2011: one-stop retail banking

BUSINESS REPORT 2011

LA BANQUE POSTALE

La Banque Postale. More than just a bank.

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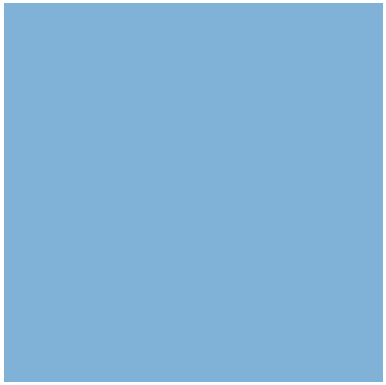
All the photographs used by La Banque Postale to illustrate its annual report have been taken by staff members. This year, they bring us their view of the modern world.

2011

A comprehensive range of products and services for our personal and business customers

LA BANQUE POSTALE



“I WANTED TO BUY A SMALL APARTMENT ON THE BASIS THAT I WOULD SELL IT AFTER SEVEN YEARS TO BUY A LARGER ONE. I walked into a La Banque Postale branch because there’s one right next to my office. I had a pretty outdated impression of this bank, so it came as a very pleasant surprise to experience the energy and professionalism of the people who work there. It’s the only bank that understood what I wanted. They offered me some excellent rates and came up with the idea of packaging two loans together – one for seven years and the other for fifteen years – which is exactly what I was looking for. I was so satisfied with the service I received that I’ve also opened La Banque Postale Livret A and current accounts. I’ve also taken the advice of my adviser and taken out a life insurance policy”.

You can hear everything
Romain **Lafont** has to say at www.labanquepostale.fr

Romain
Lafont
(31), barrister

"I see La Banque Postale as being one of the banks offering maximum protection of the assets invested".

Jean-Claude
Leblond
(67), retired

"AFTER THE GLOBAL ECONOMIC CRISIS STRUCK, I DECIDED TO PROTECT MY ASSETS BY DIVIDING THEM BETWEEN SEVERAL INSTITUTIONS. I chose La Banque Postale, because I think that today it's one of the banks offering maximum protection of the assets invested. I need to be sure that my investments are safe, at the same time as maintaining maximum flexibility and liquidity. I've focused mainly on life insurance investments, and the rates I was offered were very reasonable. Added to that, I've found that the resources available to manage these investments suit me really well. I also found that the people at La Banque Postale were more in June with my thinking and paid more attention to my needs".

You can hear everything
Jean-Claude **Leblond** has to say at www.labanquepostale.fr

“I STARTED MY STUDIES OUTSIDE THE CAPITAL, BUT I CHOSE TO COME TO PARIS TO TAKE A GRADUATE SCHOOL MASTERS DEGREE COURSE. I had to fund those studies and also needed to buy a laptop computer. So I approached several banks for a personal loan, but in the end I chose La Banque Postale because their product offer was clear and there were no setup fees. The adviser I dealt with clearly understood why was asking, and got back to me really quickly with a proposal for a staged release of the funds. So the amounts I borrowed were paid to me as and when I needed them… and that option was absolutely free. That’s also the case with other options included in the loan agreement, so there’s no need to study the small print. Basically, it gave me the peace of mind I needed to really focus on my studies”.

You can hear everything
Astrid **Bertrand** has to say at www.labanquepostale.fr

Astrid
Bertrand
(23), company project manager

“La Banque Postale is a bank for everyone. That accessibility is imperative”.

Jean
Proriol
Deputy Mayor
of Beauzac

“THE LAW SAYS THAT EVERYONE IN FRANCE HAS THE RIGHT TO A BANK ACCOUNT. La Banque Postale offers that universal accessibility, and is practically the only institution to allow customers to open a bank account or savings passbook account with just €1.50. Every branch also allows withdrawals of as little as €1.50… even on a daily basis. This level of accessibility to banking services contributes to the national economy and counters exclusion from the banking system. In practice, La Banque Postale prevents a whole section of the population from financial isolation by offering everyone the chance to open their own account”.

You can hear everything
Jean **Proriol** has to say at www.labanquepostale.fr

"I've been a customer of La Banque Postale for a while, and nothing in the world would make me change!"

"OVER THE YEARS, I'VE BECOME A GOOD CUSTOMER OF LA BANQUE POSTALE. As well as my bank accounts and savings, I also use them as my mobile phone service provider and home insurer, because their rates are so reasonable. What I like best is that it's a good product with valuable benefits and really easy to understand. I'm 100% satisfied with my bank: the advisers are really nice and the value for money is excellent. I've also opened accounts for my two daughters – they're 10 and 11½, so they're still young, but I hope that they will follow my example and stay customers of La Banque Postale".

Maria
Martinez Lomba
(45), home help

You can hear everything
Maria **Martinez Lomba** has to say
at www.labanquepostale.fr

“The big advantage of La Banque Postale for my civil engineering business is how competitive its products and services are”.

Guy
Charmasson
Head of Mira Charmasson civil engineering (Ardèche)

“I WAS LOOKING FOR A WAY OF FUNDING THE PURCHASE OF A NEW CRANE.
La Banque Postale had contacted us when it first began to offer business services, and I thought their proposals were pretty serious. We finally decided on a financial lease, and I felt that they put the entire solution in place very quickly. The interest rate, repayments and residual value were all good. So our first experience with La Banque Postale has been very positive”.

You can hear everything
Guy **Charmasson** has to say at www.labanquepostale.fr

“AT THE POINT WHERE WE WERE THINKING OF INSTALLING PHOTOVOLTAIC PANELS ON OUR BUILDINGS, La Banque Postale launched its offer of loans for social housing associations. The conditions they were offering were particularly good, and will allow us to make our investment pay over the next twenty years. It’s also a good deal for our low-rent tenants, who can now save on their electricity bills. In fact, La Banque Postale is so responsive that we’re now thinking of approaching them with new projects”.

You can hear everything
Éric **Gimer** has to say at www.labanquepostale.fr

Éric
Gimer
Deputy CEO, Habitat 76,
Rouen (Seine-Maritime)

2006-2011:
one-stop retail banking

La Banque Postale now provides the full spectrum of retail banking products and services for personal and business customers. This marks a key milestone in the development of Banque Postale; a development that is focused 100% on customer satisfaction.

January 2006

- Creation of La Banque Postale
- Marketing of home loan products without the requirement for prior savings

March 2007

Authorisation to offer personal microloans

October 2007

Government green light to offer personal loans

January 2008

Creation of a network of asset management advisers

April 2008

Authorisation to retail casualty insurance products

November 2011

- Launch of casualty insurance via all La Banque Postale channels
- Signature of the first equipment leasing agreement and the first medium-term loan

April 2010

National launch of personal loans via all La Banque Postale channels

September 2011

Autorité de Contrôle Prudentiel approval for the provision of finance to business customers

January 2012

Marketing of health insurance

2011

A comprehensive range of products and services for our personal and business customers

La Banque Postale

Owned by the La Poste Group, La Banque Postale is a 'bank like no other', driven by the Post Office values of local presence and service.

As the bank for everyone, it serves more than 10.4 million active personal customers and 450,000 business customers.

As a useful bank, it has – since 2011 – offered a comprehensive range of banking and insurance products and services focused on meeting essential needs at the most reasonable cost. It supports its customers and helps them put their life plans into action by enabling quality of life and peace of mind.

As a bank built on trust, La Banque Postale puts the interest of its customers first, and focuses its organisational structure on their satisfaction. It nurtures a sustainable long-term relationship with every one of its customers.

"2011: one-stop retail banking"

2011 marked an important milestone in the history of La Banque Postale.
J.-P. B.: Just look how far we've come since the Bank was created on 1 January 2006! La Banque Postale is driven by the Post Office values of local presence and service to the maximum number of people: the same unique values that have made the La Poste Group so successful. It is also extremely proud of its mission to provide public access to banking services. It's this heritage that makes La Banque Postale the bank for everyone, from the financially vulnerable to those with assets to invest and manage. In 2011, La Banque Postale passed an important milestone in its history, becoming a full-service retail bank offering a comprehensive range of products and services to its 26 million personal customers and 450,000 business customers.

2011 was also the year in which La Banque Postale set out its new 2011-2015 strategy plan.
P. W.: Entitled 'Putting the interests of customer first: let's prove how different we are', it sets out our strategic priorities for the next five years. In 2006, we created a new bank; we now want to invent a new way of banking by making all our expertise available to our customers and listening regularly to what they are saying so that we can understand them better and anticipate their needs more effectively. We also have a very considerable asset in the relationship skills and sales efficiency of our staff throughout the Post Office branch network.
J.-P. B.: La Banque Postale is absolutely central to the La Poste Group 'Ambition 2015' strategy plan. Thanks to its successful development and that of all our business lines, from letter post and parcels to mobile phones, La Poste has now set itself the ambition of becoming a European leader in local postal and financial services and setting a new benchmark for public services in the 21st century. As part of this ambition, it wants to encourage the Bank to grow its sales, enhance its financial strength and meet its regulatory obligations. That was the reason behind the €860 million capital increase arranged for the Bank by La Poste in August 2011.

What were the main highlights of 2011?
P. W.: Ever since its formation, La Banque Postale has pursued sustained growth f or the benefit of all its customers. From this point of view, 2011 was an historic year that saw the successful launch of several new products and services.
For personal customers, the first was casualty insurance, which is now available through all our distribution channels. Straightforward, clear and reasonably priced, our range has already been acclaimed in the trade press and attracted a flood of customers. In fact, we had already written 204,000 policies by the end of 2011, which is a record for the first year of marketing!
Right at the end of 2011, we also launched our health insurance product to address an area of the market that – like personal risk cover (400,000 policies sold in 2011) – is central to the concerns of French consumers. By the end of February 2012, we had already written nearly 5,000 health policies for customers in the two pilot *départements* alone. All these products are completely multichannel, by which I mean that they are available through all our distribution channels, so customers can apply for cover in Post Office branches, by phone from our Financial Centres or the call centres of our specialist subsidiary companies, and finalise their application online. Originally introduced for personal loans, this interoperable, multi-stage distribution structure is a major technological innovation developed specifically for the benefit of our customers. 2011 was also the first full year for the marketing of our personal loans range, which generated new business of some €1.6 billion over the twelve-month period. Lastly, following the granting of *Autorité de Contrôle Prudentiel* approval on 5 September, La Banque Postale was able to launch its first finance products for business customers during the final quarter of 2011. As a result, the Bank is now able to offer its business customers the key service it previously lacked: finance.

Has the global financial crisis changed your sales policy?
P. W.: The global financial crisis continued in 2011, and for banks that meant a battle for liquidity and substantial efforts to reduce the size of balance sheets.
Nevertheless, despite a lacklustre market, La Banque Postale was still able to post a strong set of financial results. Net banking income remained stable at €5.2 billion, with gross operating profit of €708 million. And just like other French banks, our results were impacted by the discounting of Greek sovereign debt.
Nevertheless, La Banque Postale has not changed its lending criteria, and was able to help nearly 87,000 people to buy their own homes, generating new business valued at €9.4 billion (equivalent to a 7% market share), and 22,000 of those home loans were advanced to first-time buyers. We also granted 186,000 personal loans representing around 5% of the market in 2011.

left
Jean-Paul **Bailly**
Chairman & CEO
of the La Poste Group
and Chairman of the
La Banque Postale
Supervisory Board

right
Philippe **Wahl**
Chairman of the La Banque
Postale Executive Board

Our policy on rates has not changed, and La Banque Postale remains the least expensive of all the major network banks; a fact highlighted once again this year - not only in the comparisons published in the financial and asset management press, but also in surveys by consumer organisations. Since life insurance is a key product in terms of savings, La Banque Postale also continued to promote its range of life insurance products during 2011. In a market characterised by significant decline in gross new money (-14%), La Banque Postale maintained a healthy level of business activity by limiting this trend to just -4% thanks to revenue of €10.2 billion.
This sales policy is identical right across France and regardless of distribution channel, and has succeeded in persuading more than 10.4 million active customers to put their trust in us.

In 2011, the La Poste Group and La Banque Postale extended its service to local authorities. Can you tell us what your ambitions are in this market?
J.-P. B.: The introduction of lending to local authorities is helping to accelerate this historical market. La Poste, La Banque Postale and the *Caisse des Dépôts* have for many years been involved in local authority development and public service provision, so it was only natural that the government should turn to us when seeking a solution that would unlock the impasse in funding for local authorities. We are very proud of the fact that La Poste and its bank have been entrusted with this mission.
P. W.: We are working with the *Caisse des Dépôts* to create a new funding model for local authorities based on the same principles that have inspired our other new business launches: a straightforward range of loan products, transparent pricing, progressive product launches, a policy of tight risk control and a profitable growth model.

What are your priorities for 2012?
P. W.: Low interest rates, turmoil in financial markets, uncertainty over growth in the eurozone and fierce competition for business… all of these trends will continue in 2012. As a result, it is more important than ever for La Banque Postale to demonstrate its distinctiveness and accelerate its sales growth. In 2012, it will be offering its customers La Banque Postale Chez Soi, a new distance advisory channel. It will be marketing its first financial products to cover all the needs of local public sector bodies, expanding its range of loans for business customers, and offering personal customers its first responsible revolving credit product. At the same time, improving service quality remains an essential factor in building customer loyalty and developing our sales relationships, and will therefore remain a priority.
As part of demonstrating how different it is from other banks, La Banque Postale has decided to cease its sports sponsorship in favour of an ambitious programme of social sponsorship that reflects the values of the Bank and the La Poste Group: 'L'Envol, the La Banque Postale campus' will be dedicated to young people as our contribution to identifying and encouraging tomorrow's most talented people.
In 2012, our millions of customers will be more focused than ever on working with institutions they can trust. It's our responsibility to respond to their expectations. La Banque Postale is the 'Bank built on trust', and that fact is both a source of pride and an exacting standard to be lived up to every day by everyone in the Bank. ■

A bank like no other…

As the heir to La Poste Financial Services, La Banque Postale is a 'bank like no other', driven by the Post Office values of local presence and service to the maximum number of people.

THE BANK FOR EVERYONE

From those customers on the most modest incomes to the very wealthiest, from the youngest to the oldest, whether urban or rural, and regardless of whether they are personal or business customers… La Banque Postale is the Bank for everyone; a bank that listens to every individual and is committed to extending a considerate welcome to everyone, irrespective of personal circumstances.

Its public service mission is the very reason for its existence: it is the only bank to have been tasked with providing access to banking services under the law introduced to modernise the French economy in 2008. Part of that mission is its legal obligation to "open a Livret A account for anyone requesting it" and to offer free deposit and withdrawal transactions for amounts above €1.50 for these accounts (compared with €10 in other banks) and to accept interbank payments and direct debits for certain transactions (social benefits, electricity bills, etc.).

Over and above its legal obligations and public service mission, La Banque Postale has introduced many initiatives designed to enable financially vulnerable individuals to access essential banking products and services *(see page 31)*.

10.4 million active customers

450 000 business customers

20 million Livret A passbook savings accounts

THE USEFUL BANK

Ever since its creation on 1 January 2006, La Banque Postale has grown rapidly to build a comprehensive range of products and services for personal and business customers.

As a useful bank, La Banque Postale offers a range of straightforward products and services designed to cover the essential needs of everyone – and nothing but their essential needs – at the most reasonable cost.

In designing this comprehensive range, it has formed a series of subsidiary companies, taken equity holdings in companies with a wide range of complementary skills and built partnerships with other professionals, drawing profitably on their expertise and practices. In March 2010, the Bank launched personal loans through La Banque Postale Financement (a subsidiary company owned jointly with Société Générale), followed in December of that year by casualty insurance products designed and managed by La Banque Postale Assurances IARD, the company formed in partnership with Groupama. At the end of 2011, it introduced its new health insurance products in conjunction with long-term La Poste partner La Mutuelle Générale.

These market launches complete the range of banking and insurance products and services for personal customers.

For its business customers, the Bank began the progressive introduction of finance products in September 2011 to complement its existing range of products and services for payment flow management, cash flow management and employee benefits. During 2012, the Bank will also market its first products and services designed to respond to the full range of local authority finance needs, which it hopes will contribute effectively to expanding the French national and regional economies.

THE BANK BUILT ON TRUST

The Bank enters into a long-term relationship with its customers: a trust-based relationship built over many years. At La Banque Postale, it's the interests of customers that come first.

La Banque Postale markets a transparent range of products and services: going beyond simply the need to ensure compliance of its products, it is committed to making them understandable to customers through the provision of explanatory sales documentation.

Accessibility, straightforward, unambiguous customer relationships and reasonable pricing are therefore the key elements in the design of La Banque Postale products and services. As in every previous year, the quality of La Banque Postale products and services was acclaimed during the year by industry publications and the consumer press *(see inset on next page)*.

€41.7 bilion in outstanding home loans

€127 bilion in assets under management

280,000 personal loans representing total advances of **€1.9 billion**

204,000 casualty insurance policies

La Banque Postale tops the tables...

- ***Le Monde Argent*** (February 2011) maintains its rating of La Banque Postale as the least expensive network bank in France, which "wins by getting close to its customers". It is the only network bank to be top-rated.
- ***Aujourd'hui en France*** (March 2011) rates La Banque Postale as the top 'traditional' bank.
- ***60 million de consommateurs*** (September 2011) describes La Banque Postale as the least expensive traditional bank.
- ***Le Revenu*** (March 2011) also top-rates the Bank, and presents it with two of its 2011 Life Insurance Awards: one for Vivaccio and the other for Cachemire.
- ***Mieux Vivre Votre Argent*** awarded the Bank third place in its Corbeille Long Terme awards (the fifth year in a row that the Bank has been on this particular podium) as wells as its Award for the Best-Performing Range from a Major 'Network Bank' over a 5-year period.
- La Banque Postale is voted the most dynamic 'star' brand in its sector by ***Millward Brown*** (November 2011), and 'France's favourite' brand by ***Le Parisien*** (also November 2011).
- The responsible management policy of La Banque Postale Assurances IARD is recognised with an ***Argus d'Or 2011*** award.

THE BANK OF MULTICHANNEL INNOVATION

As far back as the 1960s, La Poste Financial Services was driving innovation with the launch of France's first customer relations hotline for banking services. At La Banque Postale, technological innovation is a priority in its commitment to providing its customers with a comprehensive and efficient multichannel offer.
With the local presence provided by the national La Poste network, a website, mobile Internet connectivity and the 3,600 customer service staff working in Financial Centres and specialist subsidiary call centres, La Banque Postale offers its customers the choice of contacting it by whichever channel suits them best in order to manage their accounts, find information, receive advice and select the products and services they need. Technological innovation is all about giving every customer the opportunity to choose the channel and relationship type that suits him or her best. In 2012, the Bank is driving innovation even further with the launch of its new distance advisory channel: La Banque Postale Chez Soi.

THE SOUND BANK

La Banque Postale has always managed its balance sheet prudently and transparently. In 2011, the La Poste Group injected a capital increase that will allow the Bank to continue to grow its home loan, personal loan and business loan segments as part of its commitment to make an active contribution to funding the economy. This investment will also enable a more diversified approach to managing the Bank's balance sheet by exploiting its strong liquidity position. Lastly, the capital increase also provides the Bank with the resources it needs to meet its regulatory obligations and further enhance its stability and solvency.

17,000 points of contact, including **10,000** Post Offices

33 million hits per month at www.labanquepostale.fr

25.8 million hits at labanquepostale.mobi

22 million calls to the 36 39* number

* €0.15 inc. VAT per minute + any additional charge applied by the operator.

2011 In figures

NET BANKING INCOME: €5.231 billion

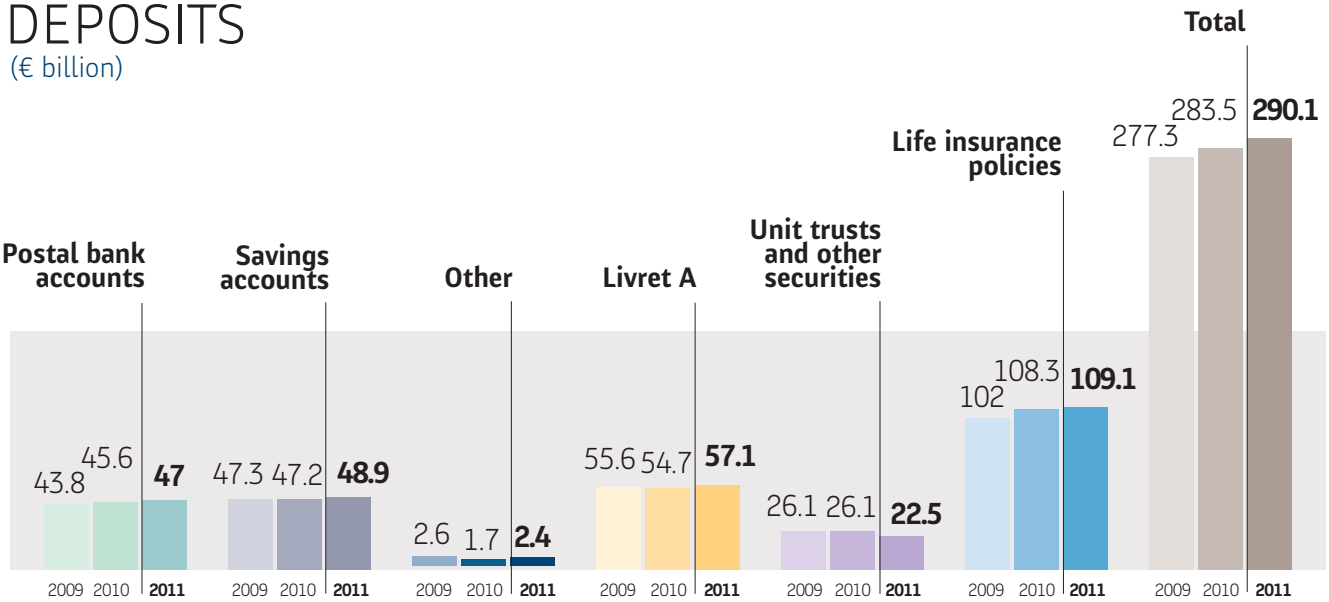
ACTIVITY (€ million)	2011	2010
Consolidated net banking income	5,230.7	5,215.3
Gross operating profit	708.1	779.5
Net profit, attributable to equity holders of parent	412.2	651.3
Core Tier 1 Ratio	12.7%	11%

LONG-TERM RATINGS

Standard & Poor's (7 December 2011): **A+/Stable outlook**

Fitch (21 December 2011): **AA-/negative outlook**

DEPOSITS
(€ billion)



About us

La Banque Postale
Corporate Governance

From the very beginning, La Banque Postale has adopted and applied corporate governance principles compatible with best practice* and its status as a public enterprise.

Guiding principles

The Supervisory Board provides management control of La Banque Postale, and ensures that its strategy is properly implemented. Its membership includes the directors of La Poste, bank employee representatives and independent members.
The Executive Board sets La Banque Postale strategy and policy, and manages the business in accordance with legal and regulatory provisions. It reports regularly to the Supervisory Board on the Bank's results, growth plans and changes in strategy.

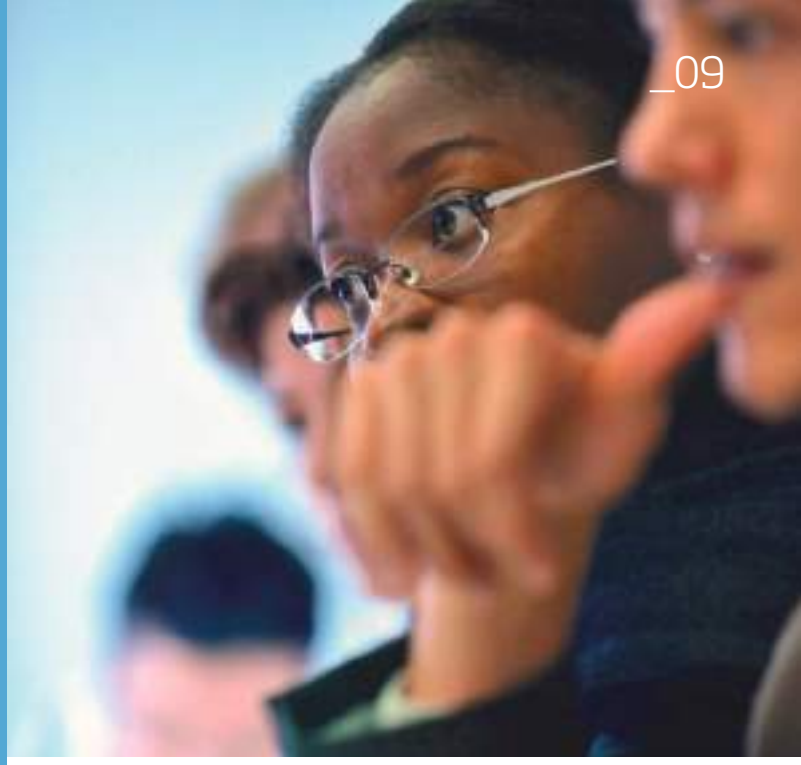
Management and control structures

The Supervisory Board is chaired by La Poste SA Chairman and CEO Jean-Paul Bailly. There are fifteen board members. Seven members occupy senior management posts in the La Poste Group, three are independent and the remaining five are elected by employees. Employee representatives therefore make up one-third of the board, as required by French Public Sector Democratisation legislation.
Supervisory Board members are appointed for a five-year term.
The French government has also appointed a La Banque Postale Government Commissioner to oversee delivery of its public service mission. The Works Council Secretary also attends board meetings.

The Supervisory Board has created three specialist committees to assist it:

- the Audit Committee
- the Strategy Committee
- the Appointments and Remuneration Committee

*especially the AFEP/MEDEF code



The Members of the Supervisory Board

Members occupying posts within the La Poste Group:

- Jean-Paul Bailly, Chairman of the La Banque Postale Supervisory Board and Chairman & CEO of La Poste SA
- La Poste, represented by Georges Lefebvre, Executive Director of La Poste SA, Director of Human Resources and Employee Relations
- Marc-André Feffer, Deputy Chairman of the La Banque Postale Supervisory Board, Executive Director of La Poste SA with responsibility for Strategy, Development, Legal and International Affairs and Regulation, and Chairman of Poste Immo
- Didier Brune, Director with responsibility for European and national regulation at La Poste SA
- Paul-Marie Chavanne, Executive Director of La Poste SA, Director of Parcels and Chairman of GeoPost (until 14 March 2011)
- Christophe Van de Walle, Group Financial Control Director (appointed on 30 March 2011)
- Bernard Delpit, Executive Director at La Poste SA and CFO (until 25 August 2011)
- Dung Pham Tran, Director of Strategy at La Poste SA (since 18 January 2011)

Independent members:

- Gérard Barbot, Company Director (until 25 August 2011)
- Christiane Marcellier, Head of a mergers and acquisitions consultancy (since 23 September 2011)
- Sylvain Lemoyne de Forges, Deputy CEO of AG2R LA MONDIALE with responsibility for finance, strategy and business development
- Didier Ribadeau-Dumas, Company Director

Employee representative members:

- Jean-Robert Larangé of the Retail Banking Department, sponsored by the CFDT
- Steeve Maigne of the Social and Local Economy Department, sponsored by the SNB/CFE-CGC
- Maryvonne Michelet of the Legal Department, sponsored by the CFDT
- Françoise Paget Bitsch, Banque Méditerranée Regional Representative, sponsored by the FO
- Hélène Wolff of Retail Banking, sponsored by the CFDT

Government Commissioner:

- Christian Bodin

The governance committees

The Operations Committee

Formed in September 2011, the Operations Committee is the operational management body of La Banque Postale. It supports the Executive Board, especially in terms of sales initiatives.

Philippe **Wahl**
Chairman of the La Banque Postale Executive Board

"To be a different kind of bank: the bank built on trust"

Philippe **Bajou**
Member of the Executive Board of La Banque Postale

"To prove our difference to our millions of customers every day"

Anne-Laure **Bourn**
Head of Operations

"An efficient and effective bank guided by our commitment to serving every customer, every day"

Yves **Brassart**
Head of Finance and Strategy

"Delivering consistently higher profitability to support growth"

Bernard **Condat**
Head of Sales at La Banque Postale

"Understanding how to listen and inform effectively by giving the right advice"

Sylvie **François**
Head of Human Resources

"Our employee relations model means being attentive to our customers as well as our staff"

Didier **Moaté**
Head of Retail Banking

"Putting customers' interests first means listening continually to what they are telling us"

Daniel **Roy**
Head of the Asset Management

"Offering solutions tailored to individual customer needs, but suitable for all"

The Executive Committee

The Executive Committee develops and implements the business strategy plan.
Chaired by Philippe **Wahl,** its membership includes the members of the Operations Committee and:

Serge **Bayard**
Head of Social and Local Economy

Philippe **Bettinger**
Head of Internal Audit

Philippe **Blin**
Head of Information Systems

Jean-Luc **Enguéhard**
Chairman of La Banque Postale Asset Management

François **Géronde**
Head of Risk Management

Sylvie **Lefoll**
Head of Communication and Sponsorship

Marc **Levy**
Head of Compliance

Stéphane **Magnan**
Head of Treasury Services

Dominique **Rouquayrol de Boisse**
Head of Legal Affairs

Olivier **Schatz**
Head of Corporate and Professional

Danielle **Wajsbrot**
Head of the Insurance Division

The Management Committee

The Management Committee provides a discussion forum focusing on deployment of the Bank's major policies, the progress of projects, budget updates and the results reported by the Bank. In addition to the members of the Executive Committee, its members include:

- the Bank's Regional Representatives:

Jean-Paul **Barré**
Regional Representative – Ouest and the French overseas departments

Gilbert **Doré**
Regional Representative – Nord-Est

Danièle **Faivre**
Regional Representative – Midi-Atlantique

Catherine **Garnier-Amouroux**
Regional Representative – Centre-Est

Olivier **Solère**
Regional Representative – Paris Region

André **Taboni**
Regional Representative – Mediterranean and Corsica

- the Chairman of La Banque Postale Financement, Chantal **Lory**

Bernard **de Marnhac,** Governance & Secretary

At 1 April 2012.

La Banque Postale **Group**

La Banque Postale has succeeded in bringing together valuable expertise in retail banking, insurance and asset management. The entire Group is structured for the benefit of La Banque Postale customers.

LE GROUPE LA POSTE

The La Banque Postale shareholder

Asset Management

- La Banque Postale Asset Management
- La Banque Postale Structured Asset Management
- AMlab
- Thiriet Gestion
- La Banque Postale Gestion Privée
- Ciloger
- XAnge Private Equity
- Tocqueville Finance

Retail banking

- LA BANQUE POSTALE
- La Banque Postale Financement
- La Banque Postale Crédit Entreprises
- La Banque Postale Immobilier Conseil
- EasyBourse
- Transactis
- Titres cadeaux

Insurance

- La Banque Postale Prévoyance
- La Banque Postale Assurances IARD
- La Banque Postale Assurance Santé
- La Banque Postale Conseil en Assurances
- CNP ASSURANCES

Highlights of 2011

The 2011-2015 Strategy Plan – Putting the interests of customer first: let's prove how different we are

Finalised on 20 may 2011, the 2011-2015 Strategy Plan – 'Putting the interests of customer first: let's prove how different we are' – sets out goals and strategy directions in two crucial areas: consolidating the Bank's position as a completely different kind of bank, and accelerating sales growth. Twelve immediate priorities have been defined, focusing on quality of service, ensuring customer satisfaction for younger customers, seniors and asset management customers, delivering services to financially vulnerable customers and extending the product ranges offered to business customers, non-profit organisations and social housing providers. Together, these measures should enable the Bank to achieve net banking income of €6.7 billion by 2015, with operating profit of €1.6 billion, and to reduce its cost/income ratio by 10 points to 75%.

Capital increase: providing the resources for growth

Meeting on 26 August 2011 under the chairmanship of Jean-Paul Bailly, the La Poste Group Board authorised La Poste to proceed with an €860 million capital increase for La Banque Postale. This injection of funds had previously been adopted in principle at the La Poste Group Board meeting of 7 July 2011. The purpose of the capital increase is to support the Bank's sales initiatives with particular focus on developing home loans, personal loans and the business loan products introduced at the end of 2011.

A comprehensive range for personal customers…

Throughout its history, La Banque Postale has grown consistently to offer its customers a comprehensive range of bancassurance products and services. Tailored to the needs of its personal customers, the launch of casualty insurance through all Bank channels means that this range is now complete. La Banque Postale has demonstrated its distinctive difference by making a high-profile entry into this highly competitive market. Loyal to its essential values, it now offers a straightforward, clear and transparent range of motor, home and legal protection insurance. This range is offered through an innovative and completely multichannel business model that brings together all the La Banque Postale distribution channels, from Post Offices to call centres (via the 36 39* number) and the Internet. Nearly 204,000 customers have signed up for these products in less than a year.

*€0.15 inc. VAT per minute + any additional charge applied by the operator.

… and business customers

With 450,000 major corporates, SMEs, VSEs, professionals, non-profit organisations, mutual funds and social housing providers already on-board, La Banque Postale is a significant player in the business banking market. La Banque Postale was granted Autorité de Contrôle Prudentiel approval on 5 September 2011 to market its first finance products for business customers (SMEs, VSEs, non-profit organisations, mutual funds, social housing providers, etc.). The La Banque Postale offer to companies, non-profit organisations and contributors to the social economy will be expanded with the introduction of straightforward products backed by responsible risk management and a tailored response to each customer profile. The first loans were marketed at the end of 2011, and the range will be expanded progressively over the period to 2015. La Banque Postale now offers the full range of retail banking products and services.

A new local authority funding model

La Banque Postale and the *Caisse des Dépôts* wish to create a new funding model for local authorities based on a straightforward range of loan products, transparent pricing and a balanced, responsible financial model. Together, they plan to create a joint venture with responsibility for marketing and managing the range of new loan products and raising funds in the financial markets through the issue of *Obligation Foncière* covered bonds. In order to meet all local funding needs, La Banque Postale will also be able to provide local authorities with financial support, with the emphasis on meeting short-term needs. As a committed contributor to regional development, this is the structure within which La Banque Postale proposes to help in the process of taking public service provision forward.

06 Supporting financially vulnerable customers

La Banque Postale supports the French Red Cross, *Secours Catholique* and *UNCCAS* (the French National Association of Community Welfare Centres) as part of their joint *Manifeste pour l'inclusion bancaire en France des populations en situation de fragilité financière* initiative that takes a wide-ranging approach to combatting this latent form of social exclusion. Such a commitment is totally consistent with La Banque Postale normal practice. As a result, La Banque Postale remains more attuned than ever to the needs of its financially vulnerable customers as part of serving and supporting them better.

07 Social contract on banking advisory staff conditions

In September 2011, Jacques Rapoport, CEO of La Poste Retail, and Philippe Wahl, Chairman of La Banque Postale and CEO of La Poste Financial Services, signed a social contract on banking advisory staff conditions with five trade union organisations (CFDT, CFTC, CGC, CGT and FO). As part of supporting Bank sales development, its aim is to offer Financial Advisers, Customer Managers, Customer Advisers and specialist Home Loans and Asset Advisers improved working conditions and career prospects (clearer career development paths and cross-recognition of previous career experience between La Poste Retail and La Banque Postale). This two-year contract forms part of the Bank strategy plan, which identifies the Banking Adviser as a key player in the development of La Banque Postale.

Innovations

AN ON-SCREEN PRESENCE FOR LA BANQUE POSTALE AT LA POSTE MOBILE

■ Every month, around 300,000 La Banque Postale customers access services via their mobile phones, so as part of its partnership with La Poste Mobile (the highly successful La Poste mobile phone service launched on 23 May 2011), the Bank has developed a Bada/Android app that is preinstalled on all smartphones sold by La Poste Retail. The new app provides direct access to La Banque Postale banking services.

LAUNCH OF HEALTH INSURANCE

■ In December 2011, La Banque Postale launched its first health insurance product developed by subsidiary company La Banque Postale Assurance Santé, which is owned 65% by La Banque Postale and 35% by La Mutuelle Générale. Built around the Bank's core values, this new product supports customers in the day-to-day management and tracking of their health expenditure, with the emphasis on rewarding loyalty. This insurance product will be rolled out into the market progressively: customers can already buy policies via the Bank's distance channels, and sales will be extended to Post Office branches during 2012.

LA BANQUE POSTALE CHEZ SOI

■ La Banque Postale is strengthening its multichannel offer with the innovative introduction of La Banque Postale Chez Soi. This new distance advisory service brings together the full range of traditional banking services with telephone banking, online banking and Banking Advisers. Simple, close to home and accessible, it allows La Banque Postale to offer its customers a new distance relationship with a human face. Trialled in 2011, La Banque Postale Chez Soi will be rolled out nationally during 2012.

Briefly...

EXTRA-FINANCIAL RATINGS

■ Published in 2011, the second **Observatoire du Développement Durable®** survey conducted by **IFOP** revealed that 48% of those interviewed regarded La Banque Postale as France's leading bank in terms of commitment to sustainable development for the third year running. La Banque Postale also headed the finance sector in terms of corporate image, based on the opinions of 72% of respondents.

■ **The leading German ratings agency Oekom** rates La Banque Postale as 'Prime', and one of the best banks benchmarked.

■ In November 2011, the anti-globalisation organisations Attac (Association pour la Taxation des Transactions financières et pour l'Action Citoyenne) and **Friends of the Earth** published a 'citizenship rating' report on ten French banks. The report ranked La Banque Postale as third out of ten.

■ **The French agency Vigeo** rates the Bank as the national Number 4 in terms of extra-financial performance.

3,200 VISITORS AS PART OF THE EUROPEAN HERITAGE DAYS:

■ By opening the doors of its Rue de Sèvres head office in Paris as part of the European Heritage Days held on 17 and 18 September 2011, La Banque Postale allowed the general public direct access to view 400 years of historic architectural and financial heritage.

Now able to offer a comprehensive range of banking and insurance products for personal and business customers, La Banque Postale is a full player in the French retail banking market.

It is implementing its 2011-2015 Strategy Plan - 'Putting the interests of customer first: let's prove how different we are' – with the aim of improving customer service, accelerating sales and involving all its staff.

Our vision

Strategy

Passionate about quality

La Banque Postale sees customer service as an immediate strategic priority essential to customer satisfaction and product quality. To ensure that this priority remains central right across its business, La Banque Postale listens attentively to the expectations of its customers, encourages a service-focused mindset amongst all its staff and continues to improve all its processes.

The Bank is convinced of the need to provide its customers with high-quality service in all its dimensions, from attentiveness and advice to the prompt handling of requests made through its multichannel structure and the rapid completion of transactions. Every day, there are literally millions of transactions to be completed transparently from the customer's point of view: achieving this is not only a question of having the right procedures, but also of securing the commitment of all those involved in banking service delivery.

Listening to every customer and acting accordingly

The Bank regularly surveys its customers to evaluate their level of satisfaction, and feeds back the results to its own customer contact teams to help them deliver the best-possible service. For example, in 2011, it questioned a representative panel of customers and non-customers. These consumer groups talked to staff representatives from every part of the Bank about how they see their relationship with La Banque Postale.
The Bank's Financial Centres also analyse the complaints they receive as the basis for improving the quality of service delivered at local and national levels. Lastly, Bank staff with direct customer contact also have their say through an 'Ideas Bank' which invites them to submit their suggestions for potential improvements.

Improving accessibility

Quality must also adapt to changes in customer attitudes and behaviour, because as patterns of consumption change, so new types of banking relationship are needed in the form of phone banking, online banking, mobile banking and other innovations. Maintaining these relationships at a high level of quality is essential. In 2011, the Bank recorded no fewer than 1.2 billion customer contacts across all its channels. Averaged over the year, this equates to 810,000 banking transactions across Post Office counters, 24,500 meetings with Advisers, 1.1 million hits at labanquepostale.fr, 100,000 logons to labanquepostale.mobi and 54,000 calls taken by Financial Centres… every day! Also on a daily basis, the Bank processed an average of 2.13 million cheques, more than 1.8 million interbank transfers and 1.3 million electronic

banking transactions for retailers, to quote just a few business metrics.
In 2009, La Poste introduced a new distribution method to improve customer relationship quality in its sales centres. The Customer Service Centre concept enables Post Offices to offer personalised customer service with no need to queue at the counter or to wait in line. By the end of 2011, customer flows in around 2000 Post Offices had been converted to Customer Service Centres.
As a result, customer satisfaction measured on leaving the Post Office has improved considerably to achieve a satisfaction rate of 93% and waiting times of under three minutes for straightforward transactions.
The same trend is clear in the Bank's Financial Centres, where waiting times for customers preferring to contact the Bank by phone have also become shorter. Customer service advisers now achieve a 90% call answering rate. La Banque Postale has also introduced a secure e-mail service for direct two-way contact between customers and Financial Centres. The Bank gives its commitment to provide an answer within 48 hours to the 2,800 e-mails it receives every day. In 2012, the lead time for existing and prospective customers to arrange a meeting with an in-Post Office Adviser will average just 48 hours.

Optimising processes

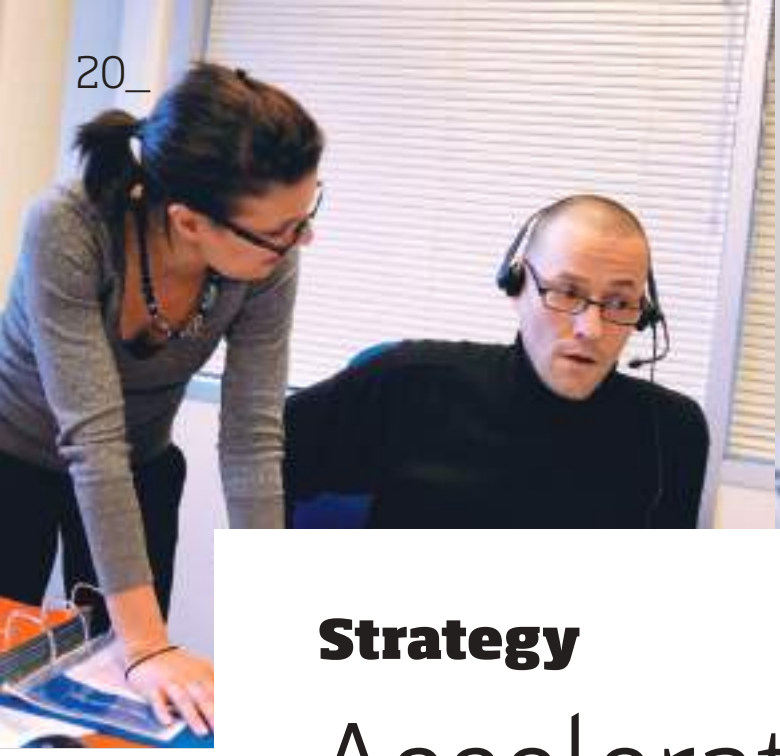
Practical application of the Bank's quality policy also focuses on improving a number of targeted processes. The time taken to cash cheques in Post Offices has been reduced following the introduction of cheque scanning services via self-service machines in the reception area and individual scanners for counter operators. Begun in 2011, this improvement is already in place in more than 1,000 Post Offices to ensure that cheques are cleared on the same day or next business day.
New measures to optimise the time taken to open accounts, issue chequebooks and payment cards and grant home loan advances will be piloted in 2012. ■

Anne-Laure **Bourn**
Head of Operations

Our difference

"Every one of us is committed to **delivering customer satisfaction".**

"The Number 1 priority of the Bank's strategy plan is service quality. This major challenge applies equally to our Financial Centres and their 13,400 front, middle and back office staff who process millions of transactions every day. To deliver customer satisfaction, everything must be done quickly and properly, so we have implemented an organisational structure for customer-focused departments dedicated entirely to the rapid delivery of customer satisfaction. 6,000 members of staff are involved in this commitment every day The Financial Centres, which work very closely with the Post Offices, are also involved in a number of other projects, including cutting cheque clearance times and the lead times for issuing cheque books and payment cards. Every one of us is committed to delivering customer satisfaction". ■



Strategy

Accelerating sales growth

2011 was the year in which La Banque Postale became able to offer a comprehensive range of products and services to its personal customers and business customers. After six years of 'construction' work, La Banque Postale is now accelerating its sales growth to bring these products and services to its 26 million customers.

Now with all the permissions and authorisations required to offer its customers a full range of day-to-day banking, savings, loans and insurance products, La Banque Postale – which already serves more than 10.4 million active customers – is committed to bringing banking services to a large proportion of the 26 million people who already have at least one of its banking or insurance services. From the financially vulnerable to those with assets to invest and manage, from young people to seniors, and from individuals to families... the expanded range now available from La Banque Postale makes it the Bank for everyone with the ability to offer individually tailored solutions.

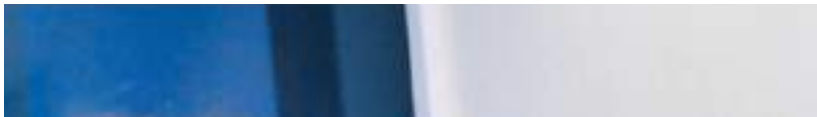
The Bank built on trust...

With net new savings inflows up by €5 billion on the figure for the end of 2010, and dynamic performance from its traditional savings and life insurance products, La Banque Postale is totally fulfilling its role as a super-sound bank with the powerful backing of the La Poste Group. Working face-to-face and through its distance banking channels, the Bank's 10,000 Financial Advisers and 3,600 Customer Service Advisers provided assistance and met personally with customers to give them accurate information and reassurance in the chaotic economic environment of 2011.

Against a general background of ongoing low interest rates, the Bank offers attractive savings products designed to meet the needs of its customers.

As a Bank whose main focus is not on the liquidity of its balance sheet, La Banque Postale has continued to look after the interests of its customers by offering them competitive life insurance products. The result has been that its inflow of net new money has remained stable, despite the steep 14% decline seen in the market.

Furthermore, La Banque Postale has not tightened the lending criteria it applies to home loans. In fact, with its unique network of 723 Specialist Home Loans Advisers, it actually increased its share of this market segment in 2011. Thanks to rigorous balance sheet management, it has continued to fund the life plans of its customers, whilst protecting their best



204,000 casualty insurance policies

sold within one year of launch

December 2010 – December 2011

interests by never granting loans for periods longer than 25 years.

... with an extremely attractive customer offer

With more than 830,000 new Postal Bank Accounts opened during the year, it is clear that the appeal of La Banque Postale continues to grow strongly.

Launched in 2010, personal loans have performed exceptionally well in a shrinking market, thanks to the introduction of new responsible, transparent practices ahead of the measures introduced under the Lagarde legislation. Since these loans were introduced, La Banque Postale Financement has attracted 280,000 customers, generating nearly €1.6 billion in new business – that's equivalent to 5% of all personal loans sold in 2011. Casualty insurance, which has been available through all Bank channels since the beginning of November, is also proving extremely successful, with 97% of Financial Advisers having prepared illustrations, and 86% having sold at least one policy. A total of 204,000 policies have been signed since the launch date less than a year ago.

It's a record!

Health insurance is the latest addition to the range, with an encouragingly successful launch resulting in nearly 5,000 policies issued between December 2011 and February 2012.

Committed not only to protecting its customers, but also helping them to plan ahead, La Banque Postale has continued to promote its personal risk insurance, which is designed to be accessible to the maximum number of people, and provide them with the essential cover they need at every stage of life. The Bank sold more than 400,000 of these policies in 2011. ■

Bernard **Condat**
Head of Sales at La Banque Postale, and Deputy CEO of La Poste Retail, with responsibility for business development

Our difference

"Our goal is to grow, of course, **but only by putting the interests of our customers first".**

"La Banque Postale advisers are not under any pressure to achieve sales targets, and receive no commission on the product sales they make. All of them sign a performance contract with their manager setting out their missions in terms of ethical practice, the duty to provide accurate advice, sales methods and the need to fully understand the range of products and services, as well as reporting systems. This personal contract puts the emphasis on professionalism in banking advice, which in practice means listening effectively, identifying customer needs and offering the right solutions. Part of the variable element of advisers' pay is set by their immediate line manager on the basis of how well they comply with the terms of this performance contract. The remaining part reflects the proportional contribution of each individual adviser to overall Bank income in terms of net inflows, loans and product take-up". ■

Strategy

68,000 people delivering banking services

Involving all our people, developing their skills for the benefit of customers, training them and offering them motivating career prospects… these are the essential elements of La Banque Postale human resources policy.

The staff of La Banque Postale and its subsidiary companies, Financial Services staff, the IT specialists of the Financial Services and Retail information systems teams, Counter Staff, Bank Advisers and Post Office Retail Managers… Every day, 68,000 men and women work with huge professionalism and attention to detail to deliver the full range of banking products and services to customers.
Attuned to the needs of all its people, the Bank pursues a fair, socially-responsible and motivational human resources policy focused on the single goal of maximising quality of service to customers.

All committed to achieving the goals of the Bank

The value, commitment and performance of its teams are what have made La Banque Postale so successful, and their involvement is a central component of its strategy plan. In return, it offers them responsibility and exciting opportunities through a policy of forward-looking, proactive, motivating career management.
As part of diversifying and enhancing the experience of its people, La Banque Postale, La Poste Financial Services and La Poste Retail have been working together since 2011 on developing career development paths offering crossover options between all banking entities. Alternation between front, middle and back office functions, specialty functions and management responsibilities also contributes to building the skills of individuals at the same time as improving the quality of customer relations. Nearly 300 of these cross-functional mobility opportunities were taken up in 2011 as part of an approach based on anticipating current and future needs in terms of banking organisation and job profiles. La Banque Postale guarantees its staff that it will take account of their career development preferences and provide access to the support they need to achieve their professional goals. To help in this process, a network of 45 Professional Development Advisers is now in place (deployment was completed in 2011) to work on the employability

Sylvie **François**
Head of Human Resources
at La Banque Postale
and La Poste Financial Services

Our difference

"Our employee relations model is **a measure of our confidence in the future".**

"Whether we work in the Bank, one of its subsidiary companies, Financial Services, the IT Department or the Post Office network, we are all working for the same customers. So we must all work to combine accessibility with innovation, and trust with a commitment to service. The 68,000 people employed at La Banque Postale represent an amazing pool of potential to be developed by offering motivating career opportunities with no frontiers. And because we believe in intensive and constructive social dialogue, we adopted a new social contract on 5 September 2011. Signed by La Banque Chairman Philippe Wahl, La Poste Retail CEO Jacques Rapoport and five trade unions, it gives Banking Advisers the framework within which to do their jobs and be rewarded fairly as individuals for their strengths and talents. Our employee relations model is a measure of our confidence in the future". ■

of staff, their professional goals and their career development in all the disciplines covered by Financial Services.
Signed in September 2011 by La Poste Retail, La Poste Financial Services and five trade unions, the social contract on banking advisory staff conditions sets out clear career and skills development prospects, and makes internal promotion the preferred route to filling vacancies. It also covers sales management, pay and working conditions for banking advisory staff.
Lastly, service quality commitments have now been incorporated into the annual targets set for all staff, and the Bank has introduced a new variable pay scheme for Banking Advisers *(see inset on page 21)*.

Attracting the most talented people

More than 1,233 new members of staff joined the Bank in 2011. More than 30% of them were new graduates, because in order to grow rapidly, La Banque Postale needs to bring in new skills and pursue a dynamic policy of recruitment. So in 2011, it further enhanced its employer brand appeal with the addition of the new 'Join Us' section of the labanquepostale.fr website. Now the most visited section of the Group website with 620,000 hits in 2011, it is being further enhanced by raising the profile of career opportunities and making it easier for users to apply online and contact the Bank directly... ›››

Our difference

"La Banque Postale encourages and promotes **career development and training".**

Éric **Bourret**
Asset Management Adviser
(Rhône et Loire)

"I come from a family of post office workers, and I decided to join La Poste through the competitive entry route in 1992. I had my school leaver's qualification, and I was hoping to have opportunities to develop my career. I started as a Counter Operator, first in Levallois-Perret and then in Villefranche-sur-Saône. I really enjoyed direct contact with customers and wanted to develop my career towards sales. I became a Sales Assistant to a Financial Adviser in 1994, and passed the exam to become an Adviser myself in 1996. In 2004, with the support of my Branch Manager and Sales Manager, I was appointed as a Specialist Asset Adviser covering the whole of the Beaujolais region, reporting to La Poste Financial Services. I learnt a lot of new skills doing that job. Since 2008, I've been an Asset Management Adviser for the Rhône et Loire region reporting directly to La Banque Postale, and I've continued my education with a certificate in banking studies and a master's degree in asset management. It's the team spirit and quality of leadership that have encouraged and enabled me to progress". ■

›››› In 2011, the Bank also conducted more than 80 initiatives involving its target group of business schools, engineering graduate schools and universities, with career opportunity presentations, syllabus contributions, assessment panel involvement, year sponsorships and involvement with student research work.
The Bank issued 1,051 internship contracts in 2011, of which 23% will lead to full-time employment. Recruitment of interns for the Banking BTS vocational training certificate course, which began in 2010, was rolled out to all Financial Centres in 2011, resulting in the training of 122 interns during the year.

Strengthening skills

La Banque Postale develops the skills and banking culture of everyone involved in the business, whether operational staff or management. Many initiatives have been introduced in cooperation with La Poste Retail, including in-service training for Counter Operators wishing to make the transition to Financial Adviser.
The process of designing training programmes continued apace in 2011, with particular emphasis on supporting the launch of new products and services: 3,188 people received training in health insurance and business funding. In 2011, a total of 893,186 training hours were delivered to staff of the Bank, which also began recruiting experts in business funding.
The Bank is also building the future for its sales functions in ways that reflect the changing nature of customer relations, whether face-to-face or via one of its distance relationship channels.
Lastly, 252 La Banque Postale and La Poste Financial Services staff were enrolled in qualification-based training and degree programmes for the 2011-2012 academic year.

95 collective agreements
signed between 2006 and 2011
by La Banque Postale and
Financial Services

127,598 days
of training delivered,
equating to **4.1 days**
per member of staff

A sustainable employment pact

As a socially responsible company, La Banque Postale offers a high-quality employment package to all its people under an agreement that covers personal development, social dialogue, change management, a commitment to diversity that encourages the employment of disabled people, support for vulnerable individuals and workplace risk evaluation and prevention.

On 30 June 2011, the first company profit-sharing agreement was signed between La Banque Postale and all the trade unions representing its staff. All those employed by subsidiary companies can now have a stake in the success of the Group, measured in terms of sales growth, customer relationship quality and cost control.

Eight staff representatives have received training to improve their skills, not only in the context of their own jobs, but also as mandated representatives. They are the first to receive qualifications awarded by the *Institut d'Études Politiques (Sciences Po)*. This initiative reflects the commitment of the Bank to social dialogue and its recognition of the twin investment made in the business by its social partners.

As signatory to two disability employment agreements (2008-2010 and 2010-2012) and the La Poste recruitment Charter (ensuring compliance with equal opportunities, diversification of recruitment sources, transparency and objectivity), La Banque Postale met with 450 disabled applicants during 2011, 23 of whom were recruited as members of staff within the Banque and La Poste Financial Services. Young people from deprived areas and minority communities were helped and advised by La Banque Postale representatives at many recruitment fairs, including IP Multimedia Subsystem and Sciences Po. The Bank also leads by example in gender equality, with women accounting for 50.3% of management posts.

Lastly, faithful to its values of sharing and solidarity, the Bank continues to encourage the social commitment shown by its staff. Since 2008, it has been sponsoring two NGOs – Planète Urgence and France Volontaires – both of which deliver their missions internationally, and in 2011, 38 Bank employees joined these good causes as volunteers, bringing the total number to 160. The year was also marked by a new partnership with the Passerelles & Compétences non-profit association, which acts at national level to put the professional skills of its volunteers to work for the benefit of socially-supportive organisations. ■

The teams of La Banque Postale

Staff:
- La Banque Postale: 1,899 staff
- Subsidiary companies: 1,004 staff

La Poste Financial Services and La Poste Retail staff delivering services to La Banque Postale customers:
- Financial Centres: 14,658 staff
- Bank Sales Department: 1,407 staff
- La Poste Financial Services and La Poste Retail IT Department: 1,792 staff
- Corporate and Professional Department: 319 staff
- La Poste Retail banking advice hotline: 9,768 staff
- La Poste Retail Counter Operators: 33,205 staff
- Branch Managers and Sales Managers: 3,551 staff

As everyone's bank, La Banque Postale offers a comprehensive range of products and services for personal customers and business customers.

As a useful bank, it has designed a range of banking and insurance products and services founded on simplicity, accessibility and transparency offered at a fair price.

As a bank built on trust, it maintains a long-term relationship with each of its customers, based on the provision of sound advice.

Our business

Business sectors

One-stop retail banking for personal customers

Bank account management, funding for customers' life plans, encouraging savings and protecting against unseen life events: La Banque Postale now offers a comprehensive range of essential, straightforward products and services at reasonable prices… all accessible through a multichannel structure unique in France.

Bank account management

La Banque Postale offers its customers a customisable package of products and services essential to day-to-day account management, from payment cards and cheque books to printed and online statements, online and phone banking services, multimedia notifications, card protection insurance and authorised overdrafts… as well as a raft of optional services. Offering a choice of relationship entry point – the option to open an account in-branch at a Post Office, online or by phone - and by making it easier to change bank, the account package has been taken up by more than 2.2 million customers since 2009; 806,000 of them in 2011 alone. La Banque Postale has now issued a total of 7 million payment cards for customer postal current accounts. The contactless card service, which enables faster payment in those retail outlets equipped with the corresponding terminals, has been available since November 2011, and is offered as an option to the La Banque Postale payment and cash withdrawal card. After a successful initial trial project in Nice last year, contactless payment acceptance is now being deployed throughout France, with particular emphasis on those cities already committed to the project, which include Strasbourg, Marseille, Caen and Bordeaux. Another new product unique in the market is the cobranded La Banque Postale – Western Union card launched in April 2011 for customers using the Western Union money transfer service. This card acts as a cash card, payment card and Western Union loyalty Gold Card: 85,000 were issued in 2011.

The number of La Banque Postale ATMs has grown to more than 6,300, including 1,601 Post Office in-branch machines (35% more than in 2011) and 4,749 external ATMs: together they handle more than 23 million cash withdrawals every month. These cash machines can also be used to view account balances and history, order cheque books and buy books of stamps (from 600 in-branch machines). ›››

La Banque Postale,
where you want it and the way you want it

10,000 Post Offices: the face-to-face relationship

In 2011, the ongoing process of upgrading the busiest Post Offices by implementing the Customer Service Centre further enhanced the profile of La Banque Postale by smoothing customer flow and accelerating access to banking services. 33,000 Counter Operators serving and directing customers, and 10,000 Advisers leading and coordinating the face-to-face banking relationship.

36 39*: the personal distance banking relationship

Customers call a special number – 36 39* – to speak directly to one of the 3,600 Customer Service Staff working in our Financial Centre and specialist loan and insurance call centres. They handle every type of request for all the products and services offered by La Banque Postale and its subsidiary companies, from account management to savings, personal loan applications, casualty insurance policies, health insurance policies... and more.

* €0.15 inc. VAT per minute + any additional charge applied by the operator.

Fixed and mobile Internet services: the 24/7 distance relationship

The www.labanquepostale.fr website is still the fourth most-visited website in France (source: Médiamétrie Panel/Net Ratings) with an average 33 million hits per month. It offers online services and product application via a customer area redesigned in 2011. New features include: the Lab (a discussion forum that involves customers in testing applications and new concepts), international bank transfers and online application for PEL home savings plans and CEL home savings accounts.

Using a new secure e-mail service, customers are now able to communicate directly with Financial Centre Customer Services Staff in complete confidentiality. This new channel has been unanimously welcomed by customers ever since it was introduced: 84,000 e-mails are exchanged every month on average, and 4 million customer mailboxes have already been created.
The labanquepostale.mobi mobile website is proving increasingly popular and now receives 2.9 million hits per month. Since September 2011, La Poste Mobile smartphones have been supplied with the La Banque Postale 'account access' app built in, as well as instant access to the online customer web space.

La Banque Postale Chez Soi: the distance advisory service is launched

La Banque Postale is launching La Banque Postale Chez Soi, a completely new route to obtaining advice on the full range of Bank products and services without leaving home.
Longer time slots are being offered for the phone and videophone services. La Banque Postale Chez Soi was used to manage a portfolio of 2,500 customers in 2011, 93% of whom said they were satisfied with this new channel, which is being rolled out to all customers in Quarter 1 of 2012.

Bernard **Feissat**
Regional Representative
of the Bank for the Nord - Est
(until 31 January 2012)

Our difference

"Promoting microcredit **to combat exclusion from the banking system".**

"Its unique status within the French banking industry means that La Banque Postale has an essential role to play in combating exclusion from the banking system. To do this, it has established substantial relationships with partners to identify simple, practical, concrete solutions to help and support the financially vulnerable of society. For example, since 2007, the Bank has been offering personal microcredit facilities in partnership with national and local non-profit organisations (including *Secours Catholique, UDAF,* the French Red Cross, *Centres communaux d'action sociale, Restos du Cœur* and others) whose work includes proposing, identifying and supporting the life plans of those excluded from the banking system as a result of poor creditworthiness. In 2011, Bank Regional Representatives signed 18 new regional agreements (11 of which were with Centres communaux d'action sociale), bringing the total to 96". ■

"Our approach to preventing **overindebtedness is unique".**

"Successful prevention relies on anticipating future problems. That's why La Banque Postale Financement offers all its customers an annual budget health check. The aim of this check-up is to assess the customer's financial position, with particular focus on current borrowing as a proportion of income in order to identify any vulnerability at a very early stage. There is then a personalised support mechanism that can be used to support customers showing the first signs of difficulty. Introduced with the original launch in April 2010, this mechanism has two parts. The first is a dedicated support centre for customers showing the first signs of difficulty, and more than 1,000 people have already benefited from this service. For more complicated cases where there is multiple indebtedness involving other lenders, La Banque Postale Financement has chosen to work with a specialist partner: the CRÉSUS organisation, which offers customers practical budget management support. By the end of 2011, 280 customers had benefited from the support provided by this overindebtedness prevention mechanism, which is unique in France". ■

Chantal **Lory**
Chairman of La Banque Postale
Financement

A responsible bank that helps financially vulnerable customers

In addition to its public service mission to provide universal access to the Livret A passbook account, La Banque Postale also plays an essential role in combating exclusion from the banking system and works tirelessly to promote access to high-quality banking services for the greatest number of people, with:

- account operating fees (overdraft fees, declined payment fees, etc.) lower than the market rate
- products tailored to the needs of the most vulnerable customers: 2.2 million cards requiring systematic authorisation, a Savings card for free withdrawals from savings passbook accounts and the *Simplicité* account package for customers who cannot obtain cheque books
- partnerships with non-profit organisations and actors in the social economy: support for the *Manifeste pour l'inclusion bancaire en France des populations en situation de fragilité financière* initiative to bring financially vulnerable individuals into the banking system introduced by the French Red Cross, *Secours Catholique* and *UNCCAS* (the French National Association of Community Welfare Centres), coordination with the CCAS via the *Réagir Ensemble* project and *Fédérer la Lutte contre l'Exclusion* (REFLEX) launched in 2010, collaboration with CRÉSUS *(see opposite)* and personal microcredit offered in partnership with a number of new local partners. The Bank works very closely with non-profit organisations on the joint construction of solutions and new products and services designed specifically to meet the needs of financially vulnerable customers.

››› Funding life plans through home loans

Despite the slowdown seen in the property market during 2011, La Banque Postale saw a significant increase in lending, which totalled nearly €41.7 billion at the end of December.

The Bank, which operates a unique network of 723 specialist property advisers (CSIs), further strengthened its home loans structure with the introduction of Financial Advisers and Customer Advisers with an initial level of information and assistance. For those wishing to arrange loans without visiting a branch, the National Customer Relationship Centre for Home Loans (CNMR CI) receives and approves all applications prior to arranging a meeting with a CSI. Despite the current economic climate, the Bank's lending criteria remain unchanged, enabling it to help customers with 86,534 property-related projects during 2011, including 61,000 purchases of new-build and existing homes with a total value of €9.4 billion.

Also during the year, the Bank assumed management of the government 'Prêt à taux zéro plus' enhanced interest-free mortgage scheme previously distributed in partnership with Crédit Foncier, achieving its target of nearly 8% market share, having provided funding for 22,236 first-time buyers.

Funding life plans through personal loans

With a straightforward, transparent range of personal and debt consolidation loans with interest rates lower than the market average, La Banque Postale has – in just two years – established itself as a major player in consumer lending, with a market share of approximately 5% in the segments served by its products. In a market that was subject to far-reaching reforms as a result of the Lagarde legislation of July 2010, the Bank has been able to demonstrate its difference by acting ahead of the new legislative measures thanks to the transparency of its range, educational communication campaigns reminding borrowers that a loan consists basically of an interest rate, a repayment period and the principal amount, and the introduction of a support structure unique in the market *(see inset)*. The quality of the La Banque Postale Financement offer has been recognised by the award of *Dossiers de l'Épargne* excellence labels for its *Prêt Personnel* personal Loan and *Prêt Personnel Projet* plan-specific personal loan. ›››

››› A total of 186,000 loans were funded in 2011, resulting in new business income of nearly €1.6 billion and loans outstanding of nearly €1.9 billion.

Savings with total peace of mind

As a longstanding provider of savings services in France, La Banque Postale offers a full range of straightforward, transparent savings solutions. The range grew in February 2011 with the launch of 'Optimys PEL': combining a home savings plan (PEL) with eight term deposit accounts (CATs), it offers total security of the capital invested, a guaranteed gross rate of interest over the full four-year period, and low tax exposure. Against a background of economic and financial uncertainty, this product attracted 36,295 customers to invest a total of €480 million. A promotional campaign run between 12 September and 30 November 2011 offered an interest rate of 3.75% for three months on all new Compte sur Livret CSL accounts opened, with net investment capped at €100,000. This offer proved particularly attractive to customers who had already reached the upper investment limit for passbook accounts with tax incentives (Livret A, LDD and LEP) and were looking for total security with instant access, because these accounts offer total capital protection and no-charge withdrawal at any time. Added to which, CSL accounts are extremely accessible: €10 is all that is required for anyone over the age of majority to open a La Banque Postale CSL. Nearly 80,000 of these accounts were opened in 2011.

Investments in securities

La Banque Postale extended its range of multi management unit trusts with the introduction of the LBPAM Multi Actions Émergents product in June 2011. Managed by La Banque Postale Asset Management and invested principally in the unit trust products of other management companies, LBPAM Multi Actions Émergents offers customers the benefit of a range of different international management styles and skills as a route to investing in the equity markets of Asia, South America, Africa, the Middle East and Eastern Europe. This is the first La Banque Postale unit trust to focus on investment in emerging countries, and is offered as part of an ordinary share account and life insurance policies (Cachemire and Toscane Vie).

In July, the Bank's flexible range was extended with the introduction of LBPAM Actions Euro Flex, which targets asset management customers wishing to respond to the marked fluctuations seen in equity markets by opting for active management of their portfolio with the aim of profiting from market highs and disinvesting during market lows. This active management is delegated to La Banque Postale Asset Management, which tailors fund exposure to the equity markets of the eurozone. This exposure may be reduced by up to 40% to offset market lows, or increased to 100% to capture maximum benefit from market highs. LBPAM Actions Euro Flex is the first flexible fund to be offered by La Banque Postale inside a PEA share savings account wrapper.

La Banque Postale has also introduced a guaranteed fund offer called Vivoléo. In addition to guaranteed capital on maturity and the opportunity to benefit from the performance of eurozone equity markets, this product also allows early withdrawal if stock markets take off. The first Vivoléo issues in September and November 2011

Our difference **recognised and rewarded**

- Simplicity, accessibility and transparency... The responsible management policy of **La Banque Postale Assurances IARD** has been acknowledged on many occasions by the profession: an ***Argus d'or 2011*** customer relationship award and the Top Com Consumer 2011 publishing award in recognition of the high-quality documentation provided by La Banque Postale Assurances IARD to its customers.
- ***Le Revenu*** (March 2011) presented two of its 2011 Life Insurance Awards to **Vivaccio and Cachemire.**
- ***La Banque Postale Financement*** was awarded ***Dossiers de l'Épargne 2011 Excellence Labels*** for its *Prêt Personnel* and *Prêt Personnel Projet* personal loans.
- La Banque Postale also received a ***Dossiers de l'Épargne Excellence Label*** for its *Pactys Réactivité* variable rate loan product.
- **Five new Excellence Labels** were awarded by ***Les Dossiers de l'Épargne*** magazine to the Bank's **range of personal risk products:** *Avisys Protection Famille*, *Prévialys Accidents de la Vie*, *Protectys Autonomie*, *Résolys Obsèques Prestations* and *Résolys Obsèques Financement*. These awards, some of which have been renewed every year since 2004, pay testament to the consistent quality, accessibility, simplicity and practicality of the La Banque Postale Prévoyance range of personal risk products.
- At the end of September, Novethic awarded its 2011 Socially Responsible Investment (SRI) label to 156 mass-market funds. Once again, the Bank's ***Investir Autrement*** range was amongst the award winners on the basis of its quality, transparency, management process accessibility and extra financial reporting.

Didier **Moaté**
Head of Retail Banking

Our difference

"At La Banque Postale, **customers feel confident".**

"Now with the ability to offer the full range of retail banking products, La Banque Postale is in a position to provide its 26 million customers with more of the useful, essential solutions they need at the best rates available in the market. Because we are committed to public service values, we maintain long-term, stable, trust-based relationships with all our customers. We treat everyone as an individual, whether they are financially vulnerable or have extensive assets under management, regardless of whether they are young or old, urban or rural. We fund their life plans and support them financially by putting their interests first. At La Banque Postale, customers simply feel confident".

attracted investment of nearly €175 million in an economic and financial climate very unfavourable to market product take-up.
In 2011, La Banque Postale increased its share of the guaranteed funds market with investment inflows totalling €550 million.

Investments in life insurance and pensions

Designed in conjunction with CNP Assurances, the Bank's range of insurance policies and pension products remains an attractive route to asset management, since it can be tailored very closely to the asset management goals of customers, their desired degree of involvement in managing their policies and their individual investment preferences, from the safest to the most dynamic. In 2011, funds under management exceeded €109 billion across 5 million policies.

Designed for the majority of personal customers, the Vivaccio range has now attracted more than €11.5 billion in investment by nearly 1.3 million policies. Cachemire, the multi-fund, multi-manager life insurance policy requiring a minimum initial investment of €25,000 has attracted customers to invest €11 billion in 181,500 policies. Launched in 2009, Excelis is the only bearer security policy with delegated fund switching with a threshold investment of €75,000, and has already attracted more than 5500 customers.
La Banque Postale is helping more than 700,000 customers prepare financially for retirement with the Solésio range of life insurance-based pensions savings policies. Flexible and extendable, the Solésio range responds effectively to customer requirements by offering the Solésio PERP ›››

Catherine
Charrier-Leflaive
CEO of La Banque Postale
Assurances IARD

Our difference

"Casualty insurance: **promoting transparency and clarity of information".**

"In addition to the quotation, every customer applying for insurance receives an 'Essential Information' guide explaining his or her rights as a policyholder, how the policy works and the covers offered. If the customer then decides to go ahead with the policy, he or she receives a welcome pack containing all the general and special conditions in the form of a clear, easily-accessible user guide. Customers also receive a booklet setting out good practices and risk prevention advice, together with sample claim reports (agreed statement of facts for car insurance and water damage for home policies). Communication professionals awarded this explanatory documentation the Top Com Best Customer Information Publication Award for 2011."

"A health insurance product that **rewards loyalty is a rarity in today's market".**

"For inpatient care, a lump sum payment pool is created and increased annually for the first six years after the year in which the policy comes into effect. From year two of the policy, the excess lump sum payable for outpatient care also increases over two years. Lump sum payments also increase over time for dentistry and eyecare, and if no optical treatment claims are made for one or two year, the lump sum allowance for spectacles increases too. In addition to treatment cover, customers can also receive health advice from a call centre staffed by specialists trained to help policyholders find specialist care provision or provide detailed breakdowns of surgical, optical or dentistry charges. Customers can also rely on a broad range of support services, from home assistance following an operation to care for sick children."

Catherine **Kerrevel**
CEO of La Banque Postale
Assurance Santé

››› Horizon and Solésio PERP Évolution personal pension plans (unit-based or multi-fund), the Solésio Vie life-insurance policy and Solésio PREFON Retraite for public sector employees, which has been awarded the *Dossiers de l'Épargne* excellence label.

Personal risk

La Banque Postale Prévoyance range offers ten products to cover the essential protection needs of everyone at every stage of life, from unforeseen life events to death, funeral expenses and dependency in old age. In June 2011, the range was extended with the addition of Sérénia, a policy designed to provide asset management customers with a comprehensive and innovative solution to address the financial consequences of death, disability or serious illness. Sérénia is one of the very few policies in the market to include critical illness cover. It provides cover for up to €3 million in capital assets. More than 2,100 of these policies had been sold by the end of 2011 by Post Office Customer Advisers, Specialist Asset Advisers and Asset Management Advisers.

Attentive to the issues raised by today's ageing population and committed to building lifelong solutions for senior citizens, La Banque Postale is expanding its range further with the launch of a new phone support product. This new service enables vulnerable and isolated people to contact a 24/7 assistance service using a remote alarm device.

Car, home and legal protection insurance

Launched in December 2010 via its distance selling channels, the La Banque Postale casualty insurance range was deployed in Financial Centres and throughout the Post Office network during 2011. Customers now have the same range of products available at the same price regardless of channel and with a seamless flow of information. This means that an Adviser can retrieve the quotation issued to a customer online, answer the customer's questions and issue the policy. This clear, straightforward range (see inset opposite) offers three policies (a car insurance policy with three different packages, a home policy and legal protection policy) designed to meet the team needs of everyone at prices that reflect individual risk profiles. In 2012, it will be expanded to include school insurance and a policy for motorcycles. In less than a year, La Banque Postale has issued more than 204,000 policies, making this the highest-performing bancassurance range in France.

Health insurance

La Banque Postale launched its private health insurance in December 2011 via its distance selling channels (see opposite page), and direct availability via the network will be rolled out progressively from January 2012 to meet the goal of comprehensive multichannel distribution.

Because different policyholders have different needs, there are three distinct ranges to support customers at every stage of life: Solo for young people and singles aged under 55 with no children, Famille for couples with or without children and single parents, and Senior for singles and couples aged over 55 without children. Each offers four different levels of cover. Every policy is accompanied by a very practical user guide in which most of the covers are expressed in euros. ■

Business sectors

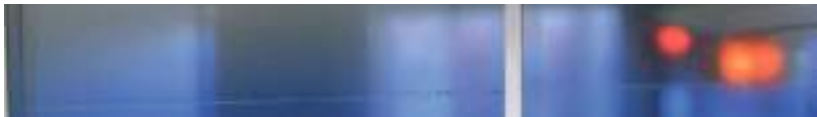
The local bank for business customers

The authorisation granted in September 2011 to market its first ranges of funding products for business customers marked an important milestone for La Banque Postale, enabling the Bank to develop new business amongst customers ranging from major corporates, to SMEs, VSEs, non-profit organisations, mutual funds and social housing providers.

La Banque Postale has a very diversified business customer base: serving 330,000 small non-profit organisations (12,000 of which are 'associations gestionnaires' management bodies) and 2,000 contributors to the social economy, it is the preferred bank of one-third of all non-profit organisations and two-thirds of all social landlords. It also serves 106,000 VSEs and professionals, 14,000 SMEs and 200 major corporates. As a long-term provider of payment flow management, cash management and employee benefits to this group of customers, the Bank maintains a relationship built on local presence, accessibility and trust with every one of them. La Banque Postale launched its first two offers to this market in October 2011: short-term lending facilities for all business customers, with optimised lending and account management procedures, and equipment leasing targeted particularly at VSEs, professionals and SMEs to meet demand for business equipment funding. This leasing offer is underwritten by La Banque Postale Crédit Entreprises. At the same time, to serve each business customer and provide the right products to meet individual needs and expectations, La Banque Postale is gradually introducing a totally multichannel structure *(see opposite page)*.

The social and local economy

La Banque Postale aims to establish non-profit organisations and social housing providers as its second-largest market by 2015. In 2011, it introduced Specialist Non-Profit Organisation Advisers to provide the high level of advice and personal management required for maximum service quality.
In terms of products and services, the Adispo Association range includes a cheque account, card insurance, legal protection and event cancellation cover. Adispo Association also provides online account management via LBP @ccess 24, which offers a raft of ultra-practical facilities, from account statement viewing to inter-account/interbank transfers, historic records, cheque book ›››



A multichannel structure for every type of customer

Business centres: **face-to-face advice**

SMEs, social housing providers, non-profit management organisations and larger VSEs, all of which require a relationship based on face-to-face advice, can rely on the network of 17 Business Centres, 5 of which have been completely redesigned and upgraded (Bordeaux, Marseille, Lyon, Paris and Lille, which opened in 2011).

The Advisers working in these centres are increasingly specialising in particular areas of business banking: Dedicated advisers for social housing providers and mutual funds, Advisers to serve mid-size and large non-profit organisations and Specialist Company Advisers for SMEs and VSEs.

Post Offices: **the local relationship**

Post Offices are the favoured channel for local customers – small non-profit organisations, VSEs and professionals – conducting over-the-counter transactions. Around 25,000 new relationships of this kind begin every year. 12,000 new postal banking accounts were opened in Post Offices during 2011.

Distance banking: **advice and availability**

To provide phone advice to local customers – small non-profit organisations, VSEs and professionals –, help them to obtain products and services, maintain the customer relationship and redirect them to specialist centres (employee benefits, specialist funding, etc.), a distance banking branch was introduced at the end of 2011. Its Advisers offer all the range essentials: payment cards, passbook accounts, retail e-banking, etc. The distance banking branch also supports Post Office Advisers with help, guidance and product application issues.

labanquepostale.fr : **l24/7 account management**

The Companies and Non-Profit Organisation section of labanquepostale.fr completes the multichannel structure. The website, whose structure was revised and updated in 2011, welcomes and informs 500,000 visitors every day. The Bank's online services are equally well subscribed and busy. With 50,000 registered users, LBP @ccess 24 enables small non-profit organisations, VSEs and professionals to view their accounts and conduct everyday account management transactions. LBP Net Entreprise (16,000 registered users) offers additional functions, such as day-to-day cash management for SMEs and larger VSEs, and provides account access for multiple users within the organisation.

›››› ordering, RIB bank account detail printouts, etc.
The Bank attended the Paris-based Forum des Associations for non-profit organisations for the first time in October 2011. The main focus of its involvement was a presentation of its Asso&Co website, which was created in 2009 for everyone involved in the non-profit world, from heads of organisations to volunteers, members and donors, and now has 12,000 registered users.
Thanks to La Banque Postale's sponsorship of the Fondation du Bénévolat, 30,000 volunteers now receive public liability insurance at no cost. The Bank also partners the ASPTT Sports Federation (of sports associations in the French Post Office and Telecommunications Service), with which it shares historic links and guiding values. Its support for the Federation, its projects and its 160,000 members is primarily financial.
For 2012, La Banque Postale is preparing some new offers for non-profit organisations: a special public liability policy and a subsidy advance package that forms part of its new funding services.
For its social housing provider and mutual fund customers, the Bank also introduced 18 Specialist Social Economy Advisers in 2011 to provide an effective response to the highly specific needs of these customers.
And not only advice, but also products and services... for social housing providers wishing to offer their tenants a range of options for paying their rent, La Banque Postale has worked in partnership with Moneyline to develop an innovative solution unique in the market: the Pay-Borne payment terminal. The first of these automatic rent payment terminals was installed in October 2011 at Reims Habitat, the leading social housing provider in the Marne region, with a managed estate of 11,000 rented homes. In its first month of operation, the new system received more than 100 rental payments by

Philippe **Bajou**
Member of the Executive Board
of La Banque Postale

Our difference

"Partnerships to fund business start-ups and purchases".

"When it comes to funding for business start-ups and purchases, La Banque Postale has taken the decision to rely on its local and national partners, because they have the necessary in-depth knowledge of local economies.
As a result of this decision, it has signed partnership agreements with France's leading business funding and support network *Réseau France Initiative*.
Originally signed on 2 June 2010, this agreement became operational during 2011 in the Paris, Rhône-Alpes and Auvergne regions, and will gradually be extended throughout the country.
Since its establishment on 13 October 2011, SIAGI *(Société de caution mutuelle de l'artisanat et des activités de proximité)* has been providing craft-based and local businesses with access to bank loans by providing guarantees of up to 50%. Another partnership has been established with OSEO, which provides entrepreneurs with development resources by funding their innovation, investment and international expansion plans. Lastly, France Active support very small enterprises and underwrites their bank funding. Initially, its agreement with La Banque Postale covers the set-up and purchase of small businesses eligible for certain types of loan". ■

Guaranteed funds with **a responsible dimension**

At La Banque Postale, Socially Responsible Investment (SRI) means applying the principles of sustainable development to asset management. It involves taking account of environmental, social and governance (ESG) criteria when making investment and portfolio management decisions, and not just financial criteria. Five SRI guaranteed funds have been offered to companies, local authorities and non-profit organisations since 2010. The performance of these two-year guaranteed capital fund packages is linked to a basket of 20 equity investments, including European large caps. These investments are selected by the teams at La Banque Postale Asset Management on the basis of SRI criteria (on the one hand, excluding the defence and aerospace industries, and on the other, selecting the most responsible companies on a different basis for each fund. These criteria include signature of the UN Global Compact and the promotion of diversity in the workplace). La Banque Postale is one of very few banks to offer this type of guaranteed fund to business customers.

payment card and in cash, accounting for 1% of all rents paid, and with no prior communication campaign. La Banque Postale also provides personal supervision of this system through staff training. The Pay-Borne terminal is the latest addition to the range of e-banking solutions offered to housing providers, which already includes Scellius Net for online payments and Scellius Vocal, the interactive phone server system that will become operational in June 2012 to receive rental payments by payment card. In addition to financial flow management and cash handling services, La Banque Postale is also developing a range of open and regulated loans for social housing providers, including an eco-loan product to fund energy-efficient upgrading of homes. At the end of 2011, it granted its first funding package to Habitat 76, the leading social housing provider in the Seine-Maritime region, in the form of a loan to install photovoltaic panels on 190 of its rented housing units. Its second funding offer was an authorised overdraft granted to enable the OPAC du Rhône social housing organisation to pre-fund its construction and renovation projects. Lastly, the Bank has signed a partnership agreement with *Caisse des Dépôts* subsidiary *Société Nationale Immobilière* (SNI), a major player in the housing sector and services for public-private partnerships. In addition to social housing provision, it also offers packages designed to help households on modest incomes to become homeowners. La Banque Postale also sees first-time home ownership as a major area for growth, so given the complementary skills of both partners, La Banque Postale and SNI have signed a partnership agreement under which they will develop a new and original first-time buyer package for tenants and customers of the SNI Group and the Bank's own customers. The initial experiments began in November 2011.

Key account customers

Relationships with key account customers are managed centrally from La Banque Postale head office by a team providing advice on technical and regulatory changes in European payment systems and the management of mass payment flows involving 170 million direct debits, 65 million inter-account transfers and 24 million TIP interbank payment orders every year. In 2011, La Banque Postale began to provide selected key account customers with funding in the form of syndicated loans and bilateral loans. By the end of the year, it was already supporting a number of financial institutions and pension funds with significant credit totalling some €865 million. La Banque Postale favours a global ›››

›››› approach in its management of these customers based on medium-term growth in which the provision of credit is seen in the context of potential growth in other areas of the business, such as savings accounts, asset management, employee benefits, financial flow management and service vouchers.

SMEs, VSEs and professionals

In February 2011, La Banque Postale chose the Salon des Entrepreneurs show in Paris as the showcase to launch *L'Essentiel,* its first modular, open, simple, transparent offer for VSEs. This reasonably-priced new service combines a business payment card with Alliatys Pro card protection and LBP @ccess 24 online banking... all of which are then complemented by a self-service menu of other services. Marketed via all the Bank's channels – Post Offices, Business Centres, the distance banking branch and the Internet – customer take-up has increased significantly since the launch: +17% for card protection insurance, +21% for online services and +23% for the business card. As part of the Infogreffe-La Poste partnership, La Banque Postale is supporting entrepreneurs with the 2011 launch of a series of business set-up instructional modules delivered via the www.jaicreemonentreprise.com website. An introduction to the L'Essentiel package is also included in the Infogreffe pack distributed to 200,000 new business creation entrepreneurs.

Lastly, La Banque Postale is now working with Banque Postale Net Entreprise to offer the option for customer businesses to accredit multiple users as part of the same contract: a primary representative and a number of secondary representatives, each with his or her own level of accreditation to access online accounts and services. Since July, customers have also been able to add recipient accounts online using electronic signature technology. ■

Charlène **Drigeard**
Customer
and Pedicurist/Podologist
in Clermont-Ferrand

Our difference

"Really impressive listening and advisory skills".

"Having graduated in pedicure and podology at the end of 2010, I started my career as a locum, but in September 2011, I was offered the opportunity to take over a practice. But since I was already a locum there, I wasn't entitled to any business set-up support, and the first few banks I approached showed very little interest in my plans. It was my postman uncle who told me that La Banque Postale – where I already had a personal account – was now offering business loans. So I arranged a meeting with a specialist business adviser, whose listening and advisory skills really impressed me. I was equally impressed by the constructive relationship that built up between us over the period when we were putting together the application and business plan, and in November, I signed up for a 5-year La Banque Postale loan at a good rate of interest. Clermont Agglo Initiative, which partners the Bank, also advanced me an unsecured loan, so by the beginning of September, my professional practice was well and truly up and running". ■

Business sectors

Transparent, responsive, responsible asset management

The companies of the Asset Management Division provide La Banque Postale customers with a broad range of investment and savings solutions that together deliver a comprehensive response to all asset management issues.

2011: a year marked by the eurozone sovereign debt crisis

Although global growth held up well in the first half of 2011 with stock markets on the rise, the second half saw the return of significant market volatility following a marked fall-off in global growth (from 4.9% to 3.6%), particularly in the eurozone, where the sovereign debt crisis was spreading. This step change drove stock markets to their lowest levels for two years in August.

Beset by serious question marks over the 'risk-free' status of government bonds, lower performance from emerging markets relative to their counterparts in the developed world and the fall in of traditional safe havens such as gold, investors found their switching options limited in 2011.

As a result, they tended to favour investments that protected their savings rather than pursue the quest for all-out performance. Private investors focused on property (bricks-and-mortar and property-based vehicles) with very little recourse to borrowing, and so-called 'liquid' investments (super-passbook accounts, term accounts, etc.) encouraged by banks responding to the requirements imposed by Basel III. Institutional investors tended to focus on the domestic markets.

La Banque Postale listens to its customers

Consistent with its values of listening and local service, the La Banque Postale Group introduced a major information campaign at the beginning of August 2011. Conference calls (between Advisers and customers with an audience of more than 3,000), extended opening hours for distance service centres, information newsletters and other channels were used to respond to the concerns expressed by Advisers and customers, and to inform them of the Bank's position against the background of news from the markets.

At the same time, the Bank's product range was able to respond to expectations, with its SCPI products attracting investment in excess of €66 million, whilst the 'physical' property investment offer from La Banque Postale Immobilier Conseil generated 300 transactions valued at €48 million after only one year of existence.

To provide security for savings, new Vivango guaranteed funds were launched for personal customers, alongside development of the La Banque Postale Responsable Garantie offer for business customers. The delegated portfolio management offer collected gross new money totalling more than €430 million. Lastly, in a market characterised by significant outflows of investment (nearly €80 billion), La Banque Postale Asset Management succeeded in attracting €1.6 billion of investment inflow from business customers. ›››

Daniel **Roy**
Head of the Asset Management Division

Our difference

"Uniting management companies **with varied and complementary skills and expertise".**

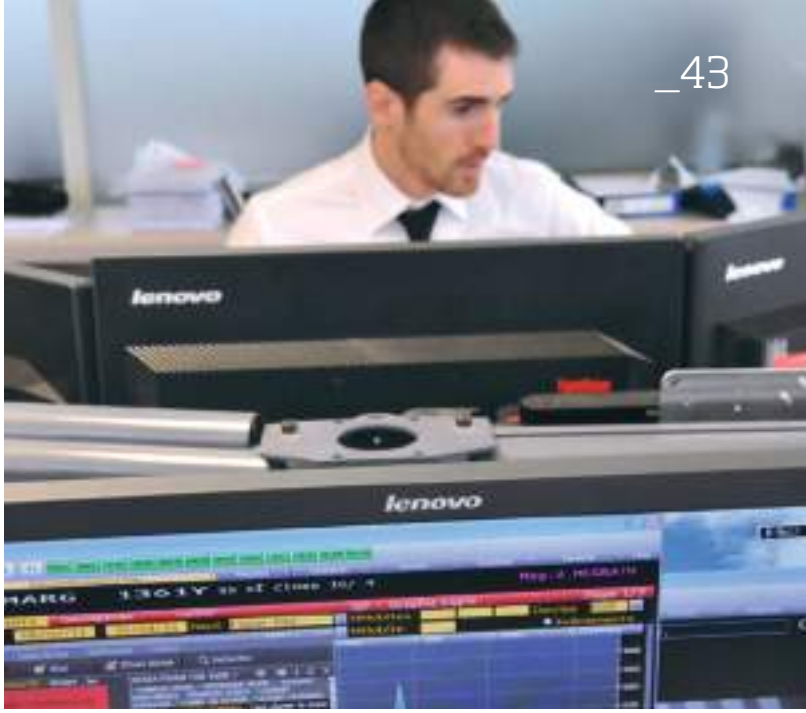
"La Banque Postale has successfully brought together and unified a series of autonomous management companies by adopting an approach that is poles apart from the traditional model of centralised and largely standardised management. It has surrounded itself with a broad range of complementary asset management skills by creating and acquiring small-scale specialist companies. Building on the stable foundations provided by the Group, this model sets out to cultivate those characteristics that have made these management companies so successful: talented teams, entrepreneurial spirit and a real sense of innovation. Their philosophy is integral to the values shared by the entire Group. Their asset management style is transparent, responsive and responsible in the way it focuses on finding the best-possible solutions to promote the interests of customers".

››› The companies of the Asset Management Division

La Banque Postale Asset Management (LBPAM) successfully continued to deliver business growth despite the difficulties seen in markets during the year, reporting total net new investment inflows of €563 million for 2011.
The guaranteed capital funds managed by LBPAM subsidiary company La Banque Postale Structured Asset Management – and particularly the Vivango and Vivoléo ranges – clearly met with the approval of La Banque Postale personal customers, attracting investment of €580 million. New funds were offered to asset management customers in the second half of the year, including LBPAM Multi Actions Émergents, which allows investors to plug into the dynamic markets of emerging countries, and LBPAM Actions Euro Flex, a flexible, dynamic managed fund. By the end of 2011, these two funds had attracted investment totalling more than €100 million. LBPAM also attracted net investment flows of €2.2 billion from business customers into open funds, dedicated funds and delegated management funds. The company also had a very successful year in bidding for new business, winning 44% of the contracts it submitted tenders for: a success ratio that remains above the market average for the third year in succession. At the end of the year, LBPAM was able to report total funds under management of €124.5 billion.

La Banque Postale Gestion Privée continued to grow strongly in 2011, attracting new investment totalling €430 million. At the very beginning of the year, the company broke through the €1 billion barrier in terms of funds under management, and ended 2011 with a total of €1.2 billion. Given the fact of having to operate in an economic climate very unfavourable to investment in securities, this positive inflow of net new money highlights the quality of the company's offer, and especially that of its Excelis flagship product. This premium life insurance policy with delegated fund switching is available to customers with at least €75,000 to invest, and has attracted nearly 6,000 such investors since its launch in 2009.

Ciloger, which is owned 45% by La Banque Postale, is a specialist in unlisted property investment and management, a leading designer and the second-largest manager of OPCI funds and the six-largest manager of SCPI funds. In the last five years, Ciloger has succeeded in increasing its total funds under management by a factor of 6 to €3.5 billion at the end of 2011, and has nearly 35,000 partners. In responding to the



substantial appetite amongst customers for this type of product, the Bank's advisers performed excellently in 2011 to secure more than €60 million in new investment, much of it under the French government's Scellier scheme.

XAnge Private Equity, which is owned 90% by La Banque Postale, is a private equity portfolio management and consultancy company, and manages funds totalling €366 million. Its speciality is substantial minority equity investment in unlisted European companies. XAnge focuses primarily on managing its eleven innovation mutual funds (FCPIs), its local investment fund (FIP) and its XPansion venture capital fund (FCPR).
In December 2011, it raised nearly €60 million for its XAnge Capital 2 successor venture capital fund, in which both La Poste and La Banque Postale are stakeholders.

Throughout its twenty-year history, **Tocqueville Finance** has demonstrated great determination in its management convictions and sound business model, which was further strengthened by the 75% holding taken by La Banque Postale. The company offers its customers (independent financial advisers, private banking customers, distributors and institutions) long-term performance and acknowledged expertise in value management and private banking. Tocqueville Finance retains its management independence, which is one of the key elements of its ability to respond effectively to market developments and deliver impressive performance. Its range of products, all of which have received authorisation from the relevant European regulators, is marketed in France, Belgium, Luxembourg and Germany, and will soon be launched in Switzerland. ■

Quality **and performance**

As part of its Victoires des Sicav Awards, ***La Tribune*** presented LBPAM with its ***Grand Prix Banque 2011*** Award for management companies in recognition of risk-adjusted fund performance over five years.
La Banque Postale has been on the podium every year for the past five years at the ***Corbeilles de Mieux Vivre Votre Argent*** Awards. In 2011, the company came third in the *Corbeille Long Terme 2011* award for the five-year performance delivered by its range of mutual funds.
The performances delivered by other individual mutual funds and ranges of mutual funds also received performance-related awards from ***Le Revenu (Trophée d'Argent 2011*** for the eurozone equities range) and from ***Mieux vivre votre argent*** (award for the best range over 5 years, as well as accreditation labels for LBPAM Actions France, LBPAM Actions Telecom andLBPAM Obli Crédit).
Gestion de Fortune magazine ranked Ciloger as one of the Top 5 SCPI managers for the second year in succession.
Tocqueville Value Amérique was voted ***Best Fund in the 'North American Equities'*** category of the ***Lipper Fund Awards***, whilst Tocqueville Gold won ***two Sauren Golden Awards for 2011:*** the Golden Award for fund performance, and the top fund manager award (three medals) across all sectors.

Business sectors

A uniquely strong signature in insurance

In insurance, as in all its business sectors, La Banque Postale remains loyal to its fundamental values of accessibility, simplicity, transparency, usefulness, stability and social supportiveness. It is on the basis of these convictions that La Banque Postale has worked for many years on developing the insurance solutions that protect its customers. As the prime coordinator of its insurance business sector, the Insurance Division ensures that from the design stage onwards, every product carries this distinctive signature, which is recognised every year by the insurance profession and is trusted by millions of policyholders.

At Banque Postale, insurance means covering the essential needs of everyone at the best-possible price

Life insurance, personal risk, home insurance, car insurance and health insurance... La Banque Postale has the right insurance solution for everyone. Acutely aware of the need to provide its customers with the best-possible protection, La Banque Postale is committed to ensuring that the policies it offers them contain all the necessary covers and no more. Its very large customer base means that it is able to offer truly comprehensive covers at very competitive rates. As the Bank for everyone, it takes particular care to ensure that vital insurance products are accessible to all its customers. Totally in tune with the changing attitudes and needs of society, La Banque Postale continues to develop innovative, useful product offers designed to meet the new expectations of its customers.

Insurance in 2011: La Banque Postale proves that distinctiveness is strength

At the end of what was a difficult year for many market players, La Banque Postale was able to report continued stability in its traditional sectors and successful expansion into completely new ones.

Life insurance: La Banque Postale outperforms the market

The marked decline in financial markets, low interest rates and the eurozone crisis all conspired to drive down income from life insurance policies in 2011. Nevertheless, even against this unusually turbulent background, La Banque Postale was able to increase its share of the market to 8.4% by the end of the year. Its dynamic approach to marketing and sales gained the Bank 25% of all gross new business in the market (€10.2 billion).

Personal risk; continued recognition and growth

Once again this year, the range of products offered by La Banque Postale Prévoyance received many Les Dossiers de l'Épargne-Prévoyance awards. As the Number 2 bancassurer in terms of personal risk cover, the La Banque Postale portfolio contains more than 2.4 million policies, and continues to grow strongly, generating premium revenue of €412.7 million in 2011; 6.5% higher than the figure for 2010.

Brokerage: loyal and better-protected customers

La Banque Postale Conseil en Assurances is the wholly-owned La Banque Postale company responsible for designing the tailormade offers used by the Group to maximise its service to personal and business customers. In 2011, La Banque Postale Conseil en Assurances completed the process of switching Visa and MasterCard covers, and is now responsible for piloting all the card-related insurance and assistance programmes offered to Bank customers. The result of all this work is improved monitoring of customer card services. Similarly, as an adviser to La Poste Mobile, it has supported the introduction of La Poste mobile phone insurance from the outset. 2012 will see the launch of the new offer, following selection of the best partners available in this sector.

Casualty insurance: unprecedented launch success

Despite the maturity of this highly competitive market, the offer launched in December 2010 was the most successful commercial market entry of any bancassurer, with more than 204,000 casualty insurance policies sold in less than a year! Marketed by La Banque Postale Assurance IARD and reflecting all the key values of the Bank, the fact that this offer is distributed with all the flexibility and interoperability delivered by the multichannel model accounts for a great deal of its commercial success.

Health: a promising launch

Created in partnership with La Mutuelle Générale, La Banque Postale Assurance Santé has been offering its Solo, Famille and Senior health insurance products since December 2011. Available through the Bank's distance channels and in the Post Offices of two pilot departments in France, the three products are already delivering very promising results, with 5000 policies sold between December 2011 and February 2012. The range will be marketed throughout France during 2012.

Business banking: assisting at the birth of a product range

The Insurance Division and La Banque Postale Conseil en Assurances have both been instrumental in supporting the growth of business banking. By designing loan-related insurance products for La Banque Postale Crédit Entreprises and the dedicated range for VSEs and non-profit organisations, the Division has focused its insurance expertise on these high-potential areas of business.

Developing the solutions of tomorrow

Anticipating social change, identifying the corresponding needs in terms of personal protection and finding the right solutions to meet those needs... the Insurance Division is responsible for developing existing ranges and introducing the innovative new products that will bear the distinctive La Banque Postale signature. The Division is currently exploring a number of promising areas, including cover for identity theft, cybercrime and longer life expectancy. It is against this background and its understanding of the needs expressed by the 6 million carers in France with responsibility for looking after a disabled, aged or sick family member that La Banque Postale launched its Vivre en Aidant* website in 2011. The launch proved so successful that this information and discussion forum has already received 100,000 hits from web users. ■

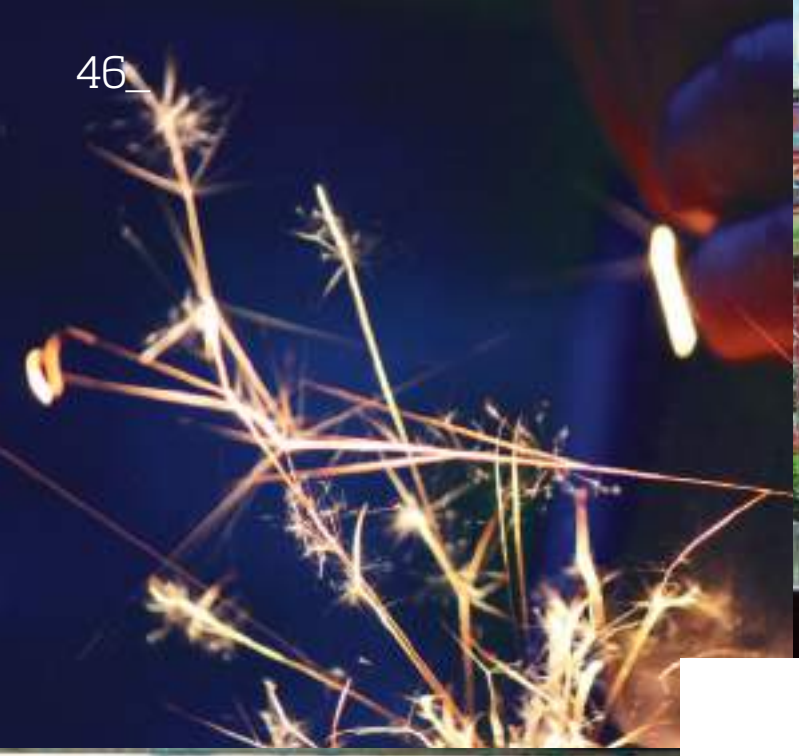
* *Avisys Protection Famille, Previalys Accidents de la Vie* and *Resolys Obsèques Prestations* have received these awards since 2004, and *Protectys Autonomie* since 2005.

Danielle **Wajsbrot**
Head of the Insurance Division

Our difference

"Our values are a lot more than just words. We put them into action from the very beginning of the product design process".

"Building useful, long-term, simple, clear solutions at the best-possible price... By focusing our energies on this target, our goal is to make our industry socially useful once again: its ability to put things right means that insurance plays an essential role in the lives of our customers, and especially those who are most vulnerable. Providing day-to-day peace of mind and financial security when unexpected life events occur: that is the ambition that guides us at every stage of what we do. It's also the reason why we favour long-term partnerships, why we develop packages offering different levels of cover that customers can develop to suit their needs, and why we continue to design new support services. Our past and recent successes are the result of impressive and passionate teamwork". ■



Despite operating against a background of economic and financial crisis in the eurozone during 2011, La Banque Postale was able to reassert the stability of its business model, and its focus on retail banking. The year was marked by dynamic sales performance, particularly in terms of growth in customer lending, despite the impact of the Greek sovereign debt crisis on the cost of risk and financial results.

Our perfor-mance

Financial information

The stability of the Bank's business model and its focus on retail banking

Despite operating against a background of economic and financial crisis in the eurozone during 2011, La Banque Postale continued to expand its range of loan products, which is now complete following the September launch of loans for business customers as part of funding the real economy.

Growth in lending continued in 2011, with home loans up by €4.5 billion and personal loans by €1.1 billion.
Following the granting of approval to market financial products for business customers on 5 September 2011, €141 million in growth funding (excluding overdrafts) had been provided to businesses and non-profit organisations by the end of the year.
Inflows into savings accounts continued to grow during 2011 (by 3.7%, compared with 0.8% in 2010), with particular focus on cash savings. Encouraged by two interest rate rises during the year, inflows to Livret A passbook accounts were also higher (up €2.3 billion), and the same was true of other passbook accounts (up €1.8 billion) as a result of promotional campaigns run during the year. The rise in long-term savings held by the Bank slowed compared with the levels seen the end of 2010, but still ended the year €0.5 billion higher.
Centralised savings grew by 1%, despite further decentralisation of 15% for savings held in *Livrets Épargne Populaire* passbook accounts.
As part of its strategy plan for business growth on the basis of a now-comprehensive range of retail banking products and services, La Banque Postale received a capital increase of €860 million on 9 December 2011.
Despite an economic environment badly affected by the wider crisis, La Banque Postale continued

to apply its prudent management policy, investing surplus liquidity in high-quality investments, largely in the form of French sovereign debt and similar securities eligible for repurchase transactions in the market or via the central bank.
La Banque Postale financial management focuses on the following objectives:
• maintaining surplus short- and medium-term liquidity,
• generating financial margins consistent with the Bank's strategic targets for Net Banking Income
• containing the impact of volatility on margins by limiting sensitivity to the interest rate fluctuations to which the Bank is exposed.
La Banque Postale also monitors the trend in the new regulatory monthly (LCR) and annual (NSFR) liquidity ratios introduced by the prudential reforms that emerged from the Basel III accords, and already complies fully with the limits due to come into effect from 2015 as part of its internal compliance and risk management bodies (notably the Risks Committee and ALM Committee).

Liabilities

Customer transactions represented total deposits of €156.7 billion at 31 December 2011.
Excluding credit balances in ordinary accounts (€46.8 billion), the majority of these deposits were held in the following savings accounts:
• Livret A and *Livret Développement Durable* (sustainable development) passbook accounts (€61.6 billion)
• *Livret d'Épargne Populaire* passbook accounts (€9.8 billion)
• *Épargne Logement* home savings (€19.8 billion in PEL home savings plans and €6.5 billion in CEL home savings accounts),
• other savings accounts (€9.2 billion)
Deposits held in Livret A and *Développement Durable* passbook accounts grew by €2.7 billion over the year, encouraged by two interest rate rises in February and August 2011. Deposits in ordinary accounts grew by €0.9 billion over the year, following a strong rise in long-term savings inflows during 2010, largely as a result of lower deposit flows into PEL home savings plans (deposits up by approximately €500 million), reflecting an increased preference among customers for liquid savings.

Assets

Customer transactions, the majority of which are accounted for by home loans, represented total funds advanced of €45.1 billion at 31 December 2011, reflecting an increase of €5.9 billion between 2010 and 2011. The significant gap between customer-related assets and liabilities remains, and reflects the atypical nature of the La Banque Postale balance sheet. The practice of investing excess liquidity is a key component of the Bank's financial management policy.
The total amount of financial assets totalled €131 billion, reflecting a rise of €5.5 billion. These assets represent one of the major items in terms of amounts under management, net banking income generated and balance sheet interest rate and liquidity risk management. Asset quality remained very high in 2011, with the proportion of the portfolio represented by AAA-rated held-to-maturity securities rising from 64% to 67%.
The challenge posed by financial management is that of determining the average period over which deposited funds can be committed. Although the majority of deposits are contractually held 'on-demand' and therefore theoretically payable at any time, experience shows them to be relatively stable. On the basis of statistical analyses, these deposits are split into two sections.
• a volatile section, invested short-term to provide the ability to meet customers' day-to-day cash requirements,
• a larger stable section which can be invested longer-term, having taken account of any unfavourable macro-economic and/or commercial scenarios.
Given the structure of its balance sheet, La Banque Postale has no need to issue long-term securities to finance its own operation. Short-term repurchase transactions continue to be used increasingly as part of extracting value from the market liquidity of portfolio securities and maintaining a healthy diversity of funding sources.La Banque Postale has introduced a programme of liquidity swaps for the purpose of extracting value from part of its surplus liquidity. Under this arrangement, the Bank swaps liquid assets covered by a reverse repurchase agreement for illiquid assets covered by a repurchase agreement in return for a fee. ›››

›››› Excluding resources centralised at *la Caisse des Dépôts* and central bank deposits, they break down as follows:

• a held-to-maturity portfolio valued at €35.4 billion, containing very high-quality bonds (mostly government bonds or similar) recognised at their amortised cost to contain financial margin volatility,

• a held-for-sale portfolio valued at €9.5 billion recognised at fair value in equity on the basis of strategic allocation following return/risk analysis. This portfolio contains not only government and corporate bonds, but also other asset classes, including equity indices, alternative management and private equity.

The value of the held-to-maturity portfolio fell by €2 billion over the year, reflecting the sales growth achieved as a result of the higher level of loans advanced customers.

Lastly, a cash portfolio of €10.9 billion – part of which is recognised at fair value through profit and loss – is backed by the residual proportion of the volatile section of deposits or market funding to provide management of La Banque Postale liquidity. Part of the temporary liquidity surplus is managed in the form of repurchase agreements.

Hedging derivatives

A portfolio of interest rate swaps with a notional value of €12.4 billion is used to reduce La Banque Postale margin sensitivity.

The accounting treatment of these long-term (more than one year) swaps as current account, financial asset and liability cash flow hedges or consumer loan interest risk hedges limits the impact on the profit and loss account of fluctuations in their value.

For current customer liabilities subject to an assumed fixed rate, hedges are based on a prudent analysis of customer behaviour as the basis for defining the flow rules applied to the stable section of assets under management.

In this way, fixed-rate financial assets and hedging instruments help to ensure margin consistency and limit the impact of interest rate volatility on profit. They also contribute to managing the overall risk posed by interest rates. ■

Financial information

Good levels of business resilience in 2011

Despite the effects of unfavourable market conditions and the impact of the Greek sovereign debt crisis on the cost of risk and financial results, 2011 saw completion of the La Banque Postale range of retail banking services and was marked by dynamic sales performance, particularly in terms of growth in customer lending.

Dynamic sales performance

Despite operating against a background of economic and financial crisis in the eurozone during 2011, La Banque Postale was able to reassert the stability of its business model, and its focus on retail banking.

2011 was the year in which La Banque Postale completed its range of products and services following authorisation to offer loan products to business customers and the successful launch of its health insurance offer at the end of the year.

2011 was also a year of dynamic sales performance, which delivered further growth in customer lending, both in home loans and personal loans, and more recently delivered a successful start to business lending. The figure for outstanding home loans rose by 12% to €41.7 billion, whilst personal lending advanced by 149% to €1.9 billion. In bank savings, deposits held in La Banque Postale ordinary savings accounts grew significantly by 5%, largely as a result of the success achieved by passbook savings account offers in the second half of 2011.

2011 also saw a return to growth in home savings (+2%) and instant-access deposits (+2.3%) to end the year at €46.4 billion.

La Banque Postale made an active contribution to new business inflows from life insurance in a market that shrank significantly as a result of regulatory and fiscal uncertainty. The corresponding assets under management grew by 0.6% to €109.1 billion.

GOP resilient despite the difficult trading environment

La Banque Postale consolidated Net Banking Income (NBI) totalled €5,231 million at 31 December 2011, up 0.3% on the figure for 2010. Corrected to reflect the change in the homes loans provision, NBI rose by 0.2%. ›››

Yves **Brassart**
Head of Finance and Strategy

Our difference

"The stability of our model".

"In 2011, La Banque Postale once again demonstrated the effectiveness of its business model, focused on retail banking and the provision of funding for the real economy, personal customers and business customers. This position was further consolidated by sound liquidity and the greater level of solvency made possible by the €860 million capital increase provided by La Poste on 9 September."

››› The interest margin and income from financial instruments fell by €99 million as a result of lower average yields. Income from securities portfolios also fell as a result of difficult market conditions (historically low interest rates and wider credit spreads). Interest charges relating to savings deposit inflows rose during the year.

As a result, Gross Operating Profit (GOP) for the year was €708 million (down €71 million on the figure for 2010), with a cost/income ratio of 86.6%.

On the other hand, net commission rose 2.2% to €42 million as a direct result from the dynamic sales performance delivered by insurance and increasing product take-up by customers.

Operating expenses remained under tight control at €4,365 million (+1.5%), excluding depreciation allowances and fixed asset depreciation. The slight increase reported results primarily from capital expenditure applied to the development of new business sectors.

Net depreciation and fixed asset depreciation allowances totalled €157 million, reflecting an increase of €20 million over 2010 as a result of capital expenditure on IT and Post Office ATMs.

Cost of risk and net profit figures hit by the Greek sovereign debt risk

The figure for consolidated cost of risk rose by €258 million, of which €241 million related directly to Greece (€113 million in own risk and €128 million related to performance guarantees for the Progressio fund). These write-downs equate to an average impairment of 71.9%.

Ordinary cost of risk rose moderately by €17 million as a result of increasing activity in personal lending. The cost of risk as a proportion of assets under management is comparable to the figure reported from previous years, and remained closely controlled at 21 basis points.

Against this unusual background, net operating profit fell by €390 million and, excluding the effects of the Greek sovereign debt crisis, ended the year €88 million lower at €631 million.

Net income from companies accounted for by the equity method fell by €35 million to €160 million, largely as a result of the reduced contribution from CNP Assurances. The results of CNP were impacted by difficult market conditions, the effects of the Greek sovereign debt crisis and the decline in the life insurance market seen in 2011.

The Group share of net profit for the 2011 financial year was €412 million, representing a fall of €239 million. Excluding the effect of the Greek sovereign debt crisis, this figure would have been €569 million, reflecting a reduction of just 12%.

Lastly, on 9 September 2011, La Banque Postale received a capital increase of €860 million funded by La Poste. At the end of 2011, La Banque Postale Core Tier 1 Ratio was one of the best in the market at 12.7%.

Consolidated balance sheet at 31 December 2011

Assets (€000)	12.31.2011	12.31.2010
Cash and central banks	2,643,973	2,149,998
Financial assets at fair value through profit and loss	11,016,356	4,270,647
Hedging derivatives	272,515	334,742
Financial assets available for sale	9,474,603	9,966,741
Loans & receivables – credit institutions	74,882,171	73,493,943
Loans & receivables – customers	45,082,910	39,213,820
Revaluation reserve for interest rate hedged portfolios	145,129	129,602
Financial assets held to maturity	35,376,985	37,413,191
Current and deferred tax assets	377,125	123,395
Accruals and sundry assets	3,613,519	3,155,583
Tangible assets	487,511	448,877
Intangible assets	333,294	300,344
Goodwill	53,655	53,439
Total	**185,711,926**	**173,015,747**

Liabilities	12.31.2011	12.31.2010
Financial liabilities at fair value through profit and loss	249,710	112,846
Hedging derivatives	234,123	181,679
Payables – credit institutions	10,865,606	6,169,760
Customer payables	156,749,470	151,068,471
Debts represented by securities	5,463,758	4,523,400
Current and deferred tax liabilities	8,833	15,090
Accruals and sundry liabilities	4,793,838	4,169,527
Insurance company technical provisions	530,496	450,963
Provisions	399,199	303,805
Subordinated debt	796,475	1,236,279
Shareholder equity	5,637,618	4,793,763
Minority interests	(17,200)	(9,836)
Total	**185,711,926**	**173,015,747**

Consolidated Profit & Loss Account

(€000)	31.12.2011	31.12.2010
Net Banking Income	5,230,692	5,215,291
General operating expenses	(4,365,202)	(4,298,846)
Net amortization and impairment of tangible and intangible assets	(157,390)	(137,110)
Gross operating profit	708,100	779,335
Provisions for loan losses	(318,223)	(59,884)
Résultat d'exploitation	389,877	719,451
Income from companies accounted for by the equity method	160,365	194,949
Net gains or losses on other assets	(806)	2,326
Goodwill impairment	(4,722)	
Pre-tax profit	544,714	916,726
Corporation tax	(134,653)	(275,840)
Consolidated net profit	410,061	640,886
Minority interests	(2,096)	(10,431)
Net profit, attributable to equity holders of parent	412,157	651,317

Thanks

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Management Committee

The Bank Management Committee members include Executive Committee members, the Bank's Regional Representatives (RTB) and the Executive Board Chairman of La Banque Postale Financement.

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La Banque Postale
Limited Company with Executive Board and Supervisory Board, capitalised at €3,185,734,830
Registered office and postal address: 115 rue de Sèvres - 75275 Paris Cedex 06
RCS Paris 421 100 645 - APE code 6419Z, insurance intermediary registered at ORIAS under no. 07023424.

LA BANQUE POSTALE

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LE GROUPE LA POSTE