



# 2021 INTERIM RESULTS

PRESS RELEASE

Paris, 29 July 2021

## First-half 2021: Results reflecting strong business momentum in a still uncertain environment

### HIGHER PROFIT

- Attributable net profit up **7%** at **€499 million** (excluding first-time consolidation entries and PPA adjustments)
- Net banking income rose **9%** to **€3,956 million**
- **3.9-point** improvement in underlying cost-income ratio to **69.1%**
- RONE of **8.2%**
- Cost of risk at a low **13 bps** in an environment shaped by a gradual recovery from the crisis

### A VERY ROBUST CAPITAL STRUCTURE

- Solid CET1 ratio of **20.2%** for La Banque Postale Group
- Solvency II ratio of **219%** for CNP Assurances
- Very strong liquidity position, with LCR of **220%**
- Robust NSFR at **146%**

### FASTER DIGITAL TRANSFORMATION

- Faster customer migration to digital solutions: **8.3 million users per month (up 12%)**
- Launch of a fully digitised account application process
- New and more user-friendly La Banque Postale app

### A REAFFIRMED COMMITMENT TO SUPPORTING THE JUST TRANSITION

- Innovative community offers for all the Group's customers (consumer impact loans, Carbo app)
- Confirmed leadership in sustainable finance:
  - **€750 million** inaugural 'social' debt issue
  - **Global Impact Weighting Factor (2iG)** index created to guide investment and lending decisions
- **CSR excellence recognised by the ESG rating agencies: La Banque Postale rated best bank worldwide and second best company (all sectors combined) by Vigeo Eiris (V.E.) and ISS**

**Philippe Heim, Chairman of La Banque Postale's Executive Board, said:** "These interim results confirm the robustness of our integrated bancassurance model and attest to the strong momentum achieved across all of our businesses. Our new strategic roadmap is guiding an in-depth transformation of our businesses, by reaffirming our community leadership, accelerating the roll-out of digital customer experience solutions and pursuing our international development alongside CNP Assurances. This long-term transformation process, which is a guarantee of performance and sustainability, must be meaningful for all our stakeholders.

To respond to society's growing needs, we are introducing differentiating innovations, such as our proprietary global impact index (2iG), a large-scale community consultation process across France and a new consumer impact loan offer. After unveiling its company purpose, La Banque Postale will lock in these commitments by becoming a mission-led company before the end of the year."

# HIGHER PROFITS AND A VERY ROBUST CAPITAL STRUCTURE

## LA BANQUE POSTALE GROUP BUSINESS ACTIVITY AND RESULTS

To best reflect its expanded consolidation scope and new governance structure, as well as the deployment of the 2025 strategic plan, **the Group's segment reporting has been reorganised** around the **bancassurance model's four business lines**:

- **Bancassurance France (60% of the business lines' contribution to attributable net profit)**, comprising La Banque Postale's Retail Banking business, Ma French Bank and the domestic Life and Non-Life insurance businesses.
- **International Bancassurance (12%)**, consisting of CNP Assurances' international bancassurance businesses in Brazil, Italy and Ireland, notably.
- **Wealth and Asset Management (6%)**, comprising BPE's wealth management business, and the asset management businesses of La Banque Postale Asset Management, Tocqueville Finance and the Ostrum AM joint venture with Natixis.
- **Corporate and Investment Banking (22%)**, comprising the corporate, local public sector, financial institutions and institutional customer segments, as well as the specialised financing and capital markets businesses.

Alongside these business lines, a fifth Corporate Centre segment has been created to report income and expenses that cannot be allocated to a specific business segment, such as purchase price allocations<sup>(1)</sup> and contributions to the Single Resolution Fund (SRF) and *Fonds de Garantie des Dépôts et de Résolution* (FGDR), permitting assessments of the business lines' underlying performance.

### Consolidated income statement :

<i>(in € millions)</i>	H1 2020 Reported	H1 2021 Reported	% change
<b>Net banking income</b>	<b>3,793</b>	<b>3,974</b>	<b>+9%</b> <sup>(2)</sup>
Operating expenses	(2,710)	(3,143)	+3.1% <sup>(3)</sup>
<b>Gross operating profit</b>	<b>1,083</b>	<b>831</b>	
<i>Cost-income ratio</i>	71.9%	79.7%	
Cost of risk	(228)	(98)	/ 2.2
<b>Operating profit</b>	<b>855</b>	<b>733</b>	
Changes in goodwill (and gains/losses on other assets)	2,998	2	
Share of profits of equity-accounted companies	663	30	
<b>Pre-tax profit</b>	<b>4,516</b>	<b>765</b>	
<b>Net profit</b>	<b>4,201</b>	<b>465</b>	
<b>Book attributable net profit</b>	<b>4,001</b>	<b>282</b>	
<b>Attributable net profit</b> excluding first-time consolidation entries in 2020 and PPA adjustments	<b>468</b>	<b>499</b>	<b>+7%</b>
<i>Cost-income ratio</i> <sup>(2)/(3)</sup>	73.0%	69.1%	-3.9 pts
<i>RONE</i> <sup>(4)</sup>	8.0%	8.2%	+19 bps

(1) Purchase price allocations include transaction-date fair value adjustments to CNP Assurances' assets and liabilities, that will be depreciated or amortised over their useful lives

(2) Underlying net banking income, after restatement for changes in consolidation scope and currency effects (CNP Assurances), PPA adjustments, PEL/CEL effects and the AML methodological review in 2020

(3) Underlying general operating expenses, after restatement for changes in consolidation scope and currency effects (CNP Assurances), PPA adjustments and SRF/FGDR contributions

(4) RONE = Attributable net profit/Average risk-weighted assets capitalised at 14%, excluding badwill and purchase price allocations

All told, **business volumes were restored to 2019 levels**, especially in terms of customer acquisition, current account services and home loan originations.

**Net banking income<sup>(5)</sup> rose 9.0% to €3,956 million.**

**The net interest margin rose 4.5%** (despite the €106 million negative impact of the unfavourable interest rate environment on the deposit margin) thanks especially to the **lending businesses' resilience** (with the credit margin up €67 million) and good performances by the trading desks (contribution to net interest margin up €92 million). **Commission income rose 9%**, led by growth in bank charges and fees for current account services, wealth management fees and real estate advisory fees.

Net banking income generated by insurance businesses reflected margin growth generated by **robust business volumes, increases in deposits** and revenue from the own-fund's portfolio.

**General operating expenses** were up 3.1% at **€2,712 million**, in line with the investment trajectory set out in the strategic plan. The increase reflected the low 2020 basis of comparison for distribution costs and also a controlled growth in expenditure to support business development, transformation programmes, process and offer digitisation programmes and the strengthening of corporate functions.

**The cost-income ratio improved by 3.9 points to 69.1%.**

At €98 million, **cost of risk remained low in an uncertain economic environment**, attesting to **the quality of the Group's asset portfolio** and its limited exposure to the sectors that were the hardest hit by the economic and health crisis (barely 1% of exposures are in default). Just €33 million worth of loans in the portfolio year-end 2020 were classified as in default (bucket 3) in first-half 2021 and the **non-performing loan rate** (excluding CNP Assurances) **was stable at 0.56%**.

**The cost of risk/outstanding loans ratio for the commercial banking business remained low, at 13 bps**, representing a significant decrease from year-end 2020.

Excluding first-time consolidation entries (CNP Assurances) and PPA adjustments, **attributable net profit rose 7% to €499 million.**

**RONE at 30 June 2021 stood at 8.2%.**

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<sup>(5)</sup> Underlying net banking income, after restatement for changes in consolidation scope and currency effects (CNP Assurances), PPA adjustments, PEL/CEL effects and the AML methodological review in 2020

## CONSOLIDATED BALANCE SHEET AND CAPITAL STRUCTURE

### Key indicators:

	31 December 2020	30 June 2021	Change
<b>BALANCE SHEET</b>			
Total assets (€bn)	737	754	+€17bn
<b>CAPITAL</b>			
Total regulatory own funds (€bn)	21.0	21.3	+€0.3bn
Common Equity Tier 1 (CET1) ratio	20.4%	20.2%	-0.2 pts
Leverage ratio	6.1% <sup>(6)</sup> <sup>(7)</sup>	6.7%	+0.6 pts
ROE <sup>(8)</sup>	4.4%	5.5%	+1.1 pts
RONE <sup>(9)</sup>	6.3%	8.2%	+1.9 pts
<b>LIQUIDITY</b>			
Loan-to-deposit ratio	83.6%	81.1%	-2.5 pts
Liquidity coverage ratio (LCR)	179%	220%	+41 pts
Liquidity coverage ratio (NSFR)	139.7%	146%	+6.3 pts

**Total assets at 30 June 2021 amounted to €754 billion compared with €737 billion at 31 December 2020.**

The Group's capital structure is particularly robust, with total regulatory own funds standing at €21.3 billion.

- **The estimated Common Equity Tier 1 (CET1) ratio was 20.2%** (down 0.2 points). The decline was mainly due to:
  - Inclusion of interim net profit (+0.3 pts)
  - The forecast dividend (-0.1 pts)
  - The change in other comprehensive income (+0.2 pts)
  - Other effects (-0.3 pts).
  - **Excluding the effect of the change of method, the CET1 was 20.5%.**
  - The change of method resulted from the application of Capital Requirements Regulation 2 (CRR2), which had a negative impact of 0.3 pts.
- The **Tier 1 ratio was 21.1 %.**
- The Group's overall solvency ratio was 24.2%, down 0.3 points compared with 31 December 2020.
- The leverage ratio was 6.7%, **up 0.6 points versus 31 December 2020.**

The Group's liquidity structure is similarly robust. The loan-to-deposit ratio of 81.1% provides ample scope to fund business growth and the 220% liquidity coverage ratio is more than double the regulatory minimum of 100%. The NSFR ratio was 146%, up 6.3 points versus 31 December 2020.

(6) 50% of centralised savings excluded by decision of the ECB

(7) Including €180 million in forecast dividends

(8) ROE = Attributable net profit/Average permanent equity, excluding non-controlling interests, goodwill and purchase price allocations

(9) RONE = Attributable net profit/Average risk-weighted assets capitalised at 14%, excluding goodwill and purchase price allocations

**In March 2021, Fitch upgraded La Banque Postale's credit ratings** to A/Stable (long-term) and F1+/Stable short-term. The upgrades recognise the quality of the Group's bancassurance model and its robust financial position.

	<b>Standard &amp; Poor's</b>	<b>Fitch</b>
Long-term rating	A	A
Outlook	Stable	Stable
Last updated	24 June 2021	30 March 2021
Short-term rating	A-1	F1+

All of La Banque Postale's debt instruments are now rated investment grade by Fitch.

During first-half 2021, **La Banque Postale pursued its bond issuance policy to increase liabilities eligible for inclusion in the MREL**, confirming investor appreciation of La Banque Postale's credit quality. A **€500 million Tier 2 Subordinated Notes issue** was launched to take advantage of attractive market conditions.

This was followed by a **successful €750 million inaugural 'social' bond issue**, consisting of Senior Non-Preferred Notes. The issue was 1.46 times oversubscribed and the bonds were allocated at a final spread of MS+70bps. **Its success has enabled La Banque Postale to reaffirm its commitment to being a regular issuer on the sustainable bond market.**

CNP Assurances, for its part, carried out a US\$700 million Restricted Tier 1 perpetual notes issue. The issue, which was **nearly four times oversubscribed**, will be used to refinance upcoming debt maturities. It has also **optimised CNP Assurances' capital structure** as the issue proceeds are taken into account in its regulatory capital under Solvency II.

## RESULTS BY BUSINESS LINE

### BANCASSURANCE FRANCE

<i>(in € millions)</i>	H1 2020	H1 2021	% change (reported)	% change (constant scope basis <sup>(10)</sup> )
<b>Net banking income</b>	<b>2,574</b>	<b>3,135</b>	<b>21.8%</b>	<b>8.3%</b>
Operating expenses	(2,120)	(2,318)	9.3%	4.0%
<b>Gross operating profit</b>	<b>454</b>	<b>817</b>	<b>79.9%</b>	<b>28.1%</b>
Cost of risk	(79)	(25)	-68.0%	-70.3%
<b>Operating profit</b>	<b>375</b>	<b>791</b>	<b>2.1x</b>	<b>48.9%</b>
<b>Pre-tax profit</b>	<b>442</b>	<b>816</b>	<b>84.8%</b>	<b>42.2%</b>
<b>Attributable net profit</b>	<b>205</b>	<b>371</b>	<b>80.6%</b>	<b>48.4%</b>

**In an uncertain economic environment shaped by persistently low interest rates, outstanding loans increased by 3.4% and customer deposits by 3.2%.**

Retail Banking outstanding loans totalled €67.6 billion (up 3.4%), including €62.3 billion in home loans (up 3.3%) and €5.3 billion in consumer finance (up 4.1%). Buoyed by the post-lockdown surge in consumer spending, consumer finance originations rose by a strong 27.3% to €1.2 billion.

Home loan originations totalled €5.5 billion, up by a very healthy 23.2%.

Life insurance deposits rose by 0.5% to €120 billion. The quality of new money generated by the La Banque Postale network <sup>(11)</sup> improved, with unit-linked sales representing 30.3% of the total inflow in June 2021, versus 19.8% in June 2020.

Demand deposits rose by a satisfactory 6.1% to €71.2 billion, reflecting La Banque Postale's reputation as a trustworthy French bank.

As France began to slowly recover from the Covid-19 crisis, the Livret A account – France's most popular savings vehicle – continued to attract precautionary savings, with deposits rising by 2.6% to €60.9 billion. In all, customer deposits in regulated savings accounts (*Livret A*, *Livret d'épargne populaire* and *Livret de développement durable et solidaire* accounts) rose by 3.9% to €89.6 billion.

Total customer deposits grew by €10.3 billion over the period to €329 billion at 30 June 2021, an increase of 3.2% from 30 June 2020.

(10) CNP Assurances consolidated on a 62.84% basis over four months in first-half 2020

(11) Excluding BPE. BPE is now included in the Wealth and Asset Management business line.

## **Increased profit**

**The business line's contribution to net banking income came to €3,135 million (up 8.3% on a constant scope basis).** The net deposit margin remained under pressure while interest rates remained in negative territory, but the net credit margin rose 34%. Fee and commission income grew 8%, led by bank charges and fees on routine banking transactions.

The 4% like-for-like growth in **operating expenses** to €2,318 million primarily, notably reflecting the **low basis of comparison** in 2020, was in line with the trajectory set in the strategic plan.

The steep reduction in cost of risk to **€25 million** attests to the quality of the Group's asset portfolio and its prudent management of credit risks during the health and economic crisis.

The business line's contribution to attributable net profit was up 48.4% on a constant scope basis at **€371 million**.

During the first half, the Group rolled out **new digital solutions** designed to enhance the customer experience in a variety of areas, including a fully digitised account application process, a new, more user-friendly version of the mobile banking app, and an on-line home loan simulator. The **operational efficiency programme** was also pursued. The mobile app can now be used for substantially all administrative tasks concerning cards, cheques and cheque books, and artificial intelligence solutions have been deployed for customers subject to collection proceedings to enable them to resolve the problem directly. Lastly, the Group is continuing to invest in the robotisation and automation of administrative tasks and has outsourced the production of account statements to Docaposte, in order to benefit from the mass processing expertise of this subsidiary of Le Groupe La Poste.

**These different initiatives are enabling the Group to continue achieving cost savings of around €40 million per year, with more initiatives to come in the future.**

## INTERNATIONAL BANCASSURANCE

<i>(in € millions)</i>	H1 2020	H1 2021	% change (reported)	% change (constant scope and forex basis (12))
<b>Net banking income</b>	<b>490</b>	<b>577</b>	<b>17.7%</b>	<b>-1.7%</b>
Operating expenses	(121)	(213)	76.3%	-11.3%
<b>Gross operating profit</b>	<b>369</b>	<b>364</b>	<b>-1.5%</b>	<b>1.4%</b>
Cost of risk	1	(3)	n/a	n/a
<b>Operating profit</b>	<b>371</b>	<b>361</b>	<b>-2.6%</b>	<b>0.2%</b>
<b>Pre-tax profit</b>	<b>371</b>	<b>362</b>	<b>-2.5%</b>	<b>0.0%</b>
<b>Attributable net profit</b>	<b>89</b>	<b>73</b>	<b>-18.0%</b>	<b>-1.9%</b>

### **Solid business momentum in both Europe and Latin America**

In the Europe excluding France region, CNP UniCredit Vita delivered a very good performance during first-half 2021, lifting the contribution of unit-linked sales to total new money by 3 points to 80% thanks to successful marketing campaigns promoting *My Selection* products in Italy.

In Latin America, Caixa Vida e Previdencia became Brazil's second largest pensions provider, with a market share of 22.1% as of end-May. Business momentum remained strong, led by the Savings/Pensions business which recorded premiums up 89% in local currency.

### **Higher profit**

**Profit in the Europe excluding France region rose 44%** on a constant scope and exchange rate basis, reflecting business growth, higher interest income, and the low basis of comparison created by Covid-related reserves booked in 2020.

**Profit in Latin America declined slightly, by 12%** on a constant scope and exchange rate basis, with higher loss ratios (due to Covid-19) and lower investment income offset by increased business volumes and improved margins on pensions products.

**The business line's contribution to attributable net profit was down 2% on a constant scope and exchange rate basis**, due to the growing impact of the health crisis in Latin America.

(12) CNP Assurances consolidated on a 62.84% basis over four months in first-half 2020

## WEALTH AND ASSET MANAGEMENT

<i>(in € millions)</i>	H1 2020	H1 2021	% change (reported)
<b>Net banking income</b>	<b>130</b>	<b>146</b>	<b>12.0%</b>
Operating expenses	(89)	(88)	-1.0%
<b>Gross operating profit</b>	<b>41</b>	<b>58</b>	<b>39.7%</b>
Cost of risk	(1)	0	n/a
<b>Operating profit</b>	<b>41</b>	<b>58</b>	<b>42.8%</b>
<b>Pre-tax profit</b>	<b>41</b>	<b>64</b>	<b>54.5%</b>
<b>Attributable net profit</b>	<b>23</b>	<b>39</b>	<b>71.5%</b>

### **A buoyant business performance**

**The Wealth Management business (BPE) continued to enjoy strong momentum** in the first half, with loan originations up 29% to €541 million (including a record high volume in June), **very strong growth in net new money invested in discretionary management portfolios** (2.7x higher at €523 million), **32.1% growth in assets held in discretionary management portfolios** to €6,727 million and total outstanding loans up 14.2% to €4,199 million. Savings invested in life insurance products also increased, rising by 30.6% to €3,708 million primarily as a result of transfers from old to new pension products (PACTE transfers).

During the period, new BPE service desks were opened in post offices, raising the total to 52 as of 30 June 2021 and customers were given the opportunity to invest in its **first green bond**, BPE Green France 2031, issued by La Banque Postale.

Assets under management by La Banque Postale AM (restated for the transfer of managed assets from LBP AM to the Ostrum AM joint venture) grew by 23.1% to €56 billion,

Assets under management by the Ostrum AM joint venture, which is 45%-owned by La Banque Postale AM, totalled €437 billion at 30 June 2021. The operational launch of the joint venture is going ahead according to plan.

**LBP AM, a subsidiary of La Banque Postale, has been chosen to launch a new fund** “Assureurs – Caisse des Dépôts Relance Durable France – LBP AM” that will specialise in providing financing for French micro-enterprises and SMEs. The fund comprises two compartments: a “Relance” fund invested in listed equities and managed by Tocqueville Finance, and a private equity fund managed by LBP AM.

## **Solid financial results**

The business line's **net banking income rose 12%** to €146 million. The Wealth Management business (off-balance sheet savings products, discretionary portfolio management and home loans) enjoyed very strong momentum, while the Asset Management business recorded net new money of over €1 billion, primarily from institutional investors and for investment in diversified asset classes and bonds.

Management fees slightly contracted by 1% to €88 million.

**The business line's contribution to attributable net profit rose sharply to €39 million**, with Wealth Management profit up 88% and Asset Management profit up 55%.

## **CORPORATE AND INVESTMENT BANKING**

<i>(in € millions)</i>	<b>H1 2020</b>	<b>H1 2021</b>	<b>% change (reported)</b>
<b>Net banking income</b>	<b>424</b>	<b>571</b>	<b>34.8%</b>
Operating expenses	(299)	(312)	4.1%
<b>Gross operating profit</b>	<b>124</b>	<b>259</b>	<b>x2</b>
Cost of risk	(133)	(71)	-46.8%
<b>Operating profit (loss)</b>	<b>(8)</b>	<b>189</b>	<b>n/a</b>
<b>Pre-tax profit (loss)</b>	<b>(8)</b>	<b>189</b>	<b>n/a</b>
<b>Attributable net profit (loss)</b>	<b>(6)</b>	<b>135</b>	<b>n/a</b>

### **Corporate and Investment Banking, a driver of growth and diversification**

Outstanding corporate loans continued to grow, rising 4.9% over 12 months to €38 billion. The total breaks down as follows: €25.5 billion in loans to companies, micro-enterprises and professionals (up 5.5%) and €12.5 billion in loans to local authorities and social landlords (up 3.8%), making La Banque Postale a major provider of financing for the local public sector.

Corporate demand deposits contracted by 1.9% to €11.7 billion.

The Corporate and Investment Banking business performed well in the first half, **successfully launching the Debt Capital Markets business** (and participating in over 70 debt issues) and delivering strong growth in the **Project Finance** business (with outstanding loans up 7%). The trading desks also achieved good results, helped by favourable financial market conditions.

## Higher profit

The Corporate and Investment Banking business reported net banking income up by a strong 34.8% at €571 million. All customer segments contributed to this growth, which was led by lending activities (up 16%), cash management services (up 16%) and the trading desks which reaped the benefits of favourable markets.

The Corporate and Investment Banking business line's contribution to attributable net profit was a positive €135 million (versus a negative €6 million in 2020), supported by growth in net banking income and a significantly lower cost of risk compared with first-half 2020.

## CORPORATE CENTRE

<i>(in € millions)</i>	H1 2020	H1 2021
<b>Net banking income</b>	<b>175</b>	<b>(454)</b>
Operating expenses	(81)	(212)
<b>Gross operating profit (loss)</b>	<b>94</b>	<b>(666)</b>
Cost of risk	(17)	0
<b>Operating profit (loss)</b>	<b>77</b>	<b>(666)</b>
Changes in goodwill (and gains and losses on other assets)	2,999	0
Share of profits of equity-accounted companies	594	0
<b>Pre-tax profit (loss)</b>	<b>3,670</b>	<b>(666)</b>
<b>Attributable net profit (loss)</b>	<b>3,690</b>	<b>(336)</b>

Corporate Centre results reflect:

- Changes in goodwill (and gains and losses on other assets), corresponding to the €3,593 million impact of first-time consolidation entries recorded in first-half 2020.
- PPA adjustments, which had a €157 million unfavourable impact on attributable net profit, including unfavourable impacts of €305 million on net banking income and €104 million on general operating expenses, partly offset by favourable impacts on tax and non-controlling interests.
- The increase in Single Resolution Fund (SRF)/*Fonds de Garantie des Dépôts et de Résolution* (FGDR) contributions to €89 million in 2021 from €61 million in 2020, included in operating expenses.
- The AML methodological review in 2020.

## I HIGHLIGHTS FOR FIRST-HALF 2021

### NEW GOVERNANCE STRENGTHENED AND ALIGNED WITH THE STRATEGIC PRIORITIES OF THE 2030 PLAN

**The implementation of the new 2030 strategic plan announced in March was accompanied by the renewal of La Banque Postale Group's Executive Board.** The arrival of Marion Rouso, Managing Director of Retail Banking, and Bertrand Cousin, in charge of Corporate and Investment Banking serving corporate, local public sector and institutional customers, working alongside Philippe Heim, Chairman of the Executive Board, and Tony Blanco, General Secretary, is intended to strengthen La Banque Postale's competitive edge in its domestic market and its diversification in France and abroad.

The Executive Committee has been expanded to support faster implementation of the 2030 strategic plan: Stéphane Dedeyan (Chief Executive Officer of CNP Assurances), Christophe van de Walle (Deputy General Manager, Customer Experience and Banking Operations), Serge Bayard (Deputy General Manager, Corporate and Investment Banking) and Olivier Lévy-Barouch (Deputy General Manager, Finance and Strategy). Nathalie Collin, Chief Executive Officer of the Consumer and Digital Division, Le Groupe La Poste, has also joined the Executive Committee as an associate member, in light of the close operational ties between La Banque Postale's Retail Banking business and Le Groupe La Poste's Consumer and Digital Division.

**The coordination of the La Banque Postale bancassurance group's financial conglomerate was also enhanced during the first half of the year,** particularly by **strengthening the integrated risk management plan for La Banque Postale and CNP Assurances** within its structural management framework, in line with prudential requirements. The integration work aligned and strengthened governance, coordination and risk appetite aspects as well as the conglomerate's control systems.

### A TRANSFORMATIVE ROADMAP IN MOTION

**The digitisation of retail banking, a major focus of the 2030 strategic plan.**

La Banque Postale accelerated the roll-out of digital retail banking solutions, including **a new fully digitised account application process** (including a facial recognition system developed in partnership with fintech company Netheos) **and a new online loan application process for homebuyers.**

Moreover, La Banque Postale's online services turned in record performances during the first half, with 134 million monthly visits (existing and potential customers) and **a 12% increase in the number of monthly users** to 8.3 million.

**La Banque Postale continues to diversify its offer while mobilising an innovative ecosystem.**

Following the February launch of the *Credit as a Service* platform, **La Banque Postale Consumer Finance** entered into a strategic partnership with **Alma** (a French fintech specialised in Buy Now Pay Later solutions) to develop a consumer finance offer for e-tailers with repayments spread over 12, 24 or 36 months.

Lastly, **EasyBourse**, La Banque Postale Group's online broker, **is providing broader access to capital markets thanks to its partnership with fintech PrimaryBid**: retail customers now have access to securities transactions that were previously reserved for institutional investors.

For legal entities, La Banque Postale is working with French fintech **NovaLend** to extend its 100% digital offer to leasing. It also entered into a strategic partnership with **fintech Ebury** in order to offer its SME customers an open banking solution to **assist them with their international activities**. This initiative illustrates La Banque Postale's goal of becoming a major banking partner for French companies by adopting an innovative business model resulting from collaboration with tech players.

In the insurance sector, **La Banque Postale is working with three insurtechs: Lovys** (to offer fully-digital, non-binding home insurance and smartphone insurance via Ma French Bank), **Zaion** which allows for automated processing of insurance certificate requests and, **Shift**, for automated claims management.

**La Banque Postale accelerates its international development.**

**La Banque Postale is expanding its presence in Italy, where its subsidiary CNP Assurances has signed an agreement with the Aviva group to take over its life insurance business.** This pending transaction would enable CNP Assurances to strengthen its partnership with UniCredit and double its market share to nearly 6%, making it the country's fifth largest life insurer.

In Brazil, the start of the year was marked by **the implementation of CNP Assurances' long-term exclusive distribution agreements with the network of Caixa Econômica Federal** (CEF, Brazil's public bank and one of the top five banks in Latin America), for death and disability, borrower's insurance, consumer and retirement products (*vida, prestamista, previdência*) and on the *consórcio* segment.

## A HEIGHTENED COMMITMENT TO A JUST TRANSITION

### **A company purpose to reaffirm LBP's leadership in community bancassurance in support of a just transition.**

Since 2009, La Banque Postale has performed an accessible banking mission on behalf of the French State, via the Livret A savings account. The European Commission has recently approved in principle the payment to La Banque Postale of a cumulative amount of €1.77 billion in consideration of this public service mission for the period 2021-2026.

La Banque Postale's community DNA is embodied not only in this accessible banking mission, but also in its recognised international leadership in socially responsible finance. The unveiling of La Banque Postale's company purpose represents an additional step towards the in-depth transformation of its bancassurance model in support of a just transition.

Revealed during the "Citizens' Economy Dialogue" which brought together 2 million people on 29 June, La Banque Postale's company purpose is the product of a co-construction process bringing together all stakeholders (employees, customers, partners, and elected officers) and reflects its aim of providing individuals throughout France with accessible, high-performance service that will positively impact society and the environment.

#### **LA BANQUE POSTALE'S COMPANY PURPOSE**

"Because it was created with the purpose of **servicing the public**, La Banque Postale believes that **there can be no long-lasting value creation** without **redistribution**, no **economic growth** without **local prosperity** and no **sustainable development** without **respect for planet boundaries**.

By offering **quality and accessible services**, our purpose is to enable everyone to **fulfil their potential** and to **contribute, through their investment, savings, insurance and consumption choices**, to building **a society that is more attentive to the planet and all who live on it**.

**As a committed banker and insurer**, it is our desire to work towards this **just transition** alongside our **customers** and **employees**."

La Banque Postale will become a **"mission-led company"** by the end of 2021, following the **example of Le Groupe La Poste on 8 June 2021**.

#### **Its community leadership is already recognised by non-financial rating agencies:**

- La Banque Postale is ranked as the **leading bank worldwide** in the "Public and Regional Banks" category by ISS-ESG, as the **leading bank worldwide** in the "Retail and Specialised Banks" category and the second-leading company worldwide, all industries combined, by Vigeo Eiris (V.E.), as well as the **leading French bank** by Sustainalytics and the number four bank in the world;
- In 2021, CNP Assurances has been ranked by Corporate Knights among the world's 100 most sustainable companies.

## **Innovations accelerating the in-depth transformation of La Banque Postale's business model.**

**In order to support changes in retail bank practices that advance the ecological transition, La Banque Postale**, in addition to its partnership with Carbo, **will be the first French bank to launch a positive-impact consumer credit offer** in September 2021. With two new offers – the positive-impact automobile loan and the positive-impact home-improvement loan – the intention is to promote new, more inclusive, consumer behaviours. LBPCF is the first credit institution to position itself on this market, currently reserved for B2B financing and higher socio-economic categories. Gradually, all consumer loans will become positive-impact.

Moreover, **La Banque Postale has announced the design of a unique global impact measurement indicator, the *Global Impact Weighting Factor (2IG)*, which will be considered in all of the bank's decisions for financing and investment.** The main practices and the methodological framework of this proprietary index **and its open architecture** are jointly defined with outside stakeholders such as WWF with which a strategic partnership has just been formed.

In addition, **the range of SRI funds offered by LPM AM** was once again recognised at the **Climetrics Fund Awards 2021**: two funds (LBPAM ISR Actions Environnement and LBPAM ISR Amérique) are ranked among the top five in the European and American Equities category (20,000 funds analysed). Moreover, **37 funds** managed by LBP AM are rated **4- or 5-star by Morningstar**.

In addition, the **CNP Assurances** subsidiary and its partner Tikehau Capital launched the **first private equity unit-linked contract focused on the energy transition**: “CNP Relance et Climat”. The contract provides retail customers with access to investments in unlisted assets so they can invest in the real economy.

**Lendopolis**, a crowdlending platform specialised in renewable energy projects and a subsidiary of La Banque Postale, is continuing to grow and has announced its first international project for an amount of €3.5 million (Chile – solar power plants). Following a call for tenders, it was also chosen to provide €40 million in funding for a solar power project (Amarenco).

La Banque Postale's **Crowd for Good** unit (KissKissBankBank, Lendopolis, Goodeed and microDON), raised **€37.5 million** during the first half of the year.

**Lastly, La Banque Postale is a founding member of the Net-Zero Banking Alliance**, an international initiative bringing together 34 European banks (out of a total of 53) from 23 countries, whose ambition is to achieve net zero emissions by 2050 at the latest. **La Banque Postale has been elected to the alliance's steering committee to represent the euro zone alongside three other banks based in Spain and the United Kingdom. The election has confirmed its leadership in decarbonisation**, in line with the objective announced in its 2020-2030 strategic plan to achieve net zero emissions across all businesses by 2040, i.e., ten years in advance. In addition, the calibre of La Banque Postale's **coal policy was recognised by the NGO Reclaim Finance** which awarded it the highest score (10/10) based on the criteria used by Reclaim Finance's Coal Policy Tool to assess French financial institutions. CNP Assurances also tightened the rules over its investments in fossil fuels, enhancing its existing policy on thermal coal and effectively helping to limit global warming.

## **Enhanced dialogue with external and internal stakeholders as part of a co-construction- and accountability-based approach.**

**In an industry first, La Banque Postale launched a vast community consultation process with the French public in late June** to identify their expectations for “the bank of tomorrow”, on the basis of 16 specific product and service proposals. To date, the online “parlonscitoyens.fr” platform has received over 235,000 unique visitors, an unprecedented consultation basis for a bancassurer.

A full summary of the results will be published in mid-September. Discussions are now in progress as to how to best engage with **the community of nearly 3,000 French individuals** who expressed interest in helping to build our offer.

In line with its “equal attention” approach, this spring La Banque Postale carried out **a major consultation process with its employees regarding the realisation of its community ambitions in respect of its employees.** This equally unprecedented endeavour, involving 30,000 people across all businesses, led to the emergence of more than 800 projects and several major key themes, including work-life quality, environmental protection and responsible social commitment.

In addition, La Banque Postale confirmed its commitment to supporting all its employees as it transforms its businesses. Each year, more than **40,000 employees are trained by its in-house school Ecole de la Banque et du Réseau**, representing an investment of 300,000 training days. In 2021, the school’s offer is being expanded to encompass new key issues (customer centricity, digital proficiency, CSR, risk culture), with **15,000 training days** devoted to these topics in the first half of the year. In all, 20 new training courses will be added to Ecole de Banque et du Réseau’s catalogue, using the launch of the strategic plan as a baseline.

Reflecting the Group’s focus on promoting gender equality, the percentage of women has continued to grow over the last three years and **they now represent 38% of Executive Committee members.** The equality index has stabilised in the last two years at 97, making La Banque Postale a point of reference on this issue in the banking sector. La Banque Postale made major social advances benefiting parents in its latest Diversity and Gender Equality agreement. It reiterated the commitments made in favour of parenting by supporting changes in family structures, granting all parents the same rights regardless of their gender.

## APPENDICES

### CONSOLIDATED INCOME STATEMENT FOR FIRST-HALF 2021

(in € millions)	30 June 2021	30 June 2020
Interest income	2,630	2,091
Interest expense	(977)	(939)
Fee and commission income	1,127	1,125
Fee and commission expense	(1,651)	(1,167)
Net gain or loss on financial instruments at fair value through profit or loss	8,843	(3,382)
Net gain or loss on financial instruments at fair value through other comprehensive income	(349)	21
Net gain or loss on derecognised financial assets at amortised cost	-	297
Income from other activities	17,210	7,556
Expenses from other activities	(22,151)	(2,075)
Impact of the overlay approach (gross impact)	(707)	267
<b>NET BANKING INCOME</b>	<b>3,974</b>	<b>3,793</b>
General operating expenses	(2,801)	(2,534)
Net depreciation, amortisation and impairment of property, plant and equipment and intangible assets	(341)	(176)
<b>GROSS OPERATING PROFIT</b>	<b>831</b>	<b>1,083</b>
Cost of risk	(98)	(228)
<b>OPERATING PROFIT</b>	<b>733</b>	<b>855</b>
Share of profits of equity-accounted companies	30	663
Net gain or loss on other assets	2	(1,579)
Changes in the value of goodwill	-	4,578
<b>PRE-TAX PROFIT</b>	<b>765</b>	<b>4,516</b>
Income tax	(300)	(315)
<b>NET PROFIT</b>	<b>465</b>	<b>4,201</b>
Non-controlling interests	183	200
<b>ATTRIBUTABLE NET PROFIT</b>	<b>282</b>	<b>4,001</b>

## CONSOLIDATED BALANCE SHEET AT 30 JUNE 2021

(in € millions)	30 June 2021	31 December 2020
Cash, central banks	60,824	1,783
Financial assets at fair value through profit or loss	202,655	195,772
Hedging derivatives	1,138	1,443
Financial assets at fair value through other comprehensive income	223,485	230,779
Securities at amortised cost	23,984	24,018
Loans and advances to credit institutions at amortised cost	71,707	114,484
Loans and advances to customers at amortised cost	122,671	125,255
Revaluation differences on portfolios hedged against interest rate risks	158	220
Current tax assets	411	867
Deferred tax assets	441	449
Accruals and other assets	35,996	31,907
Investments in equity-accounted companies	775	696
Investment properties	3,138	3,083
Property, plant and equipment	1,135	879
Intangible assets	5,416	5,385
Goodwill	156	156
<b>TOTAL ASSETS</b>	<b>754,088</b>	<b>737,176</b>
Financial liabilities at fair value through profit or loss	3,518	3,421
Hedging derivatives	592	763
Liabilities due to credit institutions	35,800	33,533
Customer deposits	233,905	230,393
Debt securities	25,490	21,639
Revaluation differences on portfolios hedged against interest rate risks	574	726
Current tax liabilities	142	99
Deferred tax liabilities	1,311	1,494
Accruals and other liabilities	23,137	21,622
Insurance company technical provisions and shadow accounting reserves	385,283	379,830
Provisions	1,015	1,025
Subordinated debt	10,709	10,187
<b>EQUITY</b>	<b>32,611</b>	<b>32,444</b>
<b>Non-controlling interests</b>	<b>12,767</b>	<b>12,854</b>
<b>Equity attributable to owners of the parent</b>	<b>19,844</b>	<b>19,590</b>
Share capital	6,585	6,585
Reserves and retained earnings	12,356	8,404
Gains and losses recognised directly in equity	621	445
Attributable net profit	282	4,155
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>754,088</b>	<b>737,176</b>

## SEGMENT INFORMATION FOR FIRST-HALF 2021

### FIRST-HALF 2021 NET PROFIT BY BUSINESS SEGMENT (EXCLUDING THE COST OF EQUITY FOR EACH SEGMENT)

	First-half.2021					Total
	Bancassurance France	International Bancassurance	Wealth and Asset Management	Corporate and Investment Banking	Corporate centre	
(in € millions)						
<b>NET BANKING INCOME</b>	<b>3,135</b>	<b>577</b>	<b>146</b>	<b>571</b>	<b>(454)</b>	<b>3,974</b>
General operating expenses	(2,208)	(136)	(82)	(287)	(89)	(2,801)
Net depreciation, amortisation and impairment of property, plant and equipment and intangible assets	(111)	(77)	(6)	(24)	(124)	(341)
<b>GROSS OPERATING PROFIT (LOSS)</b>	<b>817</b>	<b>364</b>	<b>58</b>	<b>259</b>	<b>(666)</b>	<b>831</b>
Cost of risk	(25)	(3)	0	(71)	-	(98)
<b>OPERATING PROFIT (LOSS)</b>	<b>791</b>	<b>361</b>	<b>58</b>	<b>189</b>	<b>(666)</b>	<b>733</b>
Share of profits of equity-accounted companies	24	1	5	-	-	30
Net gain or loss on other assets	1	(0)	1	-	-	2
Changes in the value of goodwill	-	-	-	-	-	-
<b>PRE-TAX PROFIT (LOSS)</b>	<b>816</b>	<b>362</b>	<b>64</b>	<b>189</b>	<b>(666)</b>	<b>765</b>
Income tax	(227)	(137)	(18)	(54)	135	(300)
<b>NET PROFIT (LOSS)</b>	<b>590</b>	<b>225</b>	<b>46</b>	<b>135</b>	<b>(532)</b>	<b>465</b>
Non-controlling interests	219	153	7	0	(196)	183
<b>ATTRIBUTABLE NET PROFIT (LOSS)</b>	<b>371</b>	<b>73</b>	<b>39</b>	<b>135</b>	<b>(336)</b>	<b>282</b>

### FIRST-HALF 2020 NET PROFIT BY BUSINESS SEGMENT (EXCLUDING THE COST OF EQUITY FOR EACH SEGMENT)

	First-half 2020					Total
	Bancassurance France	International Bancassurance	Wealth and Asset Management	Corporate and Investment Banking	Corporate centre	
(in € millions)						
<b>NET BANKING INCOME</b>	<b>2,574</b>	<b>490</b>	<b>130</b>	<b>424</b>	<b>175</b>	<b>3,793</b>
General operating expenses	(2,001)	(113)	(83)	(277)	(61)	(2,534)
Net depreciation, amortisation and impairment of property, plant and equipment and intangible assets	(119)	(8)	(6)	(23)	(20)	(176)
<b>GROSS OPERATING PROFIT</b>	<b>454</b>	<b>369</b>	<b>41</b>	<b>124</b>	<b>94</b>	<b>1,083</b>
Cost of risk	(79)	1	(1)	(133)	(17)	(228)
<b>OPERATING PROFIT (LOSS)</b>	<b>375</b>	<b>371</b>	<b>41</b>	<b>(8)</b>	<b>77</b>	<b>855</b>
Share of profits of equity-accounted companies	67	1	0	-	594	663
Net gain or loss on other assets	(0)	(1)	-	-	(1,578)	(1,579)
Changes in the value of goodwill	-	-	-	-	4,578	4,578
<b>PRE-TAX PROFIT (LOSS)</b>	<b>442</b>	<b>371</b>	<b>41</b>	<b>(8)</b>	<b>3,670</b>	<b>4,516</b>
Income tax	(124)	(143)	(13)	3	(37)	(315)
<b>NET PROFIT (LOSS)</b>	<b>317</b>	<b>228</b>	<b>28</b>	<b>(6)</b>	<b>3,633</b>	<b>4,201</b>
Non-controlling interests	112	140	5	0	(57)	200
<b>ATTRIBUTABLE NET PROFIT (LOSS)</b>	<b>205</b>	<b>89</b>	<b>23</b>	<b>(6)</b>	<b>3,690</b>	<b>4,001</b>

## ALTERNATIVE PERFORMANCE MEASURES – ARTICLE 223-1 OF THE AMF GENERAL REGULATION

API	DEFINITION/CALCULATION METHOD
<b>NBI excluding PEL/CEL effect</b>	Net banking income restated for increases or decreases in provisions for commitments related to home loan savings accounts and plans (PEL and CEL)
<b>Operating expenses</b>	Sum of general operating expenses, net depreciation and amortisation, and impairment of property, plant and equipment and intangible assets
<b>Cost of risk (in basis points)</b>	Average cost of commercial banking credit risk for the quarter divided by outstanding loans at the beginning of each quarter
<b>Cost-income ratio</b>	Operating expenses divided by net banking income adjusted for doubtful interest

### RESULTS CONFERENCE CALL

Philippe Heim, Chairman of the Executive Board, will present La Banque Postale's first-half 2021 results during a webcast conference call in English followed by a Q&A session on Friday, 30 July 2021 at 3:00 p.m. (CEST). The webcast will be available on La Banque Postale's website ([www.labanquepostale.com](http://www.labanquepostale.com)), in the Investors section, via the following link:

<https://www.webcast-egs.com/register/banquepostale20210730/fr>

La Banque Postale's Supervisory Board, meeting under the chairmanship of Philippe Wahl on 29 July 2021, examined the audited 2021 interim consolidated financial statements, approved by the Executive Board of La Banque Postale and presented by its Chairman Philippe Heim.

This press release constitutes La Banque Postale's financial information for first-half 2021. More detailed information will be provided in the Amendment to the Universal Registration Document at 30 June 2021, which will be published on the Bank's website [www.labanquepostale.com](http://www.labanquepostale.com).

## **About La Banque Postale**

La Banque Postale Group, including CNP Assurances, is a leading European bancassurer at the forefront of sustainable finance. With its diversified business model and wide range of affordable products, the Group partners with 20 million individual and business customers. A subsidiary of Le Groupe La Poste, La Banque Postale offers local banking services through 17,000 contact points, including 7,600 post offices, throughout France.

The new strategic plan, "La Banque Postale 2030", is designed to support La Banque Postale's ambition to become France's favourite bank, thanks to an integrated, multi-channel bancassurance offer organised around three distinctive brands: La Banque Postale, for day-to-day banking services, Ma French Bank, for mobile banking services, and BPE, for private banking services. As a community bank, La Banque Postale is fully focused on shaping a just transition to an economy and a society capable of responding to environmental, social, regional and digital challenges.

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