirements by developing loans for private individuals, and broadening its financing range for legal entities and Local Authorities (since November 2012).

**Overall loans outstanding** increased by 17.9% to €55.1 billion on an annualised basis.

- (€ billion) (closing balances)	H1 2013	H1 2012	%
<b>Home loans</b>	<b>48.6</b>	<b>42.8</b>	<b>13.6%</b>
<b>Consumer credit</b>	<b>3,0</b>	<b>2.2</b>	<b>34.3%</b>
<b>Loans to legal entities</b>	<b>2.5</b>	<b>0.6</b>	<b>x 4</b>
<i>Of which Local Public Sector</i>	<i>1.2</i>	<i>NS</i>	<i>NS</i>
<b>Other**</b>	<b>1.0</b>	<b>1.1</b>	<b>-12.6%</b>
<b>Total loans</b>	<b>55.1</b>	<b>46.7</b>	<b>17.9%</b>

*\*Nominal accounting balances, including BPE loans*

*\*\*Overdrawn accounts, and deferred bank card payments*

With €4.1 billion in loans granted (i.e. a 23% increase in loan generation compared with June 2012), **home loans outstanding** rose by 13.6% despite the relative sluggishness of the market. Part of the increase in loan balances was due to the consolidation of BPE (+€2.3 billion), and to the

purchase of La Banque Postale customer loans that were formerly managed by Crédit Foncier de France at the end of 2012 (+€0.8 billion).

Furthermore, €600 million had been granted to low-income households through Social Access to Home Ownership Loans as at 30 June 2013.

The development of consumer credit resulted in an annualised 34.3% increase in the balances outstanding, which amounted to €3 billion as at June 2013. La Banque Postale's market share<sup>8</sup> in this segment increased to 3.3% as at the end of June 2013, on the basis of loans outstanding.

Total loans outstanding in the **legal entities market** amounted to €2.5 billion, including €1.2 billion for the **local public sector**. Loans granted but not drawn down amounted to €2.6 billion for the local public sector.

### **. Asset management:**

Results improved thanks to the resilience of the markets and to the commercial momentum with institutional customers in the first half of 2013.

(€ million)	H1 2013	H1 2012	%
Net Banking Income	<b>67</b>	60	10.7%
Management expenses	<b>31</b>	32	-4.7%
Operating profit	<b>36</b>	28	28.6%
<i>Cost-to-income ratio</i>	<b>46.4%</b>	53.9%	

The asset management sector includes management companies that manage UCITS marketed within the context of the retail banking business, as well as the institutional customer sales business.

Stronger momentum in the asset management market, which was related to a lower level of market uncertainty, enabled the **Asset Management division** to record Net Banking Income of €67 million, a substantial 10.7% improvement compared with the 1<sup>st</sup> half of 2012.

La Banque Postale Asset Management's NBI rose by 3.5% to €46 million. The funds gathered from institutional customers, as well as the impact of the favourable market conditions seen since the beginning of the year resulted in a 5.7% rise in funds under management to €139 billion as at the end of June 2013, including a 13% increase in equity funds. LBPAM retained its 6<sup>th</sup> place ranking<sup>9</sup> among asset management companies in terms of market share.

The cost-to-income ratio recorded a 7.5 point improvement to 46.4% due to the impact of the rise in the funds managed by the division and to an ongoing expense optimisation and control policy.

### **. Insurance:**

The insurance businesses continued to expand, primarily in the casualty insurance sector, and recorded a 19.1% increase in operating profit to €31 million.

	H1 2013	H1 2012	%
Net Banking Income	<b>65</b>	<b>52</b>	23.8%
Management expenses	<b>30</b>	<b>24</b>	22.2%
Operating profit	<b>31</b>	<b>26</b>	19.1%
<i>Cost-to-income ratio</i>	<b>45.6%</b>	<b>46.3%</b>	

The Insurance segment consists of insurance and broking companies that manage the insurance products marketed within the framework of the retail banking businesses.

<sup>8</sup> Excluding BPE

<sup>9</sup> Source: Europerformance

The roll-out of various insurance product offers is ongoing, and the business is enjoying strong sales momentum, which resulted in Net Banking Income of €65 million, a substantial 23.8% increase compared with the 1<sup>st</sup> half of 2012.

Overall personal insurance revenues (individual and group policies) rose by 7.7%, driven by the individual personal insurance and borrower insurance businesses. The number of policies in the portfolio amounted to over 2.6 million as at the end of June 2013.

Casualty insurance NBI posted a significant increase to €13 million, compared with €4 million in June 2012. Almost 244,000 new policies were entered into in the 1<sup>st</sup> half of 2013, compared with an overall portfolio that included around 680,000 policies as at 30 June 2013.

The finalisation of the roll-out of the health insurance range, which began in 2012, resulted in around 29,000 new policies in the 1<sup>st</sup> half of 2013.

Management fees increased by €6 million, due to the ramp-up of the business activities.

Under these conditions, La Banque Postale's operating profit increased by almost 19.1%, with a 0.6 point improvement in the operating cost ratio, which worked out at 45.6%.

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### **Increase in La Banque Postale's capital base in the second half of 2013**

To support La Banque Postale's development while preparing for the higher solvency ratios required by the Basel III regulations, le Groupe La Poste approved a €1 billion increase in La Banque Postale's capital base before the end of 2013 at its Board Meeting of 4 July 2013. €200 million of this increase will be in the form of contributions in kind, while €800 million will be in the form of hybrid securities that will be wholly owned by La Poste SA.

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### **La Banque Postale's ratings**

	<b>Standard &amp; Poor's</b>	<b>Fitch</b>
Long-term rating	A+	A+
Outlook	Negative	Stable
Date updated	3 July 2013	24 July 2013
Short-term rating	A-1	F1+

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

La Banque Postale, the banking subsidiary of the Le Groupe La Poste, 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.