

Press conference 2015 results

LA BANQUE



POSTALE

BANQUE ET CITOYENNE

February 25, 2016

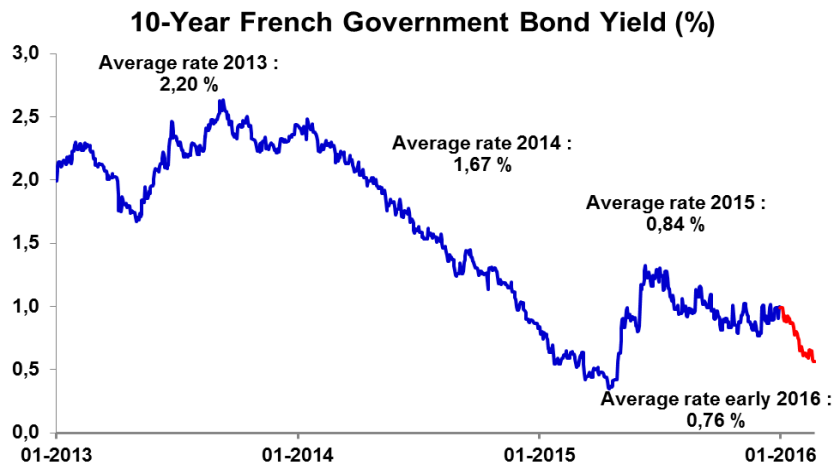
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➤ 2015 highlights and key figures

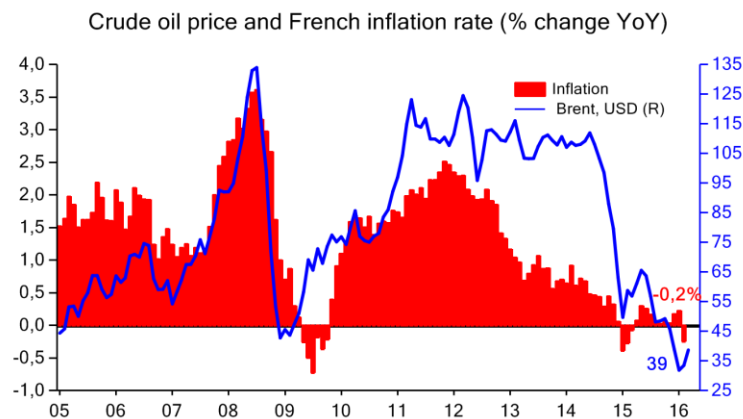
2015 results

Financial structure

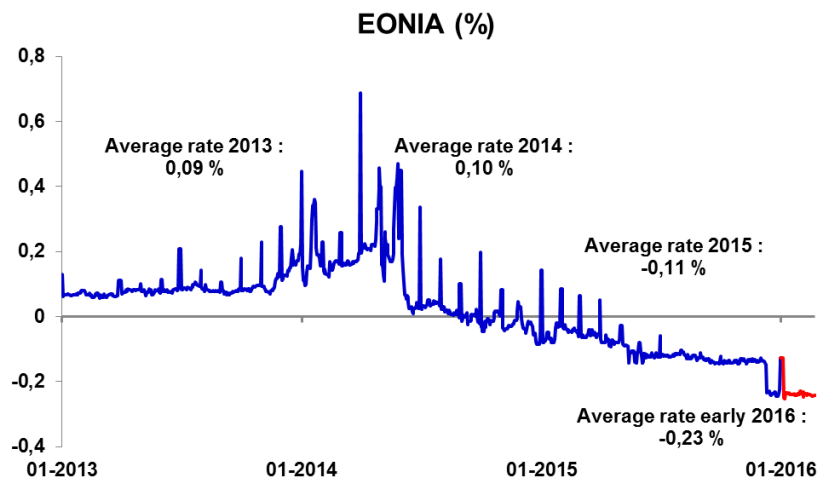
Outlooks



Sources : Thomson Reuters, LBP



Sources : Global Insight, LBP



Sources : Thomson Reuters, LBP

A difficult macroeconomic context:

- Industrial chinese growth slowing down
- Fall in commodity prices
- Accomodating monetary policies (no inflation)

→ Excess global liquidity and interest rates near zero or negative

→ Important pressure on net interest margins

→ Compliance cost with prudential rules

In an adverse environment, La Banque Postale implements its diversification strategy accross all its activities and business units

- ➡ Private banking
- ➡ Asset Management
- ➡ Insurance
- ➡ Businesses and Professionnals bank
- ➡ Network's commercial efficiency
- ➡ Expansion of digital

La Banque Postale accelerates its strategic operations for business development



Private banking creation



Capital and industrial partnerships with Aegon and Malakoff-Médéric in Asset Management



Signature of a preliminary memorandum of understanding renewing partnership with CNP Assurances



Strategic partnership with Malakoff-Médéric and La Mutuelle Générale in Health insurance



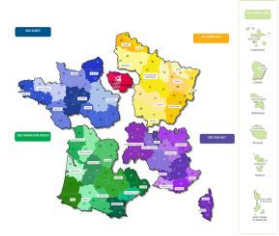
La Banque Postale strengthens actions to improve commercial efficiency

➔ Setting up of the new network managerial structure

Establishment of the Ecole de la Banque et du Réseau (EBR) :

➔ 360 000 days of training for bank, network, financial services and subsidiaries staff

➔ Implementation of major transformation programs



La Banque Postale is focused on digital challenges

➤ A dynamic e-community



Labanquepostale.fr, 2nd most visited website in 2015



More than 5,4 millions of customers using online services every month for a total of 70 millions customer monthly visits (and nearly half of them from a smartphone)



Mobile and tablet applications reshaped in 2015



3rd banking community (in volume) and 1st community in involvement (more than 16 000 interactions per month and promising start of advisors Facebook pages)

La Banque Postale is focused on digital challenges

➤ Payment services on top of digital innovations



More than 110 000 customers members of Paylib



Launch of the new secure payment service LBP Pay (creation of a dynamic cryptogram without entering credit card codes)



Launch of the electronic portfolio « Mes Paiements » including gradually all payment services (Paylib, 3D-Secure authentication, LBP Pay soon adding voice biometric technology)



La Banque Postale is focused on social commitments

- ➔ More than 16,000 customers guided via « l'Appui », a device extended to the national level
- ➔ Extension of the program « l'Envol » to the vocational pathway
- ➔ Launch of a « green product line » personal and insurance lending services for individual customers
- ➔ More than €200m financing projects in renewable energy
- ➔ 1st bank for its sustainable development (IFOP survey)
- ➔ 1st French bank and 2nd world bank for Oekom (non-financial rating agency)
- ➔ ISR Award for LBP Asset Management (Investor Awards 2015)

Key figures 2015

LA BANQUE



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Income grows in a context of persistently low interest rates

- **Net Banking Income : €5,745m (+1.3 % vs 2014)***
- **Operating expenses : €4,693m (+0.4% vs 2014)**
- **Profit before tax : €1,094m (+5.5 % vs 2014)**
- **Net Income, Group share : €707m (+4.4 % vs 2014)**
- **Cost to Income Ratio : 82.1 % (-0.6 point vs 2014)**

An ongoing commercial momentum

- Home loans production up **+43%**
- Loans granted to businesses and local authorities up **+34 %**
- Consumer loans production up **+7 %**
- Other than life-insurance policies production : **more than 900 000 new contracts**
- Outstanding Livret A savings down **-4 % and outstanding home savings up +8.3%**

*+0.1 % excluding home savings provision. Includes a scope effect of €29,6m (Ciloger, Fédéris, Sofiap)

A sound balance sheet structure

- **Sound solvency :**
 - **Common Equity Tier 1 ratio : 13.2 %***
 - Total capital ratio : **18.7 %**
 - Estimated leverage ratio: **5.2 %****
- **Comfortable liquidity position :**
 - **loan to deposit ratio 75 %*****
 - Estimated **LCR ratio of 218 %**, well above regulatory requirements

Sound credit ratings



A / A-1 / Stable

Rating confirmed on Dec 3, 2015



A- / F1 / Stable

Rating downgraded on May 21, 2015 reflecting the agency's review of its assessment of the State's support, following the publication of the BRRD directive and the Single Resolution Mechanism.

* Phased-in CRDIV – CRR ratio. The fully loaded ratio is estimated at 14.2 %.

** Taking into account the Delegated Act published by the European Commission on Oct 10, 2014 concerning the treatment of savings centralised at the Caisse des Dépôts et Consignations (French Deposit and consignment office), subject to authorisation by the European Central Bank. Excluding the Delegated Act, 3,5 %.

*** The Group's Loan to Deposit ratio is determined as the ratio between loans and deposits excluding savings outstanding centralised at the Caisse des Dépôts et Consignations.

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Outlooks

Growth of results

Consolidated results (in € millions)	2015	2014	%
Net Banking Income	5,745	5,673	+1.3 %
Operating expenses	-4,693	-4,672	+0.4 %
Gross operating income	1,052	1,001	+5.1 %
Cost of risk	-181	-163	+11.0 %
Operating income	871	838	+4 %
CNP at equity	207	199	+3.9 %
Profit before tax	1094	1037	+5.5 %
Net income, Group share	707	677	+4.4 %
Cost to Income ratio	82.1%	82.7%	-0.6 point

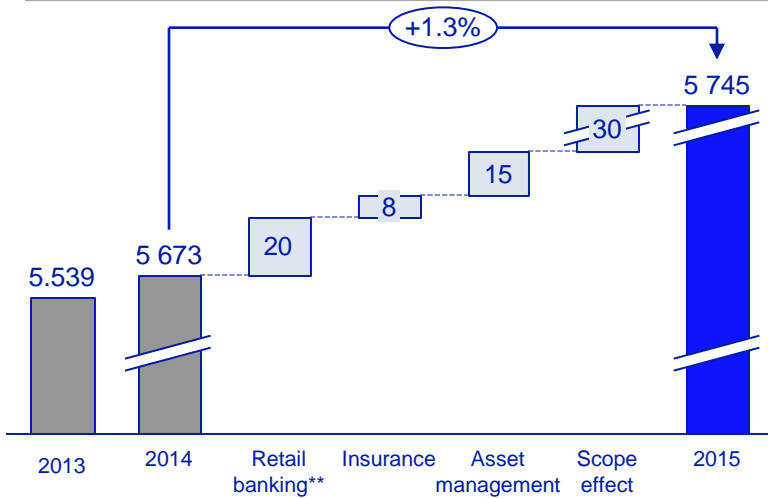
- **NBI up +1.3 %* despite a persistently low interest rates context**
- **Operating expenses under control : +0.4%**
- **A commercial credit activities cost of risk stable à 23 pbs**
- **Improving cost to income ratio : - 0.6 point**

* +0.1% excluding home savings provisions and includes a scope effect of €29,6m

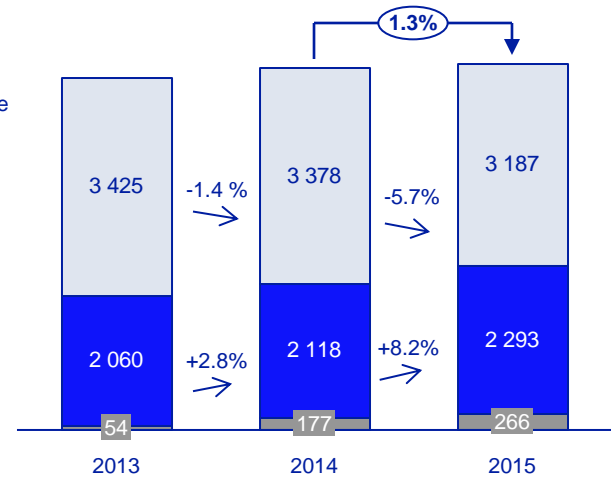
NBI increasing and operating expenses under control



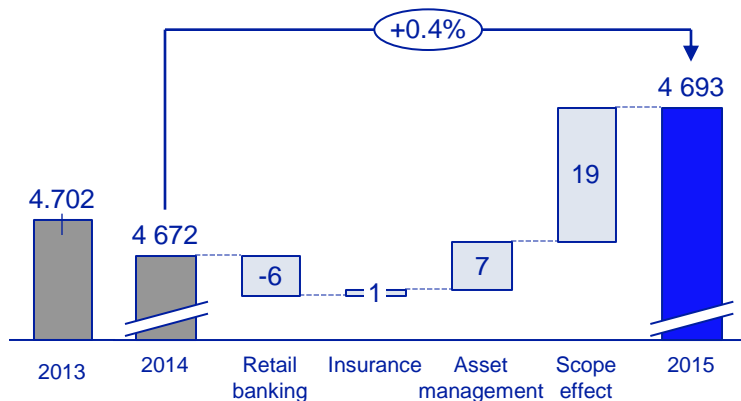
Group NBI : +1.3 % *



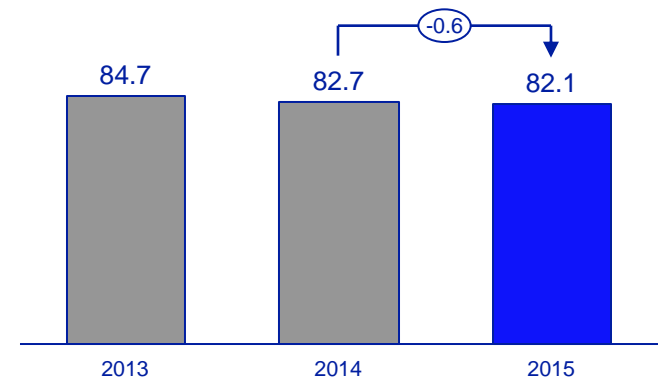
Net interest income
Commissions
Others



Group operating expenses under control: +0.4 %



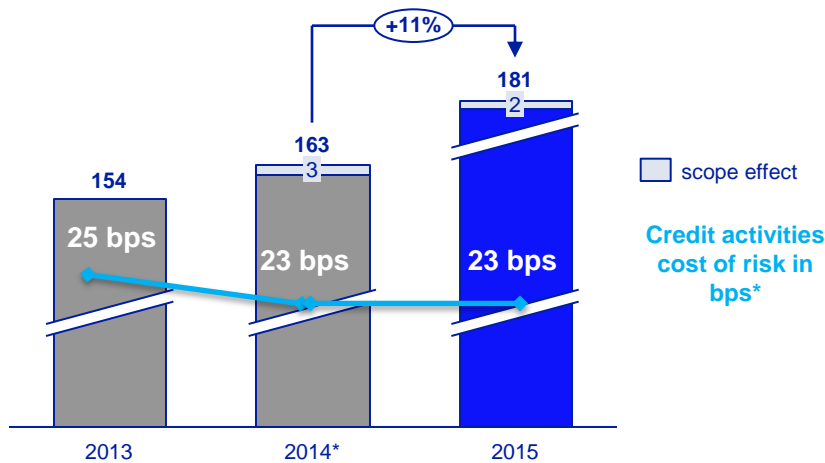
Cost to income ratio steadily improving



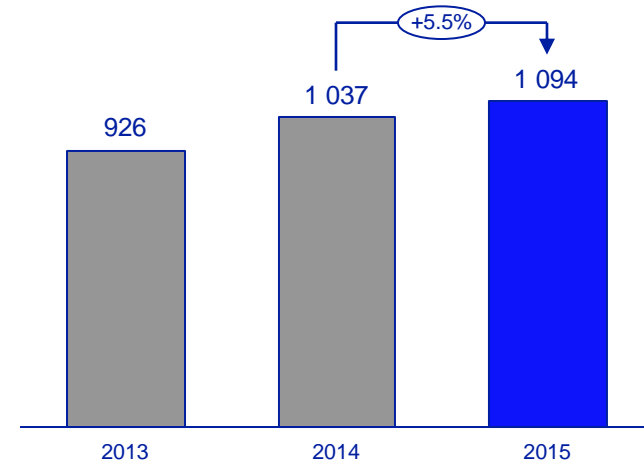
* +0.1% excluding home savings provision
** Includes the home savings provision

A controlled cost of risk and increasing results

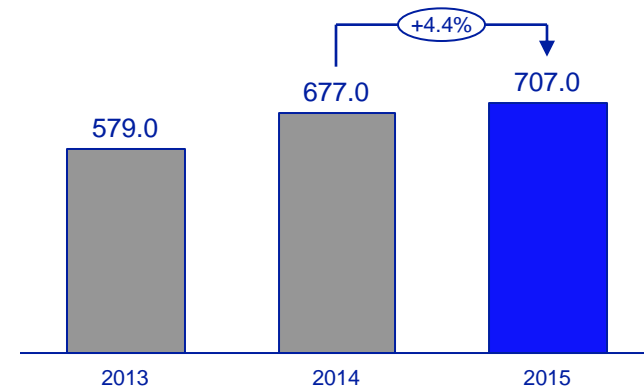
A controlled cost of risk (en M€)



An increasing profit before tax (en %)



An increasing net income, group share (en M€)



- The cost of risk amount increases by 11 %, in conjunction with the growth in average outstanding loans (+ 12.9 %)* and the strengthening of risk coverage
- A commercial credit activities cost of risk stable at 23 bps

* Average outstanding, beginning of the period

Retail banking



A developing customer base

A solid customer base

- 11,7 million sight deposits accounts
 - 1,2 million young primary banking customers
 - 587 000 high-net worth customers
 - 408 000 businesses customers
- 10,8 million active customers
- 8,6 million primary banking customers

An increasing overall customer equipment rate

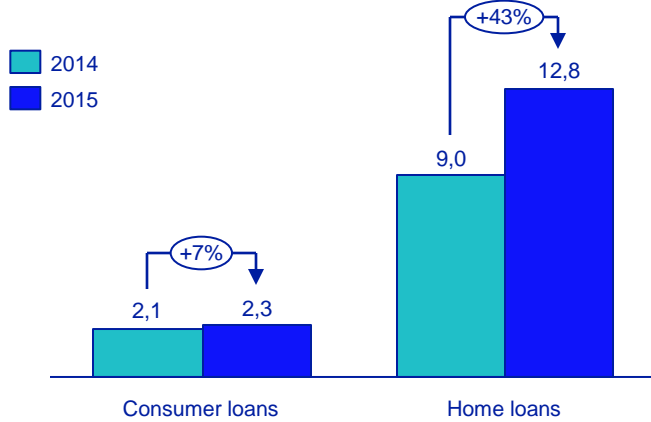
- Credit card equipment rate up 1,2 point to 68.8 %
- Packages equipment rate up 1,5 point à 58.8 %
- Businesses customers' equipment rate up +16%*

**evolution of daily money services (cards, internet, alliatys)*

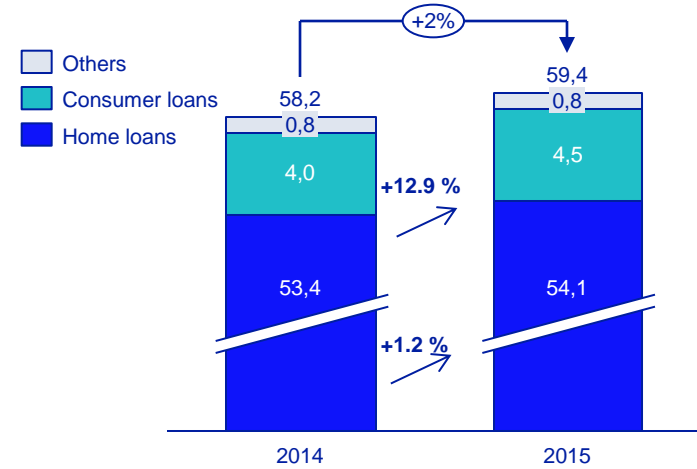
Retail banking : private customers



Growth of loans production (€bn)



Growth of loans outstandings (in €bn)



Focus on private banking customers

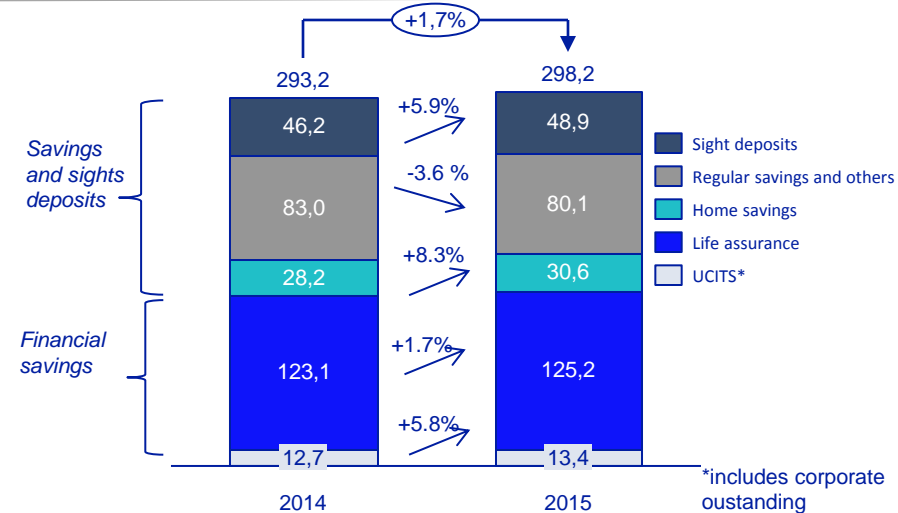
Discretionary management activity :

- New cash inflows : €990m (vs €1,015bn in 2014)
- Assets up €3,3bn (+25%)
- Around 35 000 mandates

Banking activity:

- Loans production : €554m (+25 %)
- Loans outstanding : €2,6bn (+1 %)

Customer outstanding (in €bn)

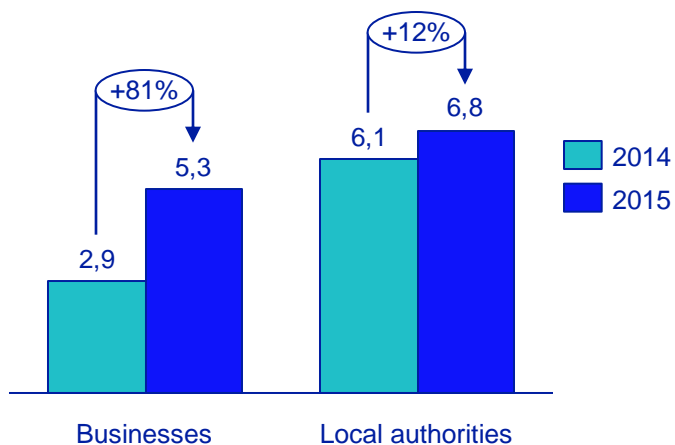


*includes corporate outstanding

Local public sector, corporate and professionals



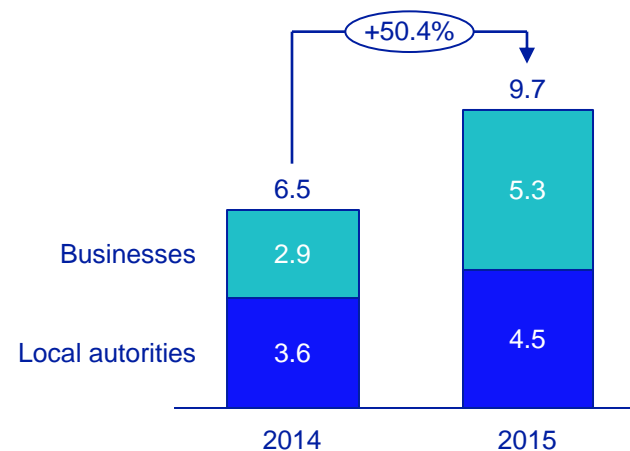
Loans production growing (in €bn)



Loans (in €bn)

- Production mix
 - Short term : €5,4bn (+24 %)
 - Medium / Long term €6,7bn (+43%)
- A dynamic property lease activity : €614m production (vs around €300m in 2014)

Loans outstanding growing (in €bn)



Savings (in €bn)

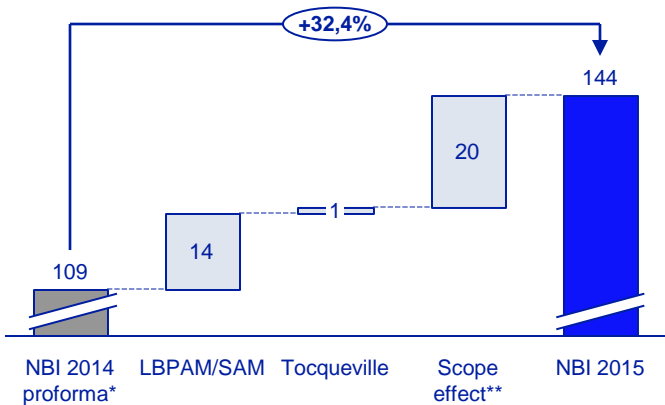
- Deposits up 20.8% to €5,1bn
- Regulatory savings outstanding (Livret A, Livret B, CSL) up 17% to €2,3bn

Dynamism of Insurance and Asset management activities

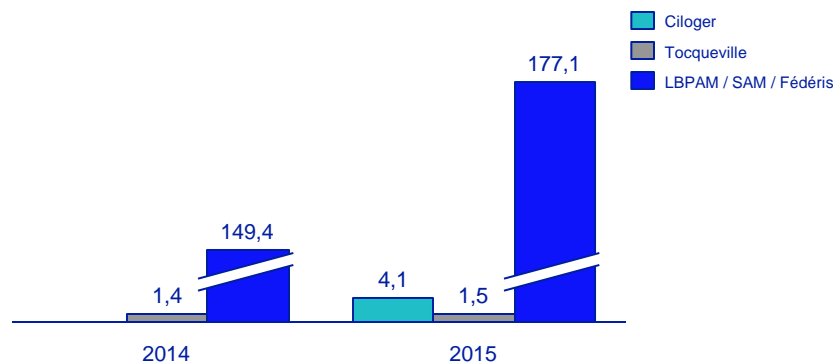


Asset management

Strong growth of Asset Management NBI (in €m)

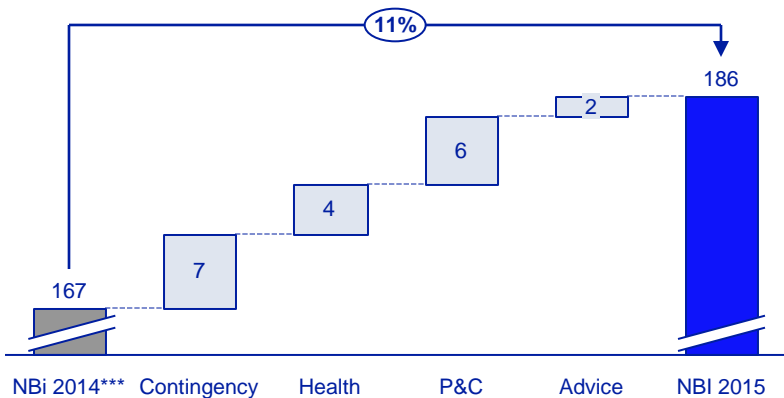


Assets under management (in €bn)

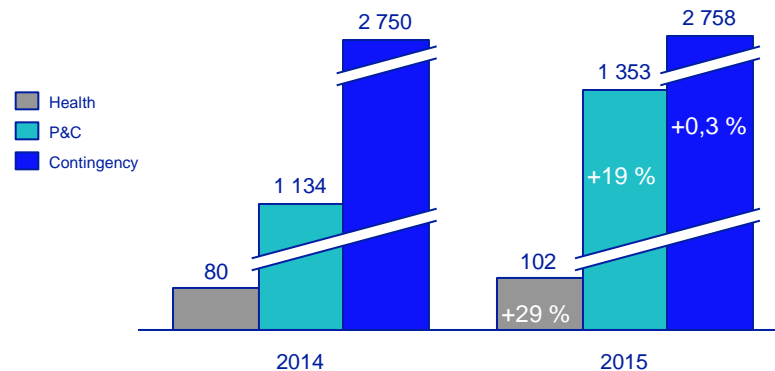


Insurance

Growth of Insurance NBI (in €m)



Portfolio evolution (thousands of units)



*La Banque Postale Gestion Privée activities were transferred from the Asset management line to the Retail banking line
 ** Scope effect of Ciloger et Fédérés

*** Includes past due P&C and Health reclassified as NBI, formerly classified as cost of risk

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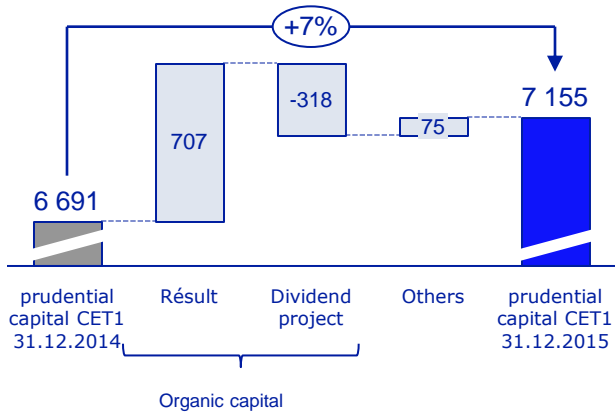
2015 results

➤ Financial structure

Outlooks

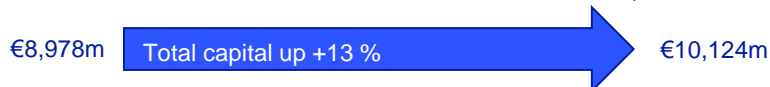
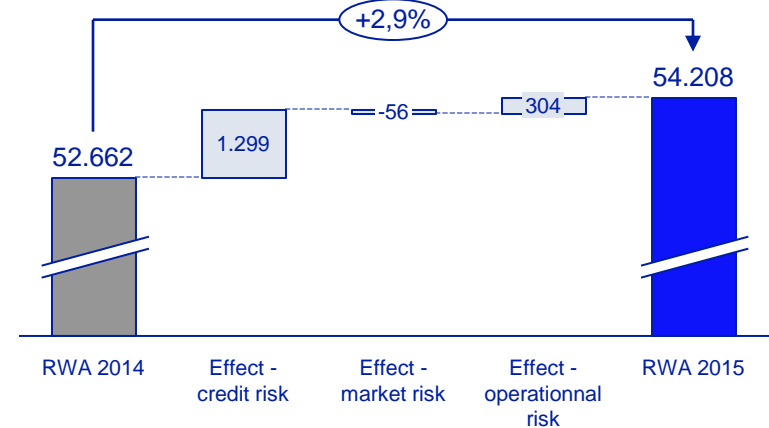
A reinforced solvency

Prudential capital CET1 reinforced (in €m)

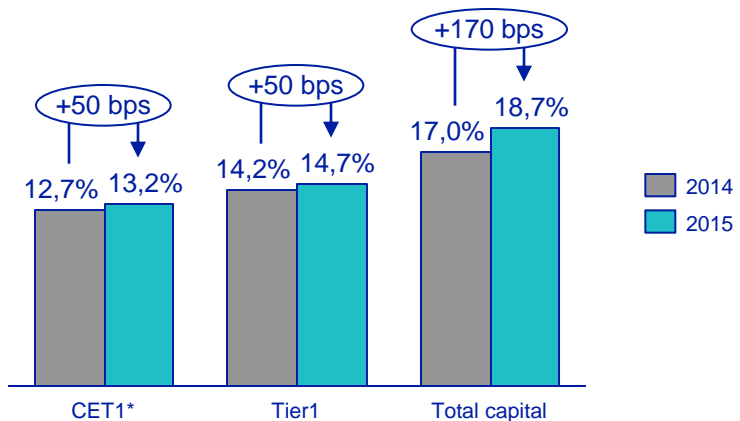


Issuance of €750m Tier 2 subordinated in Nov 2015

RWA moderate evolution (in €m)

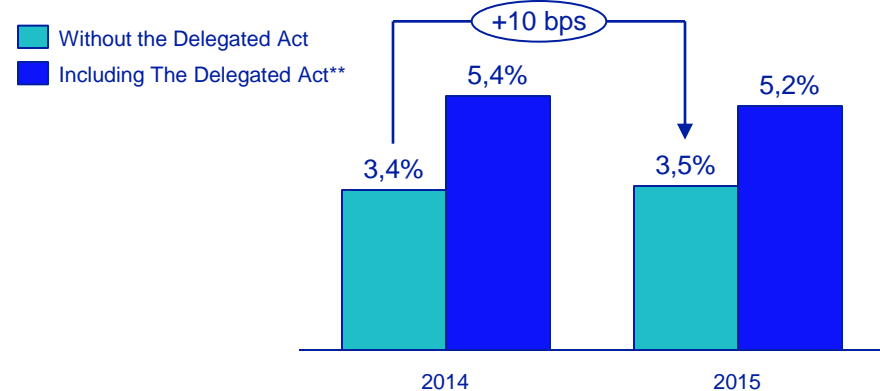


Prudential capital ratios evolution (en %)



*Phased-in ratio. The CET1 fully loaded ratio is estimated at 14,2 %

Estimated leverage ratio evolution (en %)

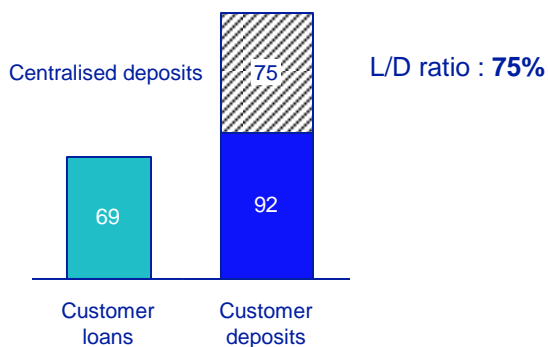


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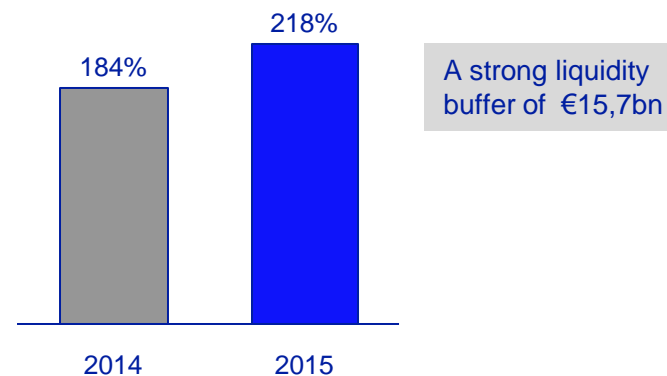
A sound balance sheet

Strong liquidity position

Loan to Deposit ratio (en %)

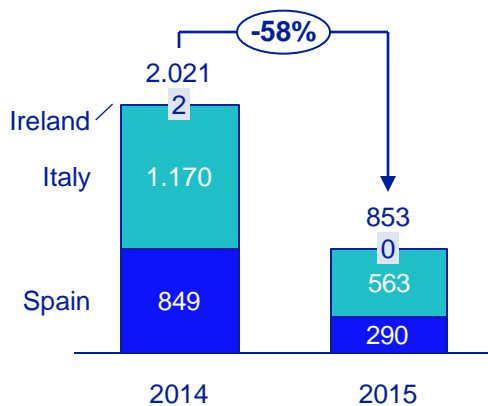


Estimated LCR ratio



Assets quality

Direct exposure to peripheral (in €m)



HTM and AFS quality portfolio (en %)

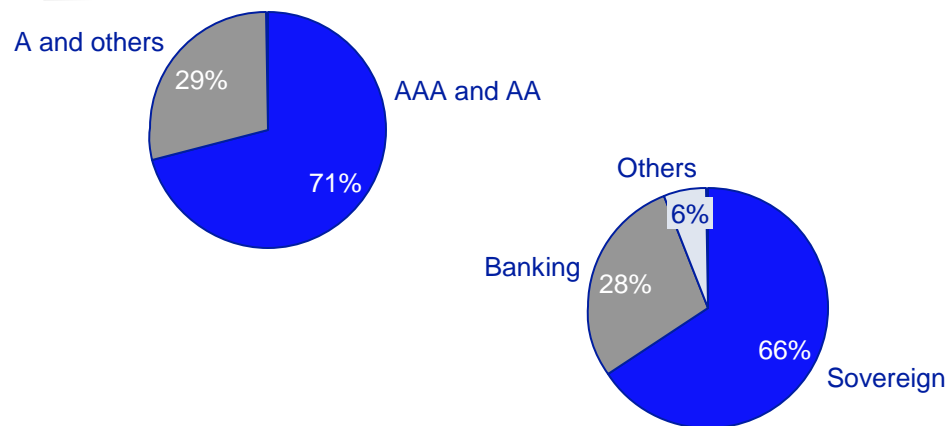


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➤ **Outlooks**

Acceleration of the business development on all markets and all channels

➤ The retail customers' market

➡ Increasing consumer and home loans production

➡ Reinforcing the Contingency, Health and P&C policies production in a completed non-life insurance business line

➡ Accelerating the business activity on the private banking market via the new private bank of La Banque Postale

Acceleration of the business development on all markets and all channels

➤ The corporate customers' market

➡ Strengthening the positioning as the 1st long term lender to local authorities

➡ Intensifying the loans production activity to businesses

➡ More precisely, accelerating the development of specialised loans to businesses in factoring and leasing

Acceleration of the business development on all markets and all channels

➤ The professional customers' market

- ➡ The Professionals constitute a strong growth driver
- ➡ Ramping up of the long term credit offer launched at the beginning of 2016
- ➡ Continuing training efforts to support the 260 new managers in place in the post offices by the end of 2016

Acceleration of the business development on all markets and all channels

➤ Asset Management

- ➡ capitalising on the strategic partnerships carried out in 2015 in order to accelerate the achievement of a full range of funds including international and multi-asset funds
- ➡ Achieving the transaction between Ciloger and AEW Europe to bring the BPCE and LBP networks closer in the field of property management

Acceleration of the business development with the new network managerial organisation and the implementation of major transformation programs

- ➔ 1,600 Sector Directors and their managing teams become operational
- ➔ Upgrade and digitalisation of information systems
- ➔ Continuing training efforts for employees among the Ecole de la Banque et du Réseau (EBR)

Acceleration on the digital for an omni device bank

- ➔ Digital innovation for e-commerce development :
 - Implementation of voice biometric technology with the agreement of the « CNIL »
 - Request for the approval of an electronic money institution
- ➔ Project start up of a 100% digital bank for the launch of the simple account « mobile first » as soon as 2017

An omni and interconnected information system





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