



# BUSINESS REPORT 2012

LA BANQUE



POSTALE

BANQUE ET CITOYENNE



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## *The civic-minded Bank*

A subsidiary of the La Poste Group, La Banque Postale is a bank that is “not like other banks”, incorporating the values of La Poste of serving the greatest possible number in their local community.

**We are the bank for everyone,**

with 10.6 million active private customers and over 446,000 corporate customers. Each of our customers can at any time decide which banking relationship suits them best: they can meet an advisor in their local community, thanks to our regional coverage through local post offices, or they can access any number of interconnected and remote services provided by La Banque Postale.

**The useful Bank,**

since 2011, La Banque Postale has offered its private customers a full range of banking and insurance products and services, tailored to their basic needs and competitively priced.

For corporate customers, we have a range of simple solutions to meet all their workflow, cashflow, social engineering and financing requirements.

**A bank that supports local development,**

La Banque Postale works closely with local stakeholders of all sizes actively involved in regional development, including local authorities, social housing partners, those working in the social economy and businesses. The bank provides funding for their projects and mobilises its customers' savings to support regional development.

**The bank built on trust,**

La Banque Postale prioritises its customers' interests and places them at the heart of its organisation. A civic-minded bank that combines performance and ethics. With its customers, it creates and shares a new relationship to money and to banking.

## Chairmen's message

# A banking model built on trust

**2** 012 was a key year in the history of La Banque Postale. In a difficult economic and financial environment, we demonstrated the strength of our economic model, which is to be a bank that is useful and active on the ground, a bank that puts its profitability to the service of everyone. We continued to develop our activities in a strong, progressive and controlled manner, while remaining faithful to our 2011-2015 strategic plan: "Putting the customer first: let's make a difference". We maintained strong results, a sure indicator of our sustainability, with net banking income at 5,241 million euros and gross operating income at 755 million euros.

This resilience is intimately linked with the trust we have built up with our customers. This trust is our greatest pride and our best asset for the future. This year again, La Banque Postale has contributed to the expansion of the La Poste Group, underpinning its ambition to become a European leader in local services and a benchmark of a modern public company.

### New offers to meet major economic and social challenges

In 2012, we mobilised all the Group's energy to meet core challenges such as the increasing scarcity of funding sources for local authorities. In response to the tangible and immediate risks this scarcity poses to the economy and to local development, La Banque Postale, in the space of a few short months, set up and rolled out **a new funding unit** for local authorities – and, more generally, for all stakeholders in the local public sector.

In 2012, small and medium-size companies were also seeking more funding than ever before, to enable them to transform their business

model and weather the crisis. La Banque Postale rolled out a funding offer tailored to their individual issues as well as to those of all businesses, by offering new lease financing solutions for furniture and property acquisition. Over the year, we increased funding to businesses to over 1.3 billion euros, a major challenge when one takes into account the fact that 1 million euros invested in a business leads to the creation of six jobs on average.

In 2012, the behaviour and expectations of our private customers also changed significantly, often amplifying existing trends such as new

internet usage, mobility, the culture of the immediate, increased quality of service, etc. Attentive to their new demands, La Banque Postale is the only bank to have gone so far in proposing an interoperable banking relationship with identical charges regardless of the channel used.

Lastly, our priority was to preserve profitability, for one simple reason: it allows us to continue to make banking accessible on a sustainable basis and to continue to finance solutions for customers in financial difficulty.



**JEAN-PAUL BAILLY**

Chairman and Chief Executive Officer of the La Poste Group  
and Chairman of the Supervisory Board of La Banque Postale

And because we are the bank for everyone, we have also in parallel structured our asset management section to deliver the service these customers want, with an extended offering and a more suitable distribution model.

### **A civic-minded bank committed to the long term**

In 2012, we set ourselves apart through initiatives and firm commitments, demonstrating our vision of serving over the long term.

First of all, we launched a social home ownership offering: ensuring that even **customers on low incomes have access to home ownership** is a difficult task, one that is all the more difficult in times of crisis, but that remains a life goal for many. In partnership with stakeholders in social housing, we are now developing innovative acquisition solutions, backed up by safety nets for borrowers. €250 million of home loans were allocated to households on modest incomes in 2012.

In a tight economic environment, the risks of banking exclusion have also increased: this is why we launched our "Initiative against banking exclusion" in partnership with eight major associations to study and propose new practices in this area.

La Banque Postale has also decided to devote all our sponsorship investments to prepare for the future by promoting equal opportunity. In 2012, we created "L'Envol, the La Banque Postale campus" to promote access to centres of excellence for school students from underprivileged backgrounds.

### **A forward-looking, dynamic bank**

In the last two years, our customers' trust has made us the preferred banking brand in France. In 2013, in spite of an economic climate that is set to remain difficult, we will continue to develop, to protect all our customers and to finance their projects.

We will continue to implement our strategic plan with an ambitious action plan to support regional development. We will provide 4 billion euros in concrete funding to finance equipment purchases, infrastructure, economic development, etc. A further 3 billion euros will be spent on helping our customers cover their operating needs.

We will follow our country's demographic and social trends by building solutions aimed at senior citizens, who have vastly different needs according to whether their levels of activity and dependence.

### **We will step up our commercial development,**

which is crucial in this extremely competitive environment, with new services that are simple and responsible and that make our customers' lives easier, by extending remote banking, developing programmes to improve quality of service and enhance customer relations, solutions for young people, etc. In the spring of 2013, we will launch a factoring offering aimed at SMCs and microbusinesses, and a specific envelope of 1 billion euros will be dedicated to developing social home ownership for customers on low incomes.

We will also consolidate the action plans that emerged from the "Grand Dialogue", carried out in 2012 with all La Poste Group employees on well-being at work.

At the same time, there are a number of things that will not change in 2013 and beyond, as can be seen in our new brand signature "The civic-minded bank". These include our wish to be a useful bank that contributes in concrete terms to the economic vitality of our country; a bank that is open to all; a different bank that shares and creates a new relationship to money with its customers; a bank that is both modest and ambitious, one that looks to the future clearly and confidently.



**PHILIPPE WAHL**

Chairman of the Executive Board of La Banque Postale

“Putting the customer first: let’s make a difference”

# Putting the 2011-2015 **strategic plan** into action

## **A BANK THAT SUPPORTS REGIONAL DEVELOPMENT**

**La Banque Postale is on-board:** in just ten months, we launched our funding offering for local authorities to support them in their investment projects. We started to market credit lines in June (envelope of 4 billion euros), and then in November we brought our first medium- and long-term loans to market. The range will eventually be extended to the entire local public sector.

To strengthen links with the local public sector, the bank set up a Local funding committee comprising elected representatives, former parliamentarians and experts, chaired by Jean-Pierre Balligand\*. We set up a new local funding model, based on simple, accessible products, backed by liquidity, with transparent pricing and a responsible approach to advice and risk. In launching our partnership with Caisse des dépôts, La Banque Postale’s ambition is to reach market share of 20-25% in this new business line by 2015.

**“Developing our funding offering for the local public sector”  
is a strategic priority**

\* Councillor for the department of Aisne and former parliamentarian.



## **A BANK WITH MULTI-CHANNEL ACCESSIBILITY**

**La Banque Postale is innovating** to offer its customers a wide range of access options: face-to-face in post offices, telephone banking, internet banking and mobile banking. Attentive to our customers’ wishes, our innovation involves creating simple, practical services. In 2012, a new access channel was inaugurated: La Banque Postale Chez Soi (La Banque Postale at home), a remote advisory service that has already attracted 30,000 customers. The Bank has also improved the multi-channel experience for its customers. Using electronic signatures, they can sign up online for various products and services.

**“Offering customers a full range of multi-channel products and services”  
is a strategic priority**



## COMBATING BANKING EXCLUSION OF CUSTOMERS IN FINANCIAL DIFFICULTY

La Banque Postale is developing a range of initiatives, in partnership with all relevant stakeholders. In June, we entered into an agreement with Adie (Right to Economic Initiative) to develop microcredit for business start-ups. La Banque is also working in partnership with the national association for directors of "missions locales" (ANDML) to help young people seeking to enter the workforce (helping with personal finances, raising awareness of banking products and practices, etc.). We have entered into over 110 personal microcredit partnership agreements since 2007. Lastly, La Banque Postale, stakeholders in the public sphere and anti-exclusion associations set up a think-tank in October 2012: "Initiative against banking exclusion". This think-tank, which is open to all, currently counts Adie, Crésus, the French Red Cross, La Banque Postale, and charities Les Restos du Cœur, Secours catholique, Secours populaire and the National Union of Community Centers for Social Action (UNCCAS).

**"Offering solutions tailored for vulnerable customers" is a strategic priority**

## ACCELERATING THE DEVELOPMENT OF SOCIAL HOME OWNERSHIP

**To meet the needs of low-income households** La Banque Postale plans to set up an innovative model to finance social home ownership. Founded on a partnership approach with social housing stakeholders (SACICAP and other social housing associations such as USH, OPHLM, ESH, FNAR, etc.), this will secure the funding raised by providing safety nets for borrowers. Work started in May 2012 with the signing of an agreement with the national federation of low-income housing cooperatives. La Banque Postale will also strengthen its operational arrangements by setting up a platform of specialised advisors and a steering committee.

A major player in marketing zero-rate loans, La Banque Postale launched the social home ownership loan (PAS) in October 2012. Faithful to the values of La Poste of serving the greatest possible number in their local community, La Banque Postale is also stepping up the distribution of regulated loans to promote social home ownership and aims to provide a further 3 billion euros by 2015.

**"Offering solutions tailored for vulnerable customers" is a strategic priority**

## FINANCING BUSINESS DEVELOPMENT

In 2012, La Banque Postale continued to develop its range of **financing products** aimed at businesses, professionals and associations. With reinforced multi-channel distribution, this range is based on a simple, clear offering with a transparent pricing structure.

After the introduction of the credit facility in 2011, marketing of property leasing and furniture leasing started up in 2012. We are currently developing an overdraft facility for ETI (mid-cap companies) and a factoring offering will be marketed in 2013 for SMCs and ETIs.

**"Building a financing offer for companies" is a strategic priority**

## Innovation

### MAKING OUR CUSTOMERS' LIVES EASIER



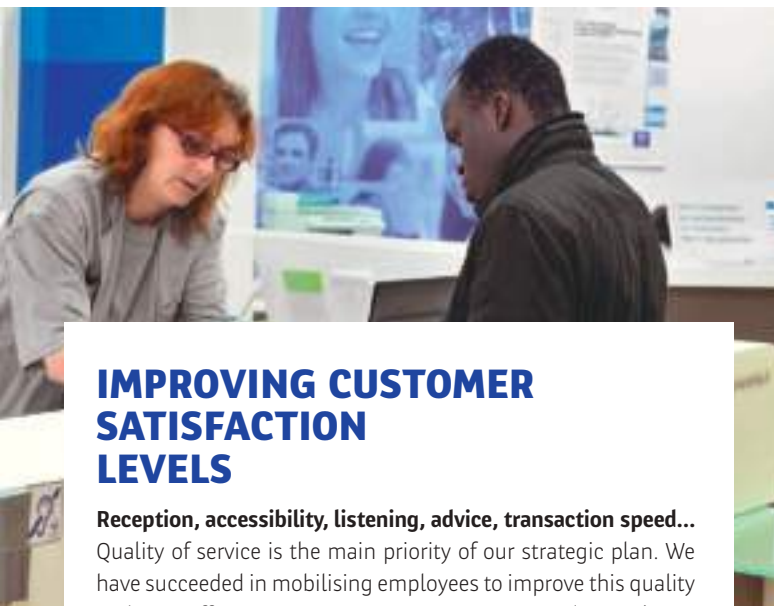
• Since October 2012, insurance customers of La Banque Postale can access the **Digishoot** tool. This free smartphone app allows users to take photographs of an incident with time-stamp and geolocation and then forward it to La Banque Postale Assurances IARD via Digiposte mobile secure storage, which triggers a compensation procedure for covered incidents. This innovative product, developed by La Banque Postale Assurances IARD, in partnership with La Poste and the Courrier business, makes claims easier and faster to process.



• Customers can now place stock market orders easily using the **stock-market app** offered by easyBourse on iPhone and Android. Customers can place orders securely, wherever and whenever they want, and can also access many other features.

• We innovate primarily to serve our customers. This is why La Banque Postale is attentive to its customers, notably through **Lab customer**, which can be accessed via the customer space on [labanquepostale.fr](http://labanquepostale.fr). Subjects surveyed include internet functionalities, mobile apps, payment methods and bank ATMs.

• **Account e-statements** are filed and backed up free of charge throughout the statutory storage period in the Digiposte secure storage system. This solution was developed in synergy with the La Poste Group Courrier business.



## IMPROVING CUSTOMER SATISFACTION LEVELS

### Reception, accessibility, listening, advice, transaction speed...

Quality of service is the main priority of our strategic plan. We have succeeded in mobilising employees to improve this quality and now offer our customers greater access to advisors (more and more in-branch meetings are offered within 48 hours and we now have a secure internet messaging service between advisor and customer), telephone access. We have also increased our ATM fleet and speeding up cheque cashing (all major post offices now have scanners to speed up this process). More and more employees are involved in assessing customer feedback to enable us to meet our customers' needs as closely as possible.

**"Making quality of service a lever for customer satisfaction and loyalty" is a strategic priority**



## La Banque Postale wins awards

### • PREFERRED BRAND

According to the 2012 of *Grand Livre des Marques*, a national brand competition, La Banque Postale has been the preferred brand in France in the bank and insurance category since 2010.

### • ADVICE

Consumer magazine *60 millions de consommateurs* (November 2012) tested 9 bank networks. La Banque Postale was far ahead of the other networks and our advisors were seen as "satisfactory" to "very good" by the anonymous critics.

### • RATES

Consumer website *Les Dossiers de l'Épargne* (October 2012) positively reviewed La Banque Postale rates, our free direct debits and subscription to our internet management service as well as insurance costs and

methods of payment that are lower than market average.

### • QUALITY OF PRODUCTS AND SERVICES

La Banque Postale has won Labels of Excellence for its MasterCard, Visa Premier and 18/25 years account offerings. EasyBourse has won a Label of Excellence for its price positioning for all profiles surveyed (small savers, occasional investors and active investors).

### • RESPONSIBLE DEVELOPMENT

The Observatory for Sustainable Development (Observatoire du Développement Durable®) has indicated that for the 4<sup>th</sup> year running, La Banque Postale is perceived by French people as the no. 1 bank in terms of commitment to sustainable development (June 2012).



## La Banque Postale updates its brand signature

La Banque Postale asserts itself as a different kind of bank: from being "much more than a bank", it is now a fair, civic-minded bank, a bank that serves the public interest and puts its customers' interests first. This is the reasoning behind its new signature: **The civic-minded bank**. The Bank proves this to its customers on a daily basis by improving quality of service, satisfaction levels, equipment and protection.

## SERVING HIGH-NET-WORTH CUSTOMERS

**La Banque Postale is the bank for everyone**, from those on the lowest incomes to those on the highest. While the Bank is proud of its mission to increase access to banking for everyone, it is also developing its products and services for high-net-worth customers. In this context, the Supervisory Board of La Banque Postale and the La Poste Group's Board of Directors on 5 October 2012 authorised La Banque Postale to enter into exclusive negotiations with Crédit Mutuel Arkéa with a view to buying out Banque Privée Européenne (BPE). The share transfer is set for the first half of 2013, subject to approval by the supervisory and competition authorities.

**"Stepping up our high-net-worth activity" is a strategic priority**

## BECOMING A PIONEER IN ENSURING QUALITY OF LIFE IN THE WORKPLACE

**As part of the Grand Dialogue initiated by the La Poste Group**, human resources are at the heart of the company's core aim to become a pioneer in ensuring quality of life in the workplace. We have set up eight projects focusing on dialogue and social regulation, management, work organisation practices and change management, health and safety in the workplace, the social model, redeployment, HR and forward planning of jobs and skills. La Banque Postale, one of whose strategic priorities is to make the men and women of the La Poste Group key players in the success of their Bank, is fully committed to this approach.





## PROMOTING EQUAL OPPORTUNITY

# *L'Envol, the La Banque Postale campus*

Because one of our country's great causes is education, in early 2012 La Banque Postale set up a sponsorship programme in line with its values and those of the La Poste Group by creating "L'Envol, the La Banque Postale campus", dedicated to talented young students.

L'Envol, the La Banque Postale campus, a non-profit organisation, aims to identify promising young students from low-income urban and rural households from their first year in secondary school and help them to access high-level education through individual support, both material and cultural.

This programme runs alongside the national education curriculum: on 25 April 2012, Jean-Paul Bailly, Chairman and CEO of the La Poste Group, Philippe Wahl, Chairman of the Executive Board, and Luc Chatel, then Minister of Education, Youth and Sport, signed an agreement setting up L'Envol, the La Banque Postale campus in French educational districts and schools throughout France. To bring this project to completion, L'Envol relies on its partnership with the Frateli association, a key player in ensuring equal opportunity.

## A comprehensive support programme

The ambition is to encourage deserving students to achieve excellence in all its forms, to help them surpass themselves, to boost their self-confidence and develop in them the drive to succeed. To achieve this, L'Envol follows each one individually, developing a sense of belonging and mutual assistance among the young beneficiaries. The comprehensive programme is based on five areas: *coaching*, material support, monitoring and administrative support, developing community spirit and cultural and sporting openness.

The first cohort, chosen in 2012, is made up of 60 students in their final two years of secondary school. They are mentored by 60 Bank employees, who are committed to remaining by their side to advise them, help them and encourage them on a daily basis. L'Envol will eventually comprise almost 500 students.

**"Proving that La Banque Postale is different" is a strategic priority**

## The Board of Directors of L'Envol

The Board of Directors is made up of La Poste Group employees and six external members:

• **THIERRY DUSAUTOIR**, Chairman of the Board of Directors of L'Envol, French rugby team captain and named International Player of the Year by the *International Rugby Board* in 2011.

• **MARINA CAVAZZANA-CALVO**, Professor of Medicine in Paris Descartes University, Director of research and Head of department of the Clinical investigation centre in biotherapy at Necker Hospital.

• **MANUELLE GAUTRAND**, Architect. Ms Gautrand's achievements include the Citroën showroom on the Champs-Élysées and the Ava Tower at La Défense business district near Paris.

• **GEORGIA SCALIET**, Member of the Comédie-Française since 2009 and winner of the Molière theatre award for best young actress in 2011.

• **ALAIN DUCASSE**, World-renowned chef, three-time winner of three Michelin stars and Chairman of the Châteaux & Hôtels Collection chain.

• **CÉDRIC VILLANI**, Director of Institut Henri-Poincaré and Professor at University Claude-Bernard Lyon 1, winner of the Fields Medal for mathematics in 2010.

• **JEAN-PAUL BAILLY**, Chairman and CEO of the La Poste Group.

• **PHILIPPE WAHL**, Chairman of the Executive Board of La Banque Postale.

• **PHILIPPE BAJOU**, CEO of La Poste Retail Brand.

• **SYLVIE LEFOLL**, Director of communications and sponsorship at La Banque Postale.

• **MATHIEU CHEULA**, Director of Management Control at the Bank, Treasurer of L'Envol.

# Key figures for 2012

## NET BANKING INCOME

**5.241** billion euros

## ACTIVITY (in million euros)

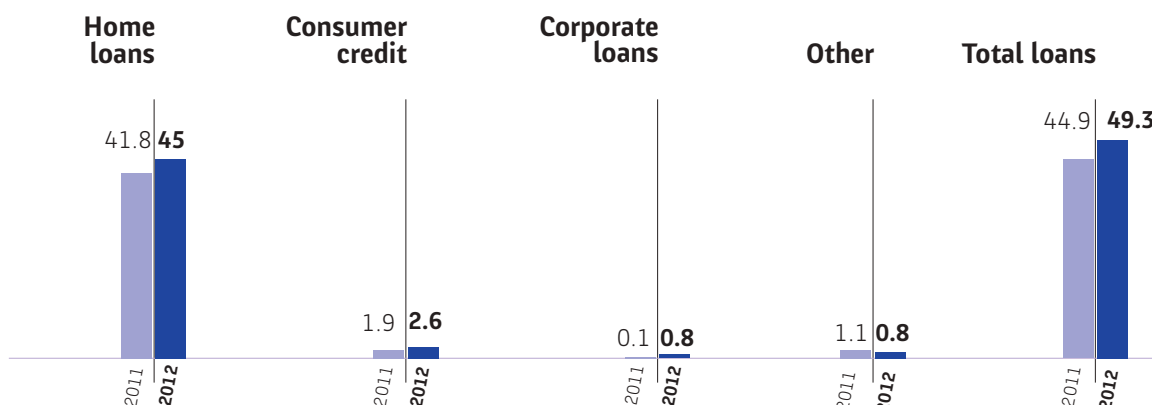
	2011	2012
Consolidated net banking income	5,231	5,241
Gross operating income	708	755
Net Income - Group share	412	574
Core Tier 1 Ratio	12.7%	12.1%

## LONG-TERM RATINGS

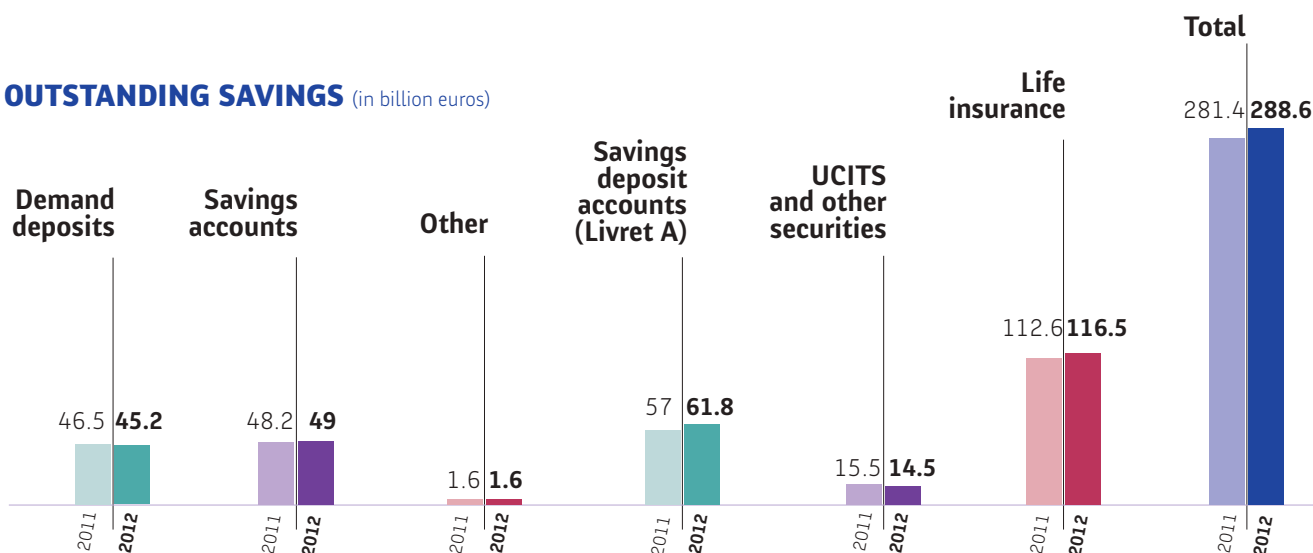
Standard & Poor's (25 October 2012): **A+** / Negative outlook

Fitch (31 August 2012): **AA-** / Negative outlook

## LOANS (in billion euros)



## OUTSTANDING SAVINGS (in billion euros)



## MULTI-CHANNEL PRODUCTS AND SERVICES

5.7

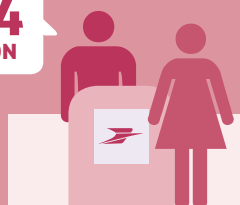
million

meetings  
with advisors

559  
MILLION

contacts with  
remote banking  
(telephone, internet  
and mobile internet)

184  
MILLION



transactions  
conducted at post  
office counters

513

million

transactions  
(withdrawals, account  
enquiries, etc.)  
conducted via ATMs

## CORPORATE RESPONSIBILITY

64.8% €

### RESPONSIBLE ASSET MANAGEMENT

88.96 billion euros assets under management incorporated under ESG principles, i.e. 64.8% of total assets under management in 2012

+37%

### MICROLOANS

17 new agreements signed  
The number of microloans granted rose 37% compared to 2011

55% and  
33.3%

### GENDER MIX

In 2012, 55% of managers and 33.3% of Executive Board members were women

13%

### RESPONSIBLE PROCUREMENT

Turnover with the protected and adapted sector rose 13% in 2012 compared to 2011



# Governance of La Banque Postale

From its inception, La Banque Postale has adopted governance principles in line with best practice\* and with its status as a public company.

## ADMINISTRATION AND CONTROL OF THE COMPANY

- **The Executive Board** defines the strategy and operational policy of the La Banque Postale Group. It ensures that activities are coherent and convergent and ensures compliance with the legal and regulatory provisions. It reports regularly to the Supervisory Board on the Banks' results, development projects and strategy.
- **The Supervisory Board** oversees management of La Banque Postale and ensures that its strategy is properly implemented. It is made up La Poste directors, Bank employee representatives and independent members.

## COMPOSITION OF ADMINISTRATIVE AND OVERSIGHT BODIES

- **The Supervisory Board** is chaired by the Chairman and CEO of the La Poste Group, Jean-Paul Bailly. It has fifteen members. Seven members have executive positions within the La Poste Group, three are independent and five others are elected by the employees, representing one third of the Board, in accordance with the provisions of the Law on public-sector democratisation. Members of the Supervisory Board are elected for a term of five years.  
The State has also appointed a Government commissioner to La Banque Postale under the general interest remit entrusted to it. The Secretary of the Works council also attends Board meetings.



\*Viénot reports (1995, 1999), Bouton report (2002) and Afep/Medef code in particular.

The Supervisory Board has set up three special-purpose committees to help it in its work:

- the Audit Committee;
- the Strategy Committee;
- the Appointment and Compensation committee.

→ Up to 9 January 2013, **the Board members** were Philippe Wahl, Chairman, and Philippe Bajou. Following the resignation of Mr Bajou (after his appointment as Deputy Chief Executive Officer of the La Poste Group and Chief Executive Officer of La Poste Retail Brand), the Board now has three members: Philippe Wahl, Marc Batave, corporate officers, and Yves Brassart.

→ **The internal governance** of La Banque Postale is regulated by meetings of the Board, of the Operations Committee (COMOP), of the Executive Board (COMEX), of the Board of Directors (CODIR) and the eight committees chaired by Board members:

- the Sales and Marketing committee;
- the ALM committee;
- the Risk committee;
- the Ethics and Compliance committee;
- the Customer quality committee;
- the Information Systems Strategy committee;
- the Sustainable development committee;
- the Internal Control Coordination Committee

## → SUPERVISORY BOARD MEMBERS

### MEMBERS WITH EXECUTIVE POSITIONS WITHIN THE LA POSTE GROUP

#### Jean-Paul Bailly,

Chairman of the Supervisory Board of La Banque Postale; Chairman and CEO of the La Poste Group.

#### Marc-André Feffer,

Vice-Chairman of the Supervisory Board of La Banque Postale; Deputy Chief Executive Officer of the La Poste Group in charge of development strategy, international and legal affairs, and regulation; Chairman of Poste Immo.

La Poste, represented by **Georges Lefebvre**, Managing Director of the La Poste Group.

#### Didier Brune,

Director of European and national regulation for the La Poste Group.

#### Xavier Girre,

Deputy Chief Executive Officer; Chief Financial Officer of the La Poste Group.

#### Bernard Haurie,

Director of strategy for the La Poste Group.

#### Nathalie Andrieux,

Deputy Chief Executive Officer of the La Poste Group in charge of digital technology; Chairwoman of the Mediapost Group, appointed at the AGM of 15 February 2013.

### INDEPENDENT MEMBERS

#### Christiane Marcellier,

Manager of a consultancy firm specialising in mergers and acquisitions, appointed in 23 September 2011.

#### Sylvain Lemoyne de Forges,

Deputy Chief Executive Officer of AG2R La Mondiale, in charge of Finance, strategy and forward planning.

#### Didier Ribadeau Dumas,

Company manager.

### MEMBERS REPRESENTING EMPLOYEES

#### Jean-Robert Larangé,

Retail banking, nominated by CFDT.

#### Steeve Maigne,

Social and local economy, nominated by SNB/CFE-CGC.

#### Maryvonne Michelet,

Legal affairs, nominated by CFDT.

#### Françoise Paget Bitsch,

Territorial representation of Banque Méditerranée, nominated by FO.

#### Hélène Wolff,

Retail banking, nominated by CFDT.

### OTHER PARTICIPANTS

**Christian Bodin** up to 9 January 2013, followed by **Dominique Bocquet**, Government commissioner.

#### Thierry Freslon,

Secretary of the Works Council

## → OPERATIONAL COMMITTEE

The Operational committee is the steering body for La Banque Postale.  
It supports the Executive Board, particularly in terms of marketing initiatives.

**PHILIPPE WAHL**

Chairman of the  
Executive Board of  
La Banque Postale

**PHILIPPE BAJOU**

CEO of La Poste  
Retail Brand

**MARC BATAVE**

Executive Board member,  
General secretary

**ANNE-LAURE BOURN**

Head of operations

**YVES BRASSART**

Executive Board  
member,  
Head of finance  
and strategy

**CATHERINE  
CHARRIER-LEFLAIVE**

Head of human resources

**DIDIER MOATÉ**

Head of  
Retail banking

**DANIEL ROY**

Head of Asset  
management and Wealth  
management business



As at 1 March 2013

→ **EXECUTIVE COMMITTEE**

The Executive committee assists the Operational committee in its ongoing review of the operations of the Bank and of its subsidiaries. It is responsible for implementing and monitoring the strategic plan. It is also a forum for sharing and communicating to prepare, develop and relay Bank decisions. Chaired by Philippe Wahl, it is made up of members of the Operational committee plus:

**SERGE BAYARD**

Head of local authorities  
and corporate

**FRANÇOIS GÉRONDE**

Chief Risk Officer

**SYLVIE LEFOLL**

Head of  
communication  
and sponsorship

**MARC LÉVY**

Head of compliance

**CHANTAL LORY**

Chairperson of the Executive  
Board of La Banque Postale  
Asset Management

**FLORENCE LUSTMAN**

General inspector

**STÉPHANE MAGNAN**

Head of financial operations

**PATRICK RENOUVIN**

Head of information systems

**DOMINIQUE  
ROUQUAYROL DE BOISSE**

Head of Legal affairs

**DANIELLE WAJSBROT**

Head of the insurance unit

→ **THE BOARD OF DIRECTORS**

The Board of Directors is a forum for exchanging views on the Bank's major policies, on the state of progress of projects, budget and results. Its members are Executive Board members plus:

• **Regional Bank Representatives (RTB)****JEAN-PAUL BARRÉ**

RTB – West, overseas departments

**GILBERT DORÉ**

RTB – North-East

**DANIÈLE FAIVRE**

RTB – South and south-west

**CATHERINE GARNIER-  
AMOUREUX**

RTB – Centre-East

**OLIVIER SOLÈRE**

RTB – Paris–greater Paris region

**ANDRÉ TABONI**

RTB – Mediterranean, Corsica

**BERNARD DE MARNHAC**, secretary

# La Banque Postale and its subsidiaries

La Banque Postale has brought together experts in many different fields, including retail banking, insurance and asset management. It is organised to serve its private, corporate and professional customers and to serve the social and local economy.



LE GROUPE LA POSTE

Shareholder of La Banque Postale

As at 31 December 2012

## Asset management

La Banque Postale  
Asset Management

La Banque Postale  
Structured Asset  
Management

AMlab

Thiriet  
Management

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



## *Building together*



*For me, this photo expresses sharing, communication, and the desire to forge links to work better together.”*

**Laurence Biguenet,**

Professional development advisor in the Dijon financial centre

Low-income or high-income, young and old, rural and city dwellers...

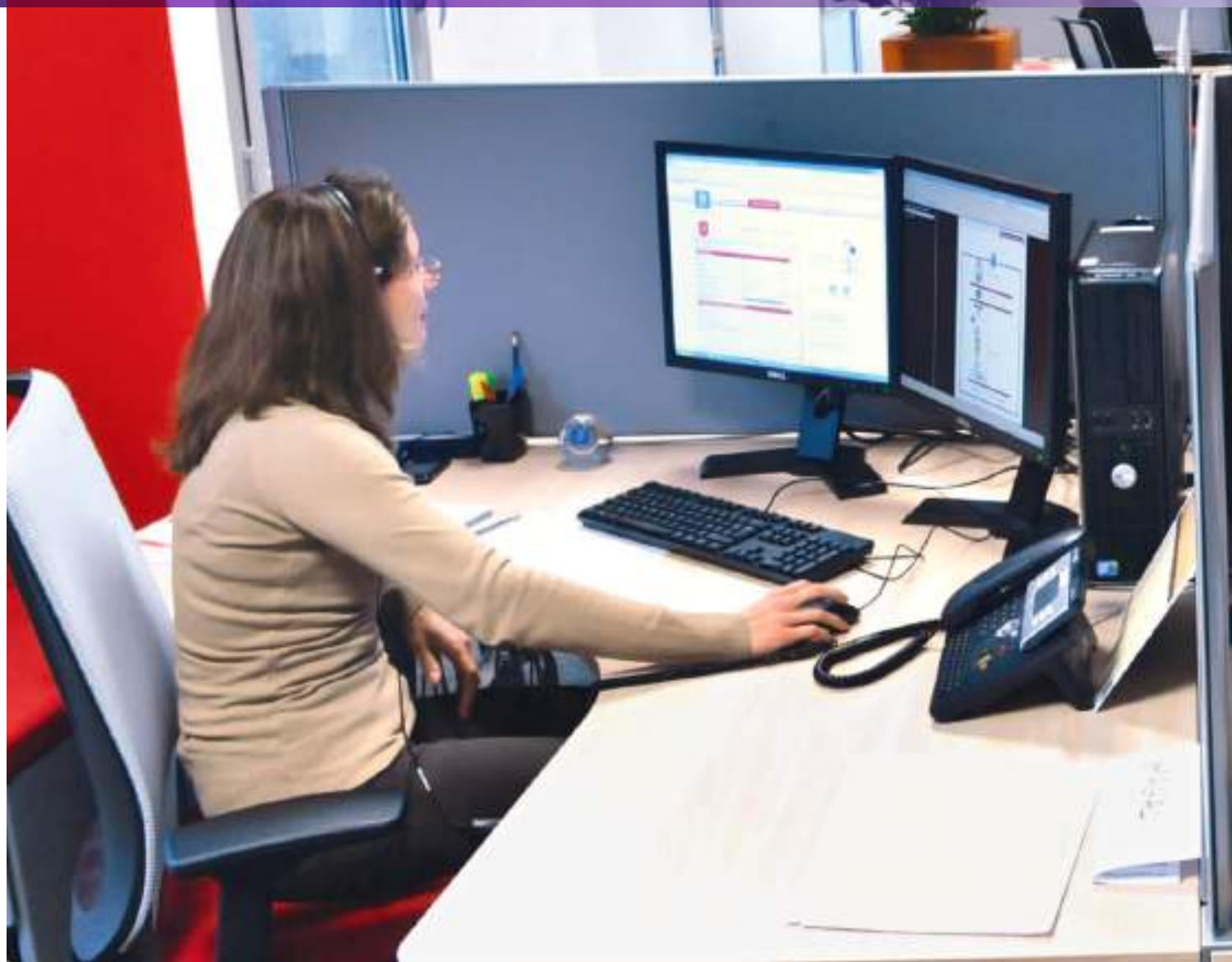
La Banque Postale is the bank for everyone, attentive to everyone's needs: we undertake to treat everyone with respect and consideration, regardless of who they are.

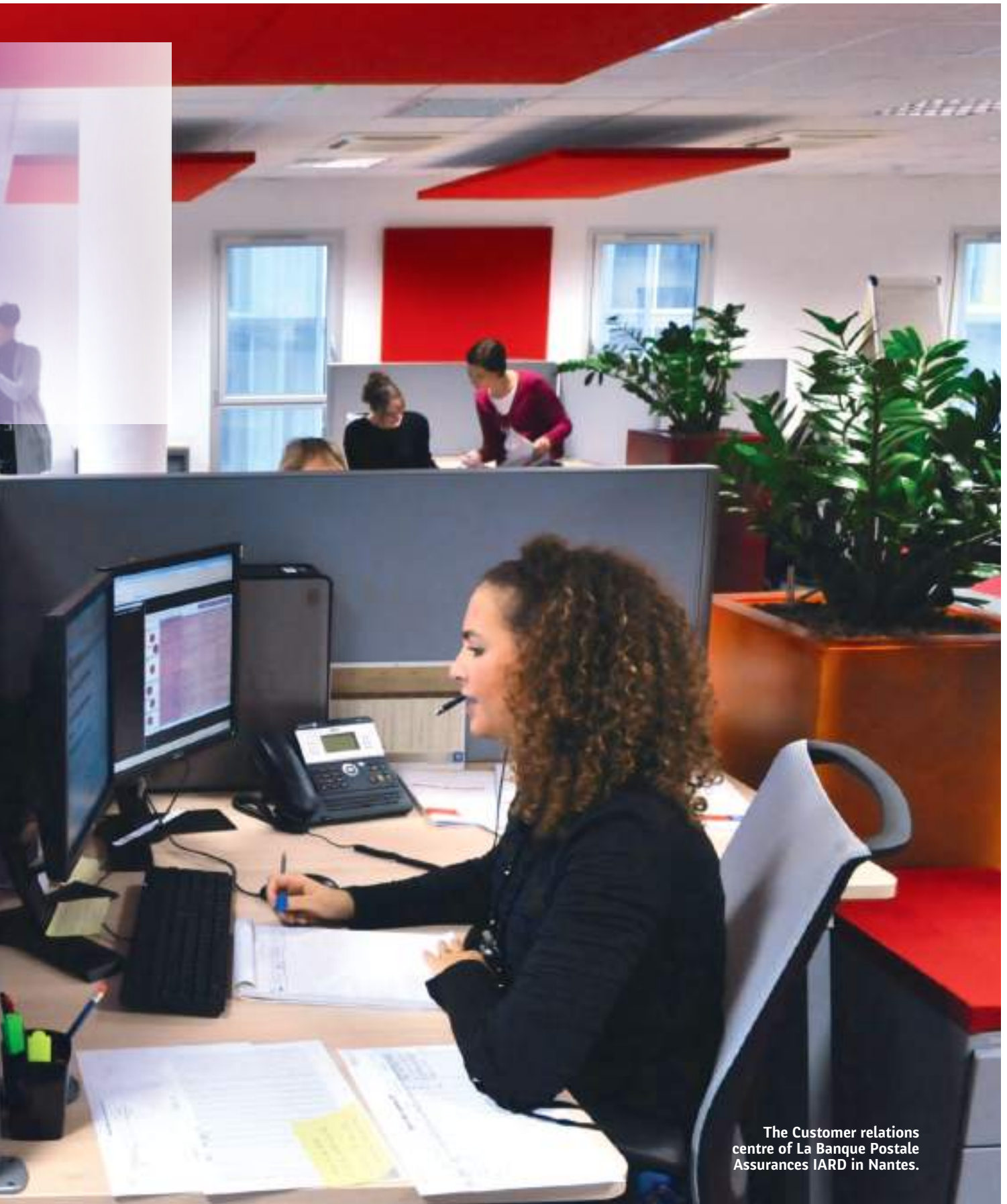
**La Banque Postale. The civic-minded bank.**



The people who make La Banque Postale

**We care about  
our employees**  
as well as our customers





The Customer relations  
centre of La Banque Postale  
Assurances IARD in Nantes.

# A social model that gives men and women the means to succeed

To give all its employees the means to develop with and within the bank, La Banque Postale organises its human resources policy around four principles: career management determined jointly by the company and the employee, open career paths between the Bank, Financial services, La Poste Retail brand and the La Poste Group, recruitment of new talent and managerial development. Now more than ever, our employees are at the heart of our strategy.

**A**t La Banque Postale, as in the rest of the La Poste Group, 2012 was the year of the "Grand Dialogue" on quality of life in the workplace, an approach based on attentiveness and commitment, both locally and nationally. In the increasingly difficult economic climate and in the face of ever fiercer competition, we believe that the future lies in ensuring quality of service, innovation and developing new business. La Banque Postale, like its parent company, is developing its organisation using a change management approach that prioritises attentiveness, collaboration and dialogue, so that our employees continue to get the recognition they deserve.

## An action plan derived from the Grand Dialogue

As part of the Grand Dialogue, the Bank and La Poste Financial services held 285 round tables on working conditions, health and safety, professional development, change management and in-branch relations. As part of the projects initiated by the Kaspar Commission which headed up the Grand Dialogue, La Banque Postale has set up a specific action plan for the Bank and Financial services.

5,000 additional full-time and work-study contracts are to be brought on-stream in 2012-2015 at Group level. There will be significant investment in training and labour relations. The roles and responsibilities of

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**112,716**  
training days  
organised  
in 2012,  
3.8 days per  
employee

---

**Because everyone deserves to be listened to,**  
the 45 Professional development advisors of La Poste Financial services met with 6,000 employees in 2012. The point of these meetings is to support employees in their career progression and to anticipate present and future business needs.



local HR managers have been redefined to be more attentive and to focus on guiding and supporting all employees on the ground. Lastly, Financial services are stepping up the branch refurbishment programme, with all work expected to be completed by 2015.

### **An enhanced range of training options**

Diversifying and enhancing everyone's experiences and skills is a key motivating factor that encourages everyone to work together to achieve the Bank's goals. La Banque Postale is continuing to roll out training courses to support employees switching to new roles or involved in launching and marketing new products and services. 800 employees have received health insurance training and 350 in corporate financing. The setting up of La Banque Postale Chez Soi involved 190 training days for the first Orléans team and around forty training days were allocated to help set up local authority teams.

### **Internal mobility advisors**

New skills enhance internal mobility, backed by the growing network of professional development advisors, set up in 2011, whose role is to work on staff employability, career guidance and employees' career paths. Spotting future talent is a key driver at all levels and the roll-out of this approach has improved internal mobility. In fact, 78% of strategic positions are filled internally, from La Banque Postale, La Poste Retail brand, Courrier and parent company La Poste. Shadowing was implemented for 352 posts in 2012 between the Bank, Financial services and La Poste Retail brand.





**3,014**  
employees  
in La Banque  
Postale and  
its subsidiaries

**18,300**  
employees  
in Financial  
services

**45,000**  
employees  
in La Poste  
Retail brand

### **An ambitious manager training programme**

In keeping with Grand Dialogue and the priorities of its strategic plan, La Banque Postale is leading an ambitious cross-disciplinary programme to empower managers to foster the managerial values of the Bank and to share the same skillset. This programme involves all 2,200 managers of the Bank, its subsidiaries and Financial services. Initiated in 2012, it takes place over two working days and focuses on four main areas: motivation, communication, cooperation and change management. 1,200 managers have already completed this training course. The programme is complemented by training courses provided to team leaders and department heads in financial centres.

### **Specific focus: change management**

Enhancing management skills also requires adopting a change management approach,

focused on developing listening skills, diagnosing the impact of projects and working with trade unions. The main top executives have already completed specific training in this area.

## *5 managerial values*

**A culture** focused on results

**A culture** focused on progress and change

**Respect and development**  
for men and women

**Commitment**

**Cooperation**

*Supporting and helping each other*



*"I took this photo in the Chartreuse Mountains.  
It demonstrates that difficulties can be overcome  
through sharing and solidarity."*

**Alain Herrault**, Platform integrator at the IT department  
of Financial services and Retail brand in Grenoble

La Banque Postale implements a pro-active policy to integrate disabled people, underpinned by an agreement entered into for the 2011-2013 period. For Financial services, the national disability agreement entered into in 2012 by La Poste and 4 trade union organisations provides for the recruitment of 480 disabled persons and 300 internships.

**La Banque Postale. The civic-minded bank.**



**9**  
labour relations agreements entered into in 2012, relating to pay measures, employee savings plans, incentive plans and collective bargaining

**2,500**  
students encountered as part of the schools initiative

## Sustained recruitment rates

In 2012, 631 employees were hired by La Banque Postale and Financial services (excluding Retail brand and subsidiaries). This rate of recruitment will be maintained as part of the commitment by the La Poste Group to hire 15,000 workers by 2014. With 811 work-study contracts signed in 2012 (excluding Retail brand and subsidiaries), the Bank is actively involved in recruiting young people. In 2013, we will supplement the work-study and internship packages with youth integration contracts.

## Forging closer school ties

In order to diversify the quality of candidate talent pools and boost its attractiveness, La Banque Postale is forging closer ties with dozens of business schools, engineering schools and universities. In 2012, around one

hundred employees were involved in over 90 initiatives (jobs shows, forums, in-school presentations, adjudicating panels, etc.). Philippe Wahl, Chairman of the Executive Board of La Banque Postale, also met the graduating class of business school Audencia Nantes, of which he is the patron. To illustrate the partnership entered into with EDHEC to support student training, a La Banque Postale lecture hall has been inaugurated on the Nice campus of the business school.

## A socially responsible employer pact

Since its inception, La Banque Postale has developed a socially responsible employer pact. The national disability agreement signed on 8 March 2012 by La Poste and four trade unions to recruit 480 disabled persons and provide 300 internships to disabled persons relates to Financial services. La Banque Postale has its own 2011-2013 agreement in this area. After participating in the Disability Employment Week, the Bank's Diversity, disability and equal opportunity unit retained 65 CV from graduates and post-graduates. Through Sciences-Po Accessible, a sponsorship agreement entered into in 2012 with the Paris Institute of Political Studies, La Banque Postale assists disabled students, notably by financing the employment of carers and special equipment. During Disability Employment Week, the Bank was involved in awareness-raising initiatives, from meeting the Paralympic table tennis champions to an introduction to sign language.

## Commitment to diversity

La Banque Postale also underwent a renewal audit conducted by the Diversity Label and took part in Diversity Day on 27 June 2012. In partnership with IMS Entreprendre pour la Cité, a business network promoting CSR, the Bank organised a coaching session with 30 students from disadvantaged areas, giving them advice on writing CVs and interview tips. Lastly, La Banque Postale has excellent gender equality credentials, with 55% of female executives (excluding Retail brand and subsidiaries).





## *Preparing for the future*



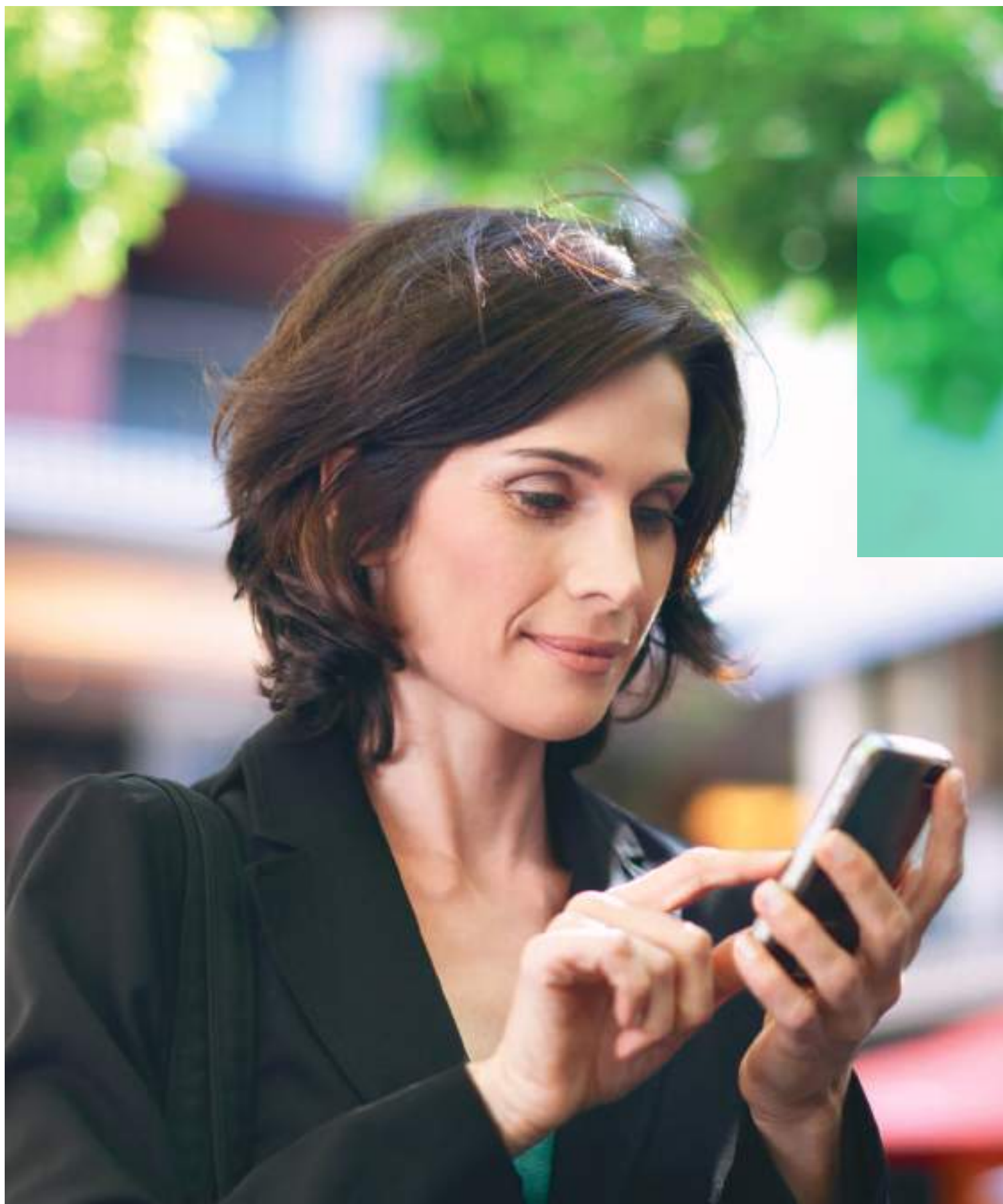
*For me, this photo illustrates how the rural world is the cradle of our values.*

*These are values that we need to pass on to the next generation to build our future."*

**Roselyne Pautrot**, Assistant manager at the IT department of Financial services and Retail brand in Ivry-sur-Seine

La Banque Postale has a local presence in over 10,000 post offices, including in rural areas and disadvantaged urban areas.

**La Banque Postale. The civic-minded bank.**



Our developments in 2012

**Serving**  
one and all



# A complete range for our private customers

Young people, families, senior citizens, vulnerable customers and high-net-worth customers: La Banque Postale offers all the products and services of a retail bank tailored to everyone's specific needs to provision their account, finance their projects, save, protect their property, themselves and their families, and manage their assets. It continues to expand its offering, by innovating while constantly improving quality of service.

## Account management

La Banque Postale offers its customers a services bundle, comprising the banking products they need to manage their accounts on a daily basis, which can be tailored to everyone's specific needs and financial situation. By end-2012, almost six million customers had already subscribed to this bundle in post offices, by telephone or by internet (*for more on these, see opposite*). Furthermore, because quality of service is one of the Bank's core concerns, cheque cashing has been significantly speeded up, with 2,500 post offices now fitted with cheque scanners in 2012. This will be rolled out to 4,500 post offices in all by end-2013.

### A wider range of cards

To supplement its range, in June 2012, La Banque Postale launched a prepaid card that can be topped up free of charge. This international Visa card, a debit card with systematic authorisation that is not attached to a current account, is the first of its type offered by a major French bank to customers over 18. The prepaid gift card from Titres Cadeaux (a subsidiary of La Banque Postale and Natixis), called "Ca Do Carte", has been a huge success, with 302,000 sold. Total sales at the subsidiary over the entire range of gift vouchers and gifts cards rose 15% in 2012 to 95 million euros.

### An addition to the authorised overdraft facility

The revolving bank credit facility with Extension option has been offered on a trial basis since September 2012 to customers with a post office account and an overdraft facility, after assessment of their income and expenses. This innovative facility is a complement to the overdraft facility for occasional cash requirements and rainy days... The Extension option allows customers, whose overdraft is exceeded in time or amount, to transfer money to their post office account by automatic transfer from the revolving credit facility, with customer notification. The La Banque Postale Extension option offers a very attractive interest rate that is much lower than other rates on the market: 12.19% up to 3,000 euros; 11.07% from 3,000 to 6,000 euros; 8.76% over 6,000 euros.

# 7.3

million  
La Banque  
Postale  
card holders  
at end-2012

# 800,000

Services  
bundles  
subscribed  
in 2012

## *Making a difference*

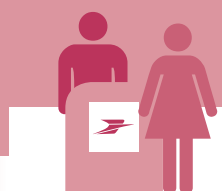
A complete **services bundle**:

**customisable** according to customer needs and situation;

**accessible** via all channels at a reasonable rate.



# La Banque Postale, wherever you want, however you want!



## 10,000 post offices *Local excellence*

In 2012, 219 post offices were fitted out with a **Client service area (ESC)**, bringing the number of these to 1,484. These areas boost the visibility of La Banque Postale, improve traffic flows and speed up access to banking services. There are 32,400 tellers to serve customers and almost 10,000 advisors providing banking services face to face and by telephone. Two other types of fit-out are also being tested: post offices with self-service terminals, *one-shot* cards to withdraw cash – even for customers who don't have a card or who have forgotten their PIN code – and interactive terminals (account queries, transfers, etc.), and ESC Express which offer ATMS and postal services, open from 6am to 10pm.

To improve accessibility, La Banque Postale aims to schedule a meeting with a financial advisor to customers and prospective customers requesting one within 48 hours.

## 2.43

minutes  
waiting time  
in ESCs for  
93% of  
straight-  
forward  
transactions

## 90%

is the  
telephone  
access rate  
for Financial  
centres



## Lo-Call 36 39\* *Remote banking on a daily basis*

By dialling a single number – 36 39\* –, customers can access 3,500 account managers in Financial centres and specialised lending and insurance platforms. These account managers answer customer queries on all products and services provided by La Banque Postale or its subsidiaries, including account management, savings, consumer credit applications, pensions, property insurance, health insurance, home loans, etc. Automatic account information can also be accessed by dialling 36 39\*.

\* 0.15 euro per minute (incl. tax) + possible operator surcharges.



*Chez Soi*

## La Banque Postale Chez Soi *The all-remote banking service*

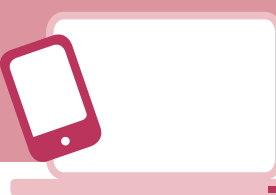
Launched in early 2012, La Banque Postale **Chez Soi** is a 100% remote banking service with a team of bank advisors to support customers in carrying out and monitoring their projects and managing their accounts on a day-to-day basis. Customers can contact advisors during extended working hours (8am to 8pm Monday to Friday, and 9am to 5pm on Saturday, excluding bank holidays) using a variety of contact methods according to their needs: direct call via a dedicated number, web callback request, conversation using secure messaging or instant messaging.

## 48 hours

is the  
maximum  
response time  
for emails sent  
to Financial  
centres

## 30,000

customers  
have signed  
up to  
La Banque  
Postale  
Chez Soi



## Fixed and mobile internet *Remote banking 24/7*

The **labanquepostale.fr** website is the **third most consulted banking website** (source: Nielsen panel, January-March 2012), with 37 million visits on average per month. We brought out two innovations in 2012: customers signing up by telephone can now sign their contract online; and better site ergonomics tailored to each customer using the MyPage application (currently being tested). It offers better account visibility and full modularity of the home space. The secure messaging service used by 4 million online Bank customers is a success. In 2012, over 1.2 million email requests were sent to Account managers in Financial centres or post office advisors. Visitor numbers to the mobile portal **labanquepostale.mobi** are up 6%, with almost 3.4 million visits per month. La Poste Mobile smartphones are marketed with the La Banque Postale multi-operator "account access" application and access to the online customer space.

## Financing projects

A subsidiary dedicated to consumer credit, La Banque Postale Financement offers a range of installment loans – personal loans (car, home improvement, projects), loan redemptions, loans for young people (students, apprenticeships, driving licence at 1 euro/day), special loans for temporary workers – and it is currently testing revolving loans.

### A solution for rebalancing budgets

Loan redemptions account for 30% of output. This offering allows customers to balance their budgets by pooling outstanding loans (revolving loans, personal loans and home loans, with the proportion of home loans limited to 60% of the total funding amount). Customers can apply for loan redemptions of 3,000 to 75,000 euros over 12 to 144 months at post offices or by calling 36 39\*. Information is available at [labanquepostale.fr](http://labanquepostale.fr).

### Responsible revolving loans

Since December 2012, La Banque Postale also offers a revolving loan – in the test phase – to customers with a current account. A revolving loan is somewhere between an overdraft and a personal loan and can be used to set up a cash reserve to deal with unforeseen circumstances at lower rates than for an authorised overdraft. Clear, instructive and transparent, the offer has three repayment schedules, including early repayment schedule (30% earlier than legally required), an annual budget overview for all customers and specific support for any customer in financial difficulty.

\* 0.15 euro per minute (incl. tax) + additional operator charges.



### WHAT OUR CUSTOMERS SAY

**Christine Varachas,**  
Gaillac (81)

*“My revolving loan gives me peace of mind when it comes to cashflow issues.”*

I'm on my own with two children and sometimes I have problems with cashflow. When my La Banque Postale advisor – who I trust implicitly – told me about the revolving loan currently being tested, I thought it was an interesting solution to my needs, for example, when I am waiting for a payment. And when I'm on holiday and don't have access to my accounts, the Extension option automatically kicks in if I go over my overdraft and I get a text message to confirm this. It's a flexible solution.

## *Long-term commitment*



*To me, this old couple  
holding hands means commitment  
and mutual trust.”*

**Yves Fauconnier**, Development officer  
at the Financial centre of Châlons-en-Champagne

Continuing to put our customers first and putting them  
at the heart of the Bank's organisation means that we have  
a professional, duty to uphold their interests at all times.  
This is our commitment at La Banque Postale.

**La Banque Postale. The civic-minded bank.**

## A stable position in the home loans market

With the home loans market contracting sharply, La Banque Postale is pursuing its development strategy and continues to support its customers in their life projects, with an increase of 6.9 billion euro in home loans.

Our priority is to improve customer satisfaction and to this end we have expanded our multi-channel offering, with 8,000 banking advisors and 720 specialised property advisors in post offices, remote access services and the setting up of a specialised property platform in Clermont-Ferrand.

We have also rolled out a new application, to improve the speed and quality with which applications are processed. This application optimises our offering with the inclusion of two new flagship products to supplement zero-rate loans. These are home ownership access loans for young people of 10,000 euros over ten years, aimed at first-time buyers purchasing second-hand properties, and regulated loans to promote social home ownership, launched by La Banque Postale in October 2012.

**45**

billion in  
outstanding  
home loans

**63,000**

property  
projects  
funded  
in 2012

## A dedicated service for social home ownership

To meet the needs of low-income households La Banque Postale plans to set up an innovative model to finance social home ownership. In partnership with stakeholders in social housing, we are now developing innovative acquisition solutions, backed up by safety nets for borrowers.



*“La Banque Postale has supported me for over two years with my dream to become a home-owner.”*

In 2010, when I wanted to reserve a house under a lease-ownership deal with Armor Habitat, I found La Banque Postale really welcoming and trustworthy. My advisor contacted the developer within 48 hours to tell them that I was entitled to a social home ownership loan. In early 2012, my family and I moved into our house under a tenancy agreement. By the end of the year, the Bank had finalised my applications for the social home ownership loan and the zero rate loan. And now, with monthly repayments of 738 euros, we are in our own house.





In May 2012, the Bank signed an agreement with the national federation of low-income housing cooperatives (FNSCHLM), which has already been rolled out with over 20 cooperatives in France.

### Tailored solutions for vulnerable customers

La Banque Postale is the leading credit institution promoting alternative payment methods to cheques, such as the debit card with systematic authorisation or the savings card to make free withdrawals from savings passbook accounts. We also offer reasonable rates below market average for account transactions (overdraft charges, rejection charges, etc.).

To avoid overindebtedness, we launched a personal microcredit offering in 2007, in partnership with local associations. Since then, we have signed over 110 partnership agreements – 81 in 12 – to help support projects of people subject to banking exclusion. Since June 2012, we have offered microcredit for small business start-ups in partnership with the association for the right to economic initiative (Adie).

La Banque Postale also has a service to prevent the risk of overindebtedness, insured by the Crésus association. In partnership with the national association for directors of local task forces, we organise workshops on budget management and to raise awareness of banking practice and products, facilitated by young volunteers in civic service. La Banque Postale also supports the manifesto for banking inclusion in France for vulnerable persons offered by the national union of community centres for social action (UNCCAS), Secours catholique and the French Red Cross.

### The initiative to combat banking exclusion: an unprecedented step

In October 2012, La Banque Postale, together with eight major associations, set up an initiative to combat banking exclusion, a think tank that aims to foster new practices in this area. The initiative is open to all other stakeholders in the social, voluntary and banking sphere.



### Recognised practices

Led since 2010 by La Banque Postale in partnership with community centres for social action, the Reflex project to combat exclusion was recognised in December 2012 with a best practice award at the national convention for poverty alleviation and social inclusion. The experimental project was also welcomed at the Annual Convention of the Platform against Poverty and Social Exclusion.

## The only bank authorised to issue the Livret A savings deposit account

under the 2008 Law to modernise the economy, La Banque Postale offers each resident – including those on the lowest incomes – direct debit services for their lodgements and withdrawals (from 1.50 euro). Under the Law of 9 February 2010, La Banque Postale is also committed to preventing overindebtedness and promoting microcredit.



## Saving

The volatility of the financial markets and the uncertain climate meant that French people favoured cash savings in 2012. Prior to the raising of the ceilings on the Livret A and Livret de Développement Durable (sustainable development savings accounts) announced last summer, La Banque Postale launched a special-rate offering on the savings account, reserved to holders of one of these accounts, allowing its customers to optimise their savings in complete security while maintaining ready access to it.

The raising of the ceilings on the Livret A and Livret de Développement Durable accounts on 1 October 2012 and related sales initiatives had a strong impact on deposits, with 3,463 million for Livret A and 1,685 million euros for Livret de Développement Durable, accounting for 24.9 and 6.9% of the market respectively by late November 2012.

### A first in asset diversification

Despite a climate of high risk aversion, surveys conducted by La Banque Postale show that some of its high-net-worth customers are prepared to accept moderate risk on financial products to achieve higher yields. In 2012, as part of its asset diversification programme, La Banque Postale was the first market player

to offer simultaneously a 100% guaranteed fund and a 90% guaranteed fund. Customers can now compare these two products to get a better view of the risk/yield ratio and position their investments according to their sensitivity to risk.

### Strong performance in life insurance and pensions

In a savings market that favours short-term products, La Banque Postale prefers to advise its customers to balance their savings between short and long term, adapted to each customer's profile. With its complete range of life insurance and pension policies aimed at high-net-worth customers and the general public, the Bank maintained a positive net inflow of several billion euro in a declining market. Along with CNP Assurances, we again won the top insurance prize awarded by *Le Revenu* magazine for our Cachemire life insurance policy and third prize for Vivaccio.

**12,700**  
new savings  
accounts  
opened and  
**670**  
million euros  
in gross  
inflows in  
one and a  
half months

**360**  
million euros  
in positive  
net inflows  
in 2012 by  
La Banque  
Postale,  
setting it  
apart from  
the insurance  
banking  
market



*Protecting your nearest and dearest*



*What could be more protective than a grandfather's hug? In this photo, I wanted to capture bonding between generations and family well-being."*

**Joyce Perrin,**  
Office manager at La Poste retail outlet in Les Arcs

La Banque Postale offers its customers more than just products and services. It gives them convenience and peace of mind by offering them a simple range focused on essential needs at the best rates.

**La Banque Postale. The civic-minded bank.**

## Securing today and tomorrow

Protecting our family is naturally a major concern. La Banque Postale offers a complete range of fairly priced property insurance, health insurance and contingency insurance policies, based on the principles of simplicity, transparency and solidarity.

### High-performance, enhanced property insurance

Property insurance is aimed at all private customers: young people, families and senior citizens. In 2012, La Banque Postale Assurances IARD optimised its price positioning, and launched Digishoot, an innovative application to speed up claims handling (see page 5). In just two years, almost 520,000 IARD policies have been taken out. In June, we expanded our offering to families with school insurance offered as an optional extra with home insurance, for just 1.50 euros per child per month. We also expanded our legal protection offering. The product continued to enjoy huge success in 2012, with 132,000 policies taken out during

the year. What's more, 90% of customers filing a claim stated that they were satisfied with their insurance.

### Health insurance now available via multiple channels

La Banque Postale's complementary health insurance offering, available online since 2011, was rolled out to post offices in 2012. This year, almost 30,000 policies were taken out and the special healthcare edition of the magazine *Les Dossiers de l'Épargne* awarded Labels of Excellence to our Solo and Senior ranges in 2012.

### A recognised provident range

In an extremely dynamic market, La Banque Postale Prévoyance offers products to protect your nearest and dearest, your projects and your assets. In the autumn, we successfully relaunched our personal accident insurance policy Prévialys, with 20,000 new policies taken out in two months. After the awarding of an initial Label of Excellence by *Les Dossiers de l'Épargne* at the start of the year, our death insurance policy Sérénia, targeted at high-net-worth customers, won an award at *Actifs du Patrimoine 2012* for its innovative cover options. At end-2012, almost 2.6 million individual policies had been taken out with La Banque Postale Prévoyance, 439,000 of which during the year. Almost 20% of new policies in 2012 were taken out online or by telephone by advisors at our Financial centres.

## Making a difference

**Channel interoperability:** telephone, Internet, post offices and La Banque Postale Chez Soi are all interconnected.

**Innovation** with the Digishoot application for IARD insurance customers (see page 5).

**Rewarding loyalty** with additional benefits in life insurance.

**Critical illness cover** with contingency insurance with Sérénia.

On  
19 June  
2012

At the Rio Earth Summit in Rio de Janeiro, La Banque Postale, along with some thirty of players in the insurance sector, announced the launch of Principles for responsible insurance, an initiative supported by the United Nations. La Banque Postale is the first bank and insurance company to sign up to this initiative.





## Managing your assets

La Banque Postale offers its high-net-worth customers an overall response to their issues, by calling on the varied expertise of our various management companies. Our advisors are specialised in asset management and receive ongoing training in the latest innovations in this sector, and they provide day-to-day support to these customers. In 2012, new services were added to the La Banque Postale range: La Banque Postale Asset Management (LBPAM) was approved by the Financial Markets Authority to extend its activities to debt management, aimed at corporate investors looking for diversification.

principles, 64.8% of total assets under management, compared to 37% in 2011. Novethic again awarded the ISR label to the five funds in the range Investir autrement range and awarded a special "ESG indicator" mention to two of them.

In 2012, Tocqueville Finance, a subsidiary of La Banque Postale, and Ciloger also signed up to the PRI, joining LBPAM and another subsidiary, XAnge Private Equity, in incorporating non-financial criteria.

**A rise of 28%**  
in assets under management by La Banque Postale Asset Management in 2012.

### Innovative investment solutions

In September 2012, La Banque Postale launched its fourteenth mutual innovation fund aimed at high-net-worth customers. This fund will invest in innovative, mostly unlisted companies with real growth potential.

Furthermore, for the third consecutive year, Ciloger, a subsidiary of La Banque Postale, was named one of the top five property investment fund management companies by independent asset management advisors (CGPI), an award set up in early 2013 by the magazine *Gestion de fortune*.

### Responsible asset management

In January 2009, LBPAM signed up to the United Nations' Principles for Responsible Investment (PRI) and it has continued to integrate environmental, social and governance (ESG) criteria in conventional management. Almost 89 billion euros in total assets under management were incorporated under ESG

*In 2012, La Banque Postale received the following awards:*



- the 3<sup>rd</sup> Corbeille Long Terme of *Mieux vivre votre argent* for the five-year management of its UCITS aimed at private customers;
- the top prize of *Revenu* magazine for the best range of diversified funds over three years;
- the 3<sup>rd</sup> prize of *Investir Magazine* for the performance of its equity and diversified UCITS over five years;
- the Label of Excellence of *Dossiers de l'Épargne* for its life insurance endowment policy Excelis;
- "Best capitalisation contract 2012" by the magazine *Gestion de fortune* for Excelis Capi;
- 1<sup>st</sup> Sauren prize for manager quality, awarded in Germany to Tocqueville Gold.

# A key player in regional development

Faithful to its commitments and purpose, La Banque Postale is progressively becoming a major player in regional development. It supports all stakeholders in the local economy in projects and tangible investments of all types and sizes – businesses, social economy and local public sector – through its comprehensive retail banking offering.

**L**a Banque Postale has been funding businesses and the social economy since late 2011. Authorised since May 2012 to providing funding to the local public sector, the Bank has set up a full range of funding products for associations, mutual insurance societies, protection agencies (social economy), and regional authorities and providers of social housing (local public sector). This comes on top of its existing banking services in managing cashflow, investments, electronic payments and

social engineering. It meets a basic expectation at a time when local authorities are facing increasing pressure on their resources. This funding offer will soon be extended to healthcare facilities and semi-state companies. It offers simple, useful products with a responsible approach to lending which mobilises the savings of French people to help drive the country's economic development.

## Enhanced internet services for corporate customers

With its redesigned web portal, La Banque Postale offers its corporate customers: enhanced editorial content and an overhaul of the various dedicated areas; a new "web callback" formula to facilitate relations with businesses and associations; the option to sign up to various products online (business card, prepayment insurance Alliatys, etc.); registering beneficiary accounts online, with "certicode" features, electronic signature, etc.

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**1.84**  
billion euros  
in credit lines  
granted in  
2012 to local  
authorities  
and social  
housing  
providers

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## *Showing generosity*



*In this photo, I wanted to show people giving of themselves, performing an unselfish act, just to help other people and to have the feeling of being useful.”*

**Jean-François Scaianski**, Applications integrator at the IT department of Financial services and Retail brand in Bordeaux

In 2012, La Banque Postale created a campus aimed at motivated students from underprivileged backgrounds. 60 La Banque Postale employees volunteers to mentor these students.

**La Banque Postale. The civic-minded bank.**

**650**

property lease  
financing  
contracts  
concluded  
in 2012

## Supporting businesses and corporate customers

La Banque Postale has always offered cashflow and social engineering services to business customers, and its relationship with these customers is founded on proximity, accessibility and trust. La Banque Postale now meets the main requirements of business customers – cashflow management, social engineering, vouchers and funding – by providing simple, tailored products, allowing these customers to concentrate fully on their business. Marked by a growing number of funding solutions, 2012 was also marked by an expansion in the equipment offering to corporate customers.

### Successful launch of property lease financing

Launched in late 2011, the financing offer for corporate customers was successfully rolled out nationwide in 2012. Our property lease financing partnership with Franfinance led to the conclusion of 650 agreements, mainly with SMCs, amounting to almost 122 million euros in funding granted to businesses. Now fully operational, the target is over 1,000 agreements a year.



### *Making a difference*

**Funding for everyone:**  
from syndicated loans for major accounts to microcredit for small business start-ups.

**New, multi-channel products targeted at professionals:**  
the Essentiel formula and multi-risk occupational insurance.

**A major player in cashflow management,** we handle the payment of 25% of all supplementary pensions.





### A wider range of cards

Backed by La Banque Postale Crédit Entreprises, a wholly owned subsidiary of La Banque Postale, the range of funding products expanded in 2012. Property lease financing, launched in July, saw about a dozen transactions concluded with major accounts by end-2012 (building complexes for follow-up care – retirement homes, hotels, offices, business parks, etc.) and has grown in 2013.

After checking out the market, La Banque Postale selected Crédit Mutuel-CIC Factor to form a partnership to design a new factoring offer that will be launched in spring 2013. Financial leasing and leasing with purchase option are also offered to the Bank's corporate customers. Finally, a overdraft facility targeted at medium-sized companies will be put on the market soon.

**1.34**

billion euros  
in loans  
granted  
to businesses  
in 2012



**Francis Albertinelli,**  
Neuilly-sur-Seine (92)

*“La Banque Postale is  
with us for the long term.”*

Specialising in logistics property, Argan is a major consumer of banking credit. The skills, attentiveness and responsiveness of La Banque Postale teams lived up to our expectations in the acquisition of a 28,000m<sup>2</sup> HEQ warehouse for 24 million euros in 2012. La Banque Postale speaks the same language as us, it is able to upscale its funding and is with us for the long term. This is why we are looking to work with the bank again on a second project.

**15,000**

monthly calls handled by the remote banking service, of which 2/3 from new contacts

### Remote banking service for businesses and non-profit associations a great success

The remote banking service is at the core of our multi-channel offering, operating via post offices and over the internet to advise customers and provide them with simple products (business cards, prepayment insurance, savings deposit accounts for non-profit associations, etc.). It attracted over 4,000 new business relationships by end-2012 and now has 20,000 customers in its portfolio, managed by over 50 advisors. Its accessibility has improved and now stands at 90%. The product range was expanded over the year, with the notable addition of the health and e-commerce electronic payment offering (setting up an online store, secure online payment, online account management): over 1,000 had signed up by end-2012, 10% of the current customer base.

**4**

billion euros in key account deposits by end-2012, compared to 3.5 billion at end-2011

### Improved services for major accounts

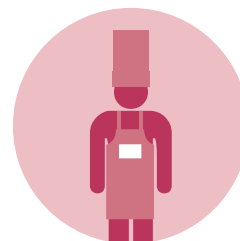
La Banque Postale also counts a large number of large corporations and institutions among its customers and has put in place a dedicated team to coordinate the overall relationship with them. Currently, over 200 large corporations and institutional customers put their trust in La Banque Postale as an innovative banking partner that has relevant expertise and that guarantees high quality. In 2012, La Banque Postale consolidated its positions on prepayment handling, in particular on behalf of major utilities, energy companies and telecoms operators. We also provided funding to large corporations and institutional customers nationwide, developing our credit portfolio, totalling 2.2 billion euros as at 31 December 2012.

La Banque Postale availed of the expertise of Banque Postale Asset Management to improve services to major investors. In 2012 LBPAM launched Actions Euro Focus Emergent, which takes advantage of potential momentum in emerging countries with no exposure to the exchange-rate risk. It also set up LBPAM Obli Crossover, which provides protection against possible rate rises in three-year rates. In September, it obtained AMF approval to extend its activity to debt fund management.



### Key accounts relations

**200 key accounts** are personally handled by a team of dedicated advisors.



### Relations with businesses and professionals

#### **23,000 SMCs and microbusinesses**

are given personalised support by specialised business advisors in our 17 business centres.

#### **Local microbusiness**

**and professional customers** can access information and services in 10,000 post offices, or they can access advice and help with loan applications via our remote banking service.

15,000 microbusinesses and professionals have now signed up to the remote banking service.



**For SMCs, microbusinesses and professionals: products and services to support their activity**

La Banque Postale has 14,000 SMCs and 105,000 VSCs and professional customers. "Essentiel de La Banque Postale" is a package of essential products put together to make life easier for microbusinesses and professionals on a daily basis: successfully launched in September 2012, it includes a business current account, chequebook, business card, prepayment insurance and online account access.

La Banque Postale has also launched an electronic payment offer adapted to the needs of healthcare professionals: a 2-in-1 electronic payment terminal that can read both bank cards and health insurance cards.



*"I was the first La Banque Postale customer to get a business microloan."*

Two years after starting up, I had a good customer base and I wanted to buy more stock to boost my working capital so I went looking for funding. The advisor at La Banque Postale listened to me and told me about the partnership between La Banque Postale and Adie\*. A few days later, he told me that my application for a business microloan had been accepted. Now it's up to me to convert the try!

\* Association for the right to economic initiative.

**La Banque Postale makes life easier for its customers** with simple, accessible solutions, launching an online multi-risk professional insurance policy in October 2012. Those signing up get immediate cover for business assets and liability.

**1/3** of  
non-profit  
associations  
are  
La Banque  
Postale  
customers

**2/3**  
of mutual  
insurance  
societies are  
La Banque  
Postale  
customers

## Supporting the social economy

Non-profit associations, mutual insurance societies and social welfare agencies all have an important role to play in disadvantaged areas: they provide valuable support to everyone, particularly at times of crisis. They are vital in increasing the attractiveness of these areas and also provide business and jobs. In 2012, La Banque Postale offered new dedicated solutions to help all local stakeholders in the social economy to fulfil their missions.

### A new specialised structure for the non-profit sector

La Banque Postale is the historical partner of non-profit associations. We currently count 335,000 of these as customers – of which 15,000 management associations and 320,000 local associations – almost a third of the market. This natural, durable relationship has been built up around strong shared values: solidarity, accessibility, support, etc. and local access thanks to our network of 17,000 “La Poste” contact points. In 2012, La Banque Postale set up a structure comprising 28 specialised advisors, trained in working with management associations. In particular, we added a range of term deposit options to meet short-and medium-term investment requirements.

We also increased our funding solutions with the launch of credit facilities and advance payments on grants. Medium- and long-term loans, property leases and home loans are also offered to associations.

In order to step up our presence among social welfare and medical associations, in late 2012,

La Banque Postale entered into a partnership with the UNIOPSS, the national interfederal union of private health and welfare organisations.

In 2013, La Banque Postale will increase its presence among associations by developing a new offering aimed at local associations. We will continue to support major national causes by providing an online donation collection tool for charities, on our website [labanquepostale.fr](http://labanquepostale.fr).



**Because local associations need a simple, accessible product,** La Banque Postale has launched an innovative multi-risk policy for associations, which covers the association and its directors and that can be taken out online.





## Social economy relations

**8,000 associations and microbusinesses** are given personalised support by specialised business advisors in our business centres.

**320,000 local associations** avail of post office and remote banking services.

## A new dedicated structure for mutual insurance societies and social welfare agencies

To support their members, who can total hundreds of thousands of people, mutual insurance societies have two main tasks: collecting contributions and making payments on the one hand, and securing cash holdings and reserve funds on the other.

La Banque Postale has developed expertise in handling these specific issues, which is recognised by these customers.

Through this new structure, we can now offer tailored business solutions to each mutual insurance society, along with a range of investments to earn a return on cash holdings, new funding offers to help support development, etc. A key player in regions and in the public service, we have a particular focus on multi-sector and public sector mutual insurance societies.

In 2012, La Banque Postale took part for the first time in discussions as part of the Month of the social economy and solidarity (organised by the National chamber of regional social economy chambers). It also contributed to the sixth annual Comité Opéra discussion forum set up by the National federation of independent mutual insurance societies on the subject: "Healthcare: how do others handle it?"



## WHAT OUR CUSTOMERS SAY

**Christiane Picchioli,**

Lyon (69)

*"Every day, La Banque Postale handles the collection of contributions from our 250,000 members."*

The mutual insurance society Miltis and Alptis associations chose La Banque Postale – particularly because of its robustness – to handle their cash surplus. Won over by the quality of this relationship, their broker manager, Alptis Assurances, entrusted them with a strategic activity: collecting contributions from its members, amounting to 300 million euros per year. What marks La Banque Postale out from the rest is, we believe, its competitive rates; its expertise and its understanding of the issues of mutual insurance societies, and a shared value base focused on proximity, customer service and attentiveness.

**2/3** of providers of social housing are La Banque Postale customers

**348** million euros in loans extended to providers of social housing in 2012

**600** providers of social housing are given personalised support by advisors in our business centres

## Funding local public stakeholders

Local public stakeholders – particularly local authorities and providers of social housing – are encountering increasing difficulties in funding their projects and initiatives. Resources are increasingly scarce, even more so during times of crisis when the local economy is hit hard. Historically very close to this sector, La Banque Postale has mobilised all its energy to come up with new funding models for local public stakeholders. With 1.6 billion credit lines granted to local authorities and 348 million euros in loans to providers of social housing in 2012, La Banque Postale has geared up to support these stakeholders and will increase this support in 2013.

### A short- and long-term financing offer for stakeholders in social housing

La Banque Postale has historically held a strong position among providers of social housing, two thirds of whom are its customers. Our offering covers all their ongoing banking needs: cashflow management, investments, social engineering, etc. Our specialised advisors on the ground have extensive expertise in social housing and its specific features, allowing them to offer our customers specifically tailored solutions designed to handle large-scale operations. In early 2012 we added funding products to this offering, with credit lines that can be accessed and repaid as suits the customer, to optimise cashflow flexibility, and long-term funding offers in addition to regulated loans from the Caisse des dépôts. In 2012, 110 million euros in long-term loans and 238 million euros in short-term

loans were granted to social housing organisations such as public housing offices, social and public housing companies, semi-state companies and cooperatives.

In 2013, La Banque Postale will extend its financing offer to providers of social housing for social home ownership operations, particularly lease-ownership contracts.

### Simple rent payment solutions for tenants

La Banque Postale also wants to make tenants' lives easier – many of whom are also our customers – and to simplify the work of providers of social housing, by offering a wide range of simple, secure rent collection solutions (direct debits, transfers, cash, interbank payment orders and bank card). We have brought out a simple solution to allow tenants to pay their rent over the telephone, Scellius Vocal, currently being tested by Toulouse Habitat, and due to be rolled out in 2013. The Eficash service also allows tenants to pay their rent in cash at post offices without needing to input tenant identification information.

### A bank that is attentive to regional stakeholders

In order to improve our understanding of the funding needs and expectations of the local public sector, in 2012, La Banque Postale set up a steering committee made up of local representatives and acknowledged experts, which works closely with us in prospecting, observation and alerts.

#### VIEWPOINT

**Jean-Pierre Balligand,**

Chairman of the steering committee for local funding; Councillor for the department of Aisne and former parliamentarian.

#### VIEWPOINT

**Anne-Marie Idrac,**

Deputy chairperson of the steering committee for local funding

Having inherited the values of La Poste, La Banque Postale has a particular focus on local issues... The setting up of the steering committee, which is active in regional issues, proves our willingness to listen to elected representatives and strengthen the historical link of trust with La Poste.

The bank built on trust, La Banque Postale has an essential role to play in supporting the reform of local authorities and helping modernise our country. I believe that the steering committee is a spur to making progress in this area.

# *Transmitting values*



*"This photo evokes for me the desire to pass on the values of citizenship which we hold very dearly."*

**Anissa Papin**, human resources communications manager of La Banque Postale (Paris)

La Banque Postale has set up a new local funding model, based on simple products, transparent pricing and a responsible approach to advice and risk.

**La Banque Postale. The civic-minded bank.**

1.6

billion euros, is the total amount extended in credit lines by La Banque Postale to local authorities who contacted it in 2012

### A new funding model for local authorities

In June 2012, La Banque Postale opened its funding range to local authorities with the distance marketing of a credit line with a maximum term of 364 days. In July, faced with rising demand from local authorities, we expanded the initial envelope of 2 billion euros to 4 billion euros for this short-term credit facility. Since mid-November 2012, we have developed a medium- and long-term loan at fixed or variable rates with terms of up to fifteen years. This will boost our involvement in local development by supporting local authorities in their investment projects. In order to meet the needs of small communities, we have dropped the combined lending threshold from 200,000 to 100,000 euros.

### Target of four billion euros in lending to local authorities and hospitals in 2013

In January 2013, the State announced the setting up of a Local funding company (SFIL), in partnership with the Caisse des dépôts and La Banque Postale. This structure will enable the refinancing of loans granted to regional stakeholders through the issuing of securities on the markets. In 2013, La Banque Postale set itself the target of distributing 4 billion euros in loans to local authorities and hospitals.



### WHAT OUR CUSTOMERS SAY

Jean-Pierre Minella,

President of the municipalities association of Pays de l'Orne (54)

*“La Banque Postale is seen legitimately as a reliable financier, with whom regions can build a long-term relationship of trust.”*

After four years of budgetary restrictions linked to the local climate, we needed to make more investments and looked for a reliable financier with whom we could build a long-term relationship. We found one in La Banque Postale, a legitimate player in this field through its traditional relationship with elected representatives and regional authorities.

In launching this partnership with the Caisse des dépôts to finance the local public sector, La Banque Postale aims to win market share of 20-25% by 2015. Eventually, we intend to extend our range to all local public stakeholders (semi-state companies, local public companies and public healthcare institutions) and to offer debt management products and related services.

70% is the share of the local public sector in public investment in France

### Making a difference

**Simple, accessible loans** for customers, backed by liquidity, with a transparent pricing policy and a responsible approach to advice and risk.

**Educational support**, particularly as regards risk.

**Explanation** of options offered, such as early repayment.

**A research department**, inherited from the local Dexia Crédit branch, recognised for its analyses of the local public sector.



### A dedicated platform for the local public sector

**To meet the funding requirements of local authorities and providers of social housing**, La Banque Postale has set up a dedicated team of advisors for the local public sector. These experts can be contacted by telephone at 09 69 36 88 00, from 9am to 5pm, Monday to Friday, by letter or by filling out the funding application online at [www.labanquepostale.fr/collectivites.html](http://www.labanquepostale.fr/collectivites.html).





**Gérard Mayaud,**  
Mayor of Chaillac (36)

*“La Banque Postale’s local implantation meets a key concern of isolated rural communities.”*

It is important to retain a post office in isolated rural communities. With a fifteen-year loan of 160,000 euros from La Banque Postale, Chaillac will soon have a library and multimedia centre. This is a positive result for our 1,150 residents, many of whom have entrusted savings to La Banque Postale.



**Paul Planque,**  
First Deputy  
Mayor of Saint-Ouen (93)

*“La Banque Postale’s main asset, is its ability to respond rapidly to the urgent needs of local authorities.”*

In a climate deadlocked by the failure of Dexia bank and the reluctance of other banking operators, the arrival of La Banque Postale represented a key opportunity to meet our short-term needs. When advances on exchequer tax receipts are delayed, we need credit facilities to cover our current expenditure, particularly wages. La Banque Postale is very responsive in this respect.



**4** billion euros in medium- and long-term loans  
**3** billion euros in short-term loans: these are the goals of La Banque Postale as regards the local public sector in 2013



What makes our financial strength

# Combining performance and ethics







# A sound financial structure

2012 confirmed the strength of the La Banque Postale business model, which has extended its financing scope to local authorities.

In the climate of economic and financial crisis that continued in 2012, La Banque Postale continued to develop its retail banking activity by setting up a funding model for the local public sector.

## Balanced development of business operations

Growth in outstanding customer loans in 2012 amounted to 4.8 billion euros (up 10.8%). This was mainly driven by Home loans activity and by the takeover in the autumn of zero rate loans granted on behalf of La Banque Postale customers and hitherto carried by Crédit Foncier de France, because the product was not in its range. Outstanding customer loans stood at 49.9 billion euros at end-December 2012.

On the liabilities side of the balance sheet, outstanding customer transactions also rose, reaching 161.2 billion euros at end-December 2012, up 2.8% over the year, mainly driven by the rise in regulated cash savings. The Livret A savings deposit account is up significantly, buoyed both by an attractive rate of over 2% and by the raising of its cap in the autumn (up over 4.8 billion euros in 2012).

The loan to deposit ratio stood at 59% at end-2012 (up 6%), reflecting the significant gap between customer assets and liabilities, which is characteristic of La Banque Postale's atypical balance sheet.

## Financial management implemented

La Banque Postale financial management is pursuing the following goals:

- maintaining surplus liquidity over the medium term;
- producing financial margins in line with the Bank's strategic objectives in terms of net banking income;
- reducing margin volatility, notably by limiting sensitivity to interest rate fluctuations to which the Bank is exposed.

This financial management is based on determining the average maturities of funds collected (savings, term deposits) from which asset allocation is determined (average authorised maturity for commercial development, bond investments, level of centralisation). While most of these funds are contractually term deposits and theoretically payable at any time, these savings remain on the balance sheet and are relatively stable. Following statistical analysis, deposits can be broken down into two main types:

- the first type is volatile and invested on a short-term basis to meet customers' day-to-day needs;
- the second is stable and can be invested over a longer term, once unfavourable macroeconomic and/or commercial scenarios have been taken into account.

Despite an economic environment marked by the sovereign debt crisis up to the summer of 2012, La Banque Postale continued with its cautious management policy, using its excess liquidity not spent on developing commercial assets by investing in good quality counterparties, mainly by reinvesting savings with the Caisse des dépôts et consignations (within the scope of regulated savings collections) and by purchasing French sovereign debt and assimilated investments, which are eligible for repurchase transactions.

## Financial assets

Financial assets stand at 138.5 billion euros, up 4.7 billion. These assets are one of the main categories in terms of assets managed, net banking income generated and balance sheet risk management, in rates and liquidity. In 2012, asset quality remained high and the proportion of notes rated AA and above in the portfolio held to maturity dropped from 93 to 88%.



The balance of securities in the portfolio held to maturity rose by 1.7 billion euros over one year, reflecting the offsetting of a lower rise in loans to customers than the previous year.

More marginally, the Bank set up swap transactions on collateral and engaged in loans repackaged as securities with companies in order to take advantage of its liquidity surplus in accordance with regulatory ratios (liquidity coefficient, LCR and NSFR), which are above the applicable limits from end-2015, and monitored by its internal control and risk

management systems (particularly the Risk committee and the ALM committee).

Thus, excluding resources centralised with the Caisse des dépôts et consignations and deposits with the Central Bank, portfolio allocation is as follows:

- a portfolio of securities held to maturity amounting to 37 billion euros, comprising very good quality bonds (mainly government bonds or similar), recognised at amortised cost and reducing the financial margin volatility.
- a portfolio of available for sale securities amounting to 10 billion euros, recognised at

fair value in equity, following a strategic allocation based on analysis of the risk/return ratio. This portfolio is made up of bonds (government or financial sector bonds), and other asset classes such as equity indices, alternative management or private equity;

- a portfolio of cash with less than one year maturity amounting to 6.5 billion euros, recognised at fair value in income, and backed by the residual fraction of the volatile part of deposits or market financing in order to manage the Bank's short-term liquidity. Some temporary liquidity surplus is managed through repurchase agreements.



## Financial liabilities

Financial liabilities stood at 21.9 billion euros at end-2012, up 4.3 billion euros on end-2011.

Because of its balance sheet structure, La Banque Postale did not need to issue long-term securities to fund itself in 2012.

We continued to develop short-term repurchase agreements to take advantage of the market liquidity of securities held in the portfolio and diversify financing sources, and to support the start-up of new financing activities.

## Hedging derivatives

A portfolio of interest rate *swaps* with a notional value of 12.7 billion euros is used to reduce the sensitivity of La Banque Postale's margins.

The classification for accounting purposes of long-term *swaps* over one year (hedging of term deposits, hedging of cashflow in assets and liabilities or hedging of credit-rate risk) reduces the impact on the profit and loss statement of variations in the value of these instruments.

For non-due customer liabilities deemed fixed-rate, hedges are based on cautious analysis of customer behaviour, to determine assumptions about liability run-off for the stable part of assets under management.

Fixed-rate financial assets and hedging instruments are used to ensure margin consistency and limit the impact of interest rate volatility on income. They are part of our overall interest rate risk management.





# An effective development model

La Banque Postale's 2012 results confirm its commercial momentum in a difficult market, the progressive improvement of its operational efficiency and its growing role in the financing of the French economy.

**N**et income, Group share, rose sharply in 2012, up 39.3% to 574 million euros, while the cost to income ratio improved by 80 basis points to 85.8%.

La Banque Postale's net banking income (NBI) stands at 5,241 million euros, up slightly (+10 million) on 2011. Excluding non-recurring items<sup>(1)</sup>, NBI rose 131 million euros, i.e. 2.5% compared to 2011.

Net banking income increased despite a

volatile market and historically low interest rates, thereby confirming the resilience of La Banque Postale's model, centred on retail banking.

Concerning bank savings, La Banque Postale's ordinary savings deposits recorded significant growth (6.7%) to 84.2 billion euros, boosted by inflows in the Livret A and LDD accounts following the raising of their ceilings on 1 October 2012.

Despite the downturn in the credit market,

La Banque Postale reasserted its growing commitment to provide financing for private, corporate and institutional customers, with an overall increase of 9.7% in total loans outstanding between the end of 2011 and the end of 2012, to 49.3 billion euros.

The insurance sector performed well, with net banking income<sup>(2)</sup> up 19.1% to 107 million euros, boosted by the launch of new activities (IARD, Health Insurance).

(1) Non-recurring items: change in home savings provision and EIC fine. The 385 million euros fine imposed by the Competition Authority for collusion to fix bank charges on cheque image exchanges involving 11 banks in 2010 was overturned by a Court of Appeal ruling in February 2012. The share of the fine refunded to La Banque Postale amounts to 33 million euros and was booked under net banking income. The French Competition Authority has appealed to the French Supreme Court.

(2) Excluding CNP.



## VIEWPOINT

**Yves Brassart,**

Executive Board member,  
Head of finance and strategy

The asset management business held up well, with net banking income remaining stable at 120 million euros despite unfavourable market conditions.

The Group's management expenses dropped 36 million euros to 4,486 million euros, down 0.8% over one year. The additional expenses generated by the cost of launching and developing new activities (local authorities, etc.) were offset by cost-cutting plans. Gross operating income stands at 755 million euros, up 24% excluding non-recurring items<sup>(3)</sup>.

The cost of risk dropped 166 million euros compared to 2011, which had been marked by an expense of 241 million euros relating to Greek exposure, versus 17 million euros in 2012. The cost of current risk increased 58 million euros due to the booking of additional provisions on risks relating to overdrawn accounts, and to the moderate increase in consumer credit business.

Operating income rose sharply to 603 million euros. Excluding non-recurring items<sup>(4)</sup>, it increased 17.8%.

The equity-accounted share of CNP profits was up 16 million euros to 176 million euros. Net Income, Group share, rose 39.3% in comparison with 2011, standing at 574 million euros after tax of 218 million euros.

*“Despite an economic climate that remains difficult, La Banque Postale’s 2012 results are up, demonstrating the strength of our business model. The Group continued to develop, launching new funding activities to businesses and the local public sector, and significantly raising its lending to households. With a strong liquidity position and a Core Tier 1 ratio of 12.1%, La Banque Postale is on the way to achieving its strategic objectives.”*

### Financial Structure

La Banque Postale's development rests on a solid balance sheet and a high solvency ratio: at 31 December 2012, La Banque Postale's Core Tier 1 ratio (Basel 2.5) stood at 12.1%.

Thanks to the sharp increase in its Tier 1 equity (up 42% in three years) and the low-risk profile of its assets, La Banque Postale expects to comply with the fully loaded

Basel 3 Common Equity Tier 1 ratio, which is above 9.5%<sup>(5)</sup>.

The loan to deposit ratio remains favourable, up slightly to 59%.

Between 2011 and 2012, direct exposure to PIIGS dropped sharply to 4,151 million euros, down 25.7%. There is no longer any exposure to the Greek sovereign debt in the statement of financial position.

(3) EIC fine and home savings provision.

(4) EIC fine, home savings provision and Greece.

(5) Following the implementation of Basel 3 in France as anticipated by La Banque Postale. As the CRD 4 Directive has not yet been approved by the European Parliament, its provisions are still open to interpretation.



# PROFIT AND LOSS STATEMENT as at 31 December 2012

<small>(in thousands of euros)</small>	<b>31/12/2011</b>	<b>31/12/2012</b>
<b>Net banking income</b>	<b>5,230,692</b>	<b>5,241,030</b>
General operating expenses	(4,365,202)	(4,311,992)
Net depreciation, amortisation and impairment charges on tangible and intangible assets	(157,390)	(174,176)
<b>Gross operating income</b>	<b>708,100</b>	<b>754,862</b>
Cost of risk	(318,223)	(151,844)
<b>Gross operating income</b>	<b>389,877</b>	<b>603,019</b>
Share of income from associates	160,365	176,028
Gains or losses on other assets	(806)	(1,556)
Loss in value of goodwill	(4,722)	14,362
<b>Income before tax</b>	<b>544,714</b>	<b>791,854</b>
Income tax	(134,653)	(218,086)
<b>Net income of consolidated entity</b>	<b>410,061</b>	<b>573,767</b>
Minority interests	(2,096)	(257)
<b>Net Income - Group share</b>	<b>412,157</b>	<b>574,024</b>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 31 December 2012

<b>Assets</b> <small>(in thousands of euros)</small>	<b>31/12/2011</b>	<b>31/12/2012</b>
Cash and central banks	2,643,973	2,725,691
Financial assets at fair value through profit and loss	11,016,356	6,899,791
Hedging derivatives	272,515	286,710
Financial assets available for sale	9,474,603	10,003,185
Loans and receivables - credit institutions	74,882,171	81,254,334
Loans and receivables - customers	45,082,910	49,930,597
Revaluation differences on interest rate risk hedged portfolios	145,129	293,386
Financial assets held to maturity	35,376,985	37,035,568
Tax assets (current and deferred)	377,125	294,784
Accruals and other assets	3,613,519	3,829,673
Investments in associates	1,952,180	2,333,961
Property, plant and equipment	487,511	500,128
Intangible assets	333,294	345,383
Goodwill	53,655	53,655
<b>Total</b>	<b>185,711,926</b>	<b>195,786,844</b>
<b>Liabilities</b> <small>(in thousands of euros)</small>	<b>31/12/2011</b>	<b>31/12/2012</b>
Financial liabilities at fair value through profit and loss	249,710	110,569
Hedging derivatives	234,123	563,290
Payables - credit institutions	10,865,606	15,811,870
Payables - customers	156,749,470	161,193,891
Debt represented by a security	5,463,758	4,537,187
Tax and other liabilities	4,802,671	5,092,788
Underwriting reserves of insurance companies	530,496	674,214
Provisions	399,199	557,118
Subordinated debt	796,475	849,569
Equity capital, Group share	5,637,618	6,416,671
Minority interests	(17,200)	(20,323)
<b>Total</b>	<b>185,711,926</b>	<b>195,786,844</b>

## Urban living



*I took this photo to symbolise the city of the future Building a more sustainable, more modern city, a city on the move, is also up to its residents.”*

**Flavien Aubert,**

MOE project leader at the IT department of Financial services and Retail Brand in Gradignan

In 2012, La Banque Postale extended a long-term loan to the provider of social housing Habitat 76 to finance the installation of photovoltaic panels on 190 buildings in its housing stock.

**La Banque Postale. The civic-minded bank.**

# OPERATIONAL COMMITTEE

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Chairman of the Executive Board  
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**Bernard de Marnhac, Secretary,** bernard.de-marnhac@labanquepostale.fr

# EXECUTIVE COMMITTEE

Chaired by Philippe Wahl, the Executive Board is made up of members of the Operational committee plus:

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# BOARD OF DIRECTORS

The Board of Directors of the Bank is made up of members of the Executive Board and the following:

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### La Banque Postale

A limited company with Executive and Supervisory Boards with registered capital of 3,185,734,830 euros

Registered office and postal address: 115 rue de Sèvres - 75275 Paris Cedex 06

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