

2020: in a difficult environment, the expanded group delivered resilient results and completed the process of creating one of Europe's leading bancassurers.

A WATERSHED YEAR SHAPED BY NON-RECURRING TRANSACTIONS

- **Attributable net profit** of **€4.15m** as reported, including €3.4bn of initial accounting entries related to the first-time consolidation of CNP Assurances
- **Restated for the above items, attributable net profit** came to **€738m**, including the change in consolidation scope resulting from the full consolidation of CNP Assurances (positive effect of €484m) and the Covid-19 impact (negative effect of €377m on net banking income and €455m on cost of risk)
- **RONE** was **6.3%**, reflecting the business model's resilience in the face of the crisis

CREATION OF A LEADING BANCASSURER

- A diversified mix of businesses: **64.5%** Banking services and **33.4%** Insurance services
- **11th** largest bank in the euro zone, with:
- **Total assets: €737bn**
- **Net banking income** of **€7.7bn**, down 2.6%¹ due to the effects of the crisis
- One of the strongest balance sheets in the sector:
 - **CET1 ratio: 20.4%**
 - **A Solvency II ratio of 208% for CNP Assurances**
 - **Regulatory own funds: €21bn**
- **Cost of risk** at **46 bps**, reflecting the Group's conservative provisioning policy and the robustness of the loan book: non-performing loans (NPL) **0.7%**

HELPING TO STEER A JUST TRANSITION

- **Recognised leadership in ESG performance: Rated Global No.1 by Vigeo and Global No.3 by Sustainalytics**
- **SRI label awarded to 100%** of eligible LBP AM funds and **95%** of under-mandate assets managed by BPE
- **€22bn** in financing for energy transition projects
- **Gender pay ratio of 97:100 based on the Pacte Law definition**
- **Access to banking services given to 1.5 million people who would otherwise have been excluded**

Philippe Heim, Chairman of La Banque Postale's Executive Board, said: "For La Banque Postale, 2020 was a unique year, shaped by the completion of major strategic transactions, not least of which was the integration of CNP Assurances, giving rise to the creation of one of Europe's leading bancassurers. La Banque Postale delivered resilient results in a difficult economic and public health environment which held back revenue growth and led to the application of conservative provisioning policies. Thanks to its teams' outstanding engagement, its diversified business model and particularly robust financial structure, the Group is poised to step up the pace of transformation and development, guided by an overriding commitment to customer satisfaction and its community values."

¹ Based on the historical structure excluding changes in scope (€5,435 million) and excluding the effect of the PEL/CEL provision

2020 HIGHLIGHTS

DEPLOYMENT OF AN INTEGRATED BANCASSURANCE MODEL

2020 was a unique year for La Banque Postale, shaped by the integration of CNP Assurances and other transactions that redefined its structure, and also by the Covid-19 health and economic crisis.

In a challenging environment, the Group leveraged its more diversified and balanced business model to deliver net banking income down by just 2.6%² at €7,724 million, of which the Insurance business contributed 33.4% in 2020. Restated to exclude first-time consolidation entries and the contribution of CNP Assurances, net banking income amounted to €5,415 million, a decline of €232 million vs 2019 including the estimated €212 million negative Covid-19 impact.

La Banque Postale's attributable net profit for the year was €4.2 billion as reported and €738 million excluding the effect of CNP Assurances first-time consolidation entries, down 5.4% (€42 million) compared with 2019. Cost of risk was €657 million (vs €178 million in 2019). The increase, which included €455 million corresponding to the recognition of Covid-19-related default risks, reflected the Group's conservative provisioning policy in the Covid-19 environment and the prospective approach to credit losses imposed by the new accounting standards.

The expanded group has total assets of €737 billion and a particularly robust financial structure, with a CET1 ratio of 20.4% and a total capital ratio of 24.5%.

TRANSACTIONS THAT REDEFINED THE GROUP'S STRUCTURE IN 2020, CREATING A NEW CONFIGURATION

The integration of CNP Assurances effective 4 March 2020 was accompanied by significant improvements in governance to **reflect the new integrated bancassurer business model**. CNP Assurances' Chief Executive Officer has joined La Banque Postale's Executive Committee and its corporate functions (finance, risk management, audit, legal affairs and compliance) have been integrated with those of La Banque Postale, with CNP Assurances' Risk, Compliance and Internal Audit directors now reporting on a dotted-line basis to their counterparts at La Banque Postale.

La Banque Postale also completed the buyout of Groupama's 35% stake in La Banque Postale Assurances IARD, while at the same time extending cooperation in the legal protection and assistance market with Groupama, which remains a long-term partner.

In asset management, La Banque Postale opened a new chapter in the history of its subsidiary La Banque Postale Asset Management (LBP AM). Building on its pioneering role in promoting socially-responsible investing, LBP AM has become a multi-specialist conviction management firm focused exclusively on sustainable finance.

The fixed-income and insurance-related asset management businesses of La Banque Postale and Natixis were combined on 31 October 2020 in a joint venture named Ostrum AM,

² Based on the historical structure excluding changes in scope (€5,435 million) and excluding the effect of the PEL/CEL provision

creating a European leader with some €450 billion in assets under management for large institutional clients. Ostrum AM is 45%-owned by LBP AM and 55%-owned by Natixis IM.

At the end of 2020, La Banque Postale completed the sale of its 5% interest in the capital of SFIL to Caisse des Dépôts, which has become SFIL's reference shareholder. In parallel, the Group renewed in advance its partnership with SFIL through to the end of 2026, for the distribution of medium- and long-term loans to local public agencies and public hospitals.

Lastly, **CNP Assurances consolidated its multi-partner model in Brazil and other international markets.** A new 25-year exclusive distribution agreement was signed on 30 December with Caixa Econômica Federal (CEF, Brazil's public bank and one of the top five banks in Latin America), covering the distribution of death & disability insurance, consumer finance term creditor insurance and retirement products (*vida, prestamista, previdência*) through the CEF network. A memorandum of understanding has been signed enabling a 20-year exclusive distribution agreement covering *consórcio* products distributed by the CEF network, mainly for home and car purchases.

A DYNAMIC SALES PERFORMANCE DESPITE THE UNFAVOURABLE ENVIRONMENT

In an environment shaped by the Covid-19 health and economic crisis leading to two periods of lockdown, **the Retail Banking business reported outstanding loans up 1.7% and customer savings up 4.6%.** The Retail Banking teams kept up their efforts to deploy and develop the multi-channel approach in order to better serve customers during the Covid-19 crisis. Multi-channel access to banking services was strengthened throughout 2020. In the period from the start of the first lockdown in early March until the year-end, there were over 3 million visitors each day to the site and the app, and customer service lines processed an average of 50,000 calls per day, with the number of calls peaking at 100,000.

Reflecting its determination to continue offering customers a high-quality service in this exceptional environment, **La Banque Postale adjusted its organisation to encourage home working and remote banking services, without having to furlough any of the 25,000 affected employees.**

Ma French Bank, La Banque Postale's fully-mobile bank launched in late July 2019, confirmed its success with 280,000 customers signed up by the end of 2020. Of these, 64% were signed up by the La Poste distribution network, which has been extended since 30 June to include 3,000 post offices; 60% are in the under-38 age group and 75% did not previously have a current account with La Banque Postale. Ma French Bank has recently expanded its product range with the launch of the WeStart account designed for 12 to 17-year olds.

In last year's difficult environment, **the private banking subsidiary BPE** reported sharply higher profits, with net banking income up 9% and net profit up 18%³. This performance was driven by 61% growth in net new money to €1.1 billion, a 14% increase in managed savings to €5.7 billion and a 12.5% rise in total outstanding loans to €3.9 billion. 2020 was also the first full year of premium income from Emeraude, a life insurance product developed by CNP Assurances specifically for BPE's wealth management customers. As of end-2020, BPE service desks had been opened in 50 post offices.

The Corporate Loan business remained strong, with €26 billion in loans originated during the year (excluding factoring), including 6,256 government-backed loans for a total of over €1

³ Statutory accounts of the entity

billion. These originations lifted outstanding corporate loans (excluding factoring) by 16.8% compared with 2019. New Local Public Sector loans amounted to €5.7 billion, an increase of €1.1 billion compared with the previous year's originations (excluding outstanding loans transferred to CAFFIL).

This was the backdrop to La Banque Postale's new strategic plan “La Banque Postale 2030: shaping a Just Transition⁴ for our customers”, supporting the Group's ambition to become France's favourite bank:

- by positioning La Banque Postale as a leader in customer experience
- by highlighting its unique role as a community bancassurer
- by nurturing its employees' engagement, the core strength of the strategic plan.

ROBUST EARNINGS AND A STRONG FINANCIAL STRUCTURE

La Banque Postale Group business activity and results

The 2020 results delivered by La Banque Postale in an environment defined by the Covid-19 crisis and persistently low – and in some cases negative – interest rates were shaped by many non-recurring items, with **attributable net profit** of €4.15 billion reflecting:

- i) The €3.6 billion impact of the first-time consolidation of CNP Assurances, including recognition of badwill, the effects of the purchase price allocation (PPA) and €0.2 billion in PPA effects.
- ii) The change in consolidation scope resulting from the increase in the Group's interest in CNP Assurances from 20.2% to 62.8%, for €484 million (excluding badwill and PPA).
- iii) The impact of the Covid-19 crisis, which reduced the Group's operating profit by an estimated €807 million.

Excluding the non-recurring impact of CNP Assurances first-time consolidation entries, underlying attributable net profit for 2020 was close to that for the previous year, at €738 million versus €780 million, and the cost/income ratio was 70.2% (excluding PPA adjustments).

Consolidated income statement (in € millions):

Main income statement items	2020	2019	(%)
Net banking income	7,724	5,647	+36.8
Net banking income excl. effect of PEL/CEL provision	7,745	5,579	+38.8
Operating expenses	(5,711)	(4,692)	+21.7
Gross operating profit	2,013	955	x2.1
Cost of risk	(674)	(178)	x3.8
Operating profit	1,339	777	+72.4
Pre-tax profit	5,107	1,059	n.m.
Income tax	(419)	(273)	+53.5
Attributable net profit	4,155	780	n.m.
Cost/income ratio (%)	70.2**	83.8	

* Including CNP Assurances by the equity method in January and February. Control of CNP Assurances was acquired on 4 March 2020 and it has therefore been fully consolidated over the last ten months of the period only.

** Excluding PPA effects

⁴ The just transition mechanism is a key tool to ensure that the transition towards a climate-neutral economy happens in a fair way leaving no one behind

Net banking income rose by 36.8% to €7,724 million in 2020. Excluding the change in consolidation scope concerning CNP Assurances and the effect of the PEL/CEL provision, net banking income contracted by 2.6%, mainly due to the low interest rate environment.

Operating expenses, restated for exceptional decommissioning of non-current assets and for non-recurring levies, were more or less stable at €4,648 million.

Cost of risk rose to €674 million in 2020 from €178 million the previous year. The increase was mainly due to the effects of the Covid-19 crisis, estimated at €455 million. The effect of the change in consolidation scope concerning CNP Assurances amounted to €67 million. The cost of risk/outstanding loans ratio for the commercial banking business stood at 46 bps.

The higher cost of risk reflected La Banque Postale's conservative provisioning policy in line with the requirements of IFRS 9. The quality of La Banque Postale's loan portfolio was highlighted by the Covid-19 crisis, with only €51 million of the €674 million total cost of risk due to the reclassification of impaired loans in Bucket 3. At 31 December 2020, the ratio of non-performing loans to total outstanding loans was a very low 0.7%.

La Banque Postale Group balance sheet and financial structure

Key indicators:

Indicator	31 December 2020	31 December 2019	Change
BALANCE SHEET			
Total assets (in € billions)	737	272	x2.7
CAPITAL			
Total regulatory own funds (in € billions)	21.0	12.4	+68.5%
Common Equity Tier 1 (CET1) ratio	20.4%	12.2%	+8.2 pts
Leverage ratio ⁵	6.9%	4.5%	+2.4 pts
ROE ⁶	4.4% ⁷	8.4%	n.m.
RONE ⁸	6.3%	7.6%	-1.3 pts
LIQUIDITY			
Loan-to-deposit ratio (LDR)	83.6%	90.0%	-6.4 pts
Liquidity coverage ratio (LCR)	179%	153%	+26 pts

Total assets at 31 December 2020 amounted to €737 billion compared with €272 billion at 31 December 2019. The increase reflected the first-time consolidation of CNP Assurances and the adoption at 31 December 2020 of French Regulation ANC 2020-10 on the presentation of the financial statements of banking institutions.

The effects of applying this regulation on the statutory balance sheet of La Banque Postale were as follows: i) approximately €67 billion reduction in the statutory balance sheet corresponding to the netting of centralised savings recorded in assets and liabilities (securities lending activities at La Banque Postale are not material), ii) based on a constant calculation method, reduction in contributions to the Single Resolution Fund (SRF) for 2022 and 2023 (the contribution for year Y is calculated based on the Y-2 balance sheet)

La Banque Postale has a robust financial structure, with total regulatory own funds of €21 billion at 31 December 2020:

- Its **estimated Common Equity Tier 1 (CET1) ratio at that date was 20.4%**, an 8.2-point increase from 31 December 2019 that can be explained primarily as follows: (i) +7.8 points corresponding to the impact of the first-time consolidation of CNP Assurances, including badwill; (ii) +0.5 points corresponding to the impact on regulatory own funds of adding back dividends due for 2019 that were not paid in 2020; (iii) +0.7 points corresponding to net profit for the year (excluding badwill) credited to retained earnings, net of the 2020 dividend⁹; and (iv) -0.4 points corresponding to organic growth in risk-weighted assets.
- The **Tier 1 ratio was 21.3%**.
- The total capital ratio was 24.5%, up 8.3 points from 31 December 2019.
- **The leverage ratio, excluding savings funds centralised at the level of CDC, stood at 6.9%**

Based on the above, La Banque Postale's RONE was 6.3% at 31 December 2020.

⁵ Leverage ratio calculated by applying the May 2019 decision of the European Central Bank (excluding 50% of the centralised savings funds) was 6.1%.

⁶ ROE = Attributable net profit/Average attributable permanent own funds.

⁷ Excluding badwill and PPA

⁸ RONE = Attributable net profit/Average risk-weighted assets capitalised at 14%

⁹Total dividend of €171 million corresponding to 20 bps of the CET1 ratio, in line with the ECB's recommendation dated 15 December 2020 on dividend payments during the Covid-19 pandemic

Exposure to liquidity risk is low, with a loan-to-deposit ratio of 84% attesting to the Group's strong self-financing capacity, and a liquidity coverage ratio of 179% versus a minimum ratio requirement of 100%.

La Banque Postale enjoyed good credit ratings at 31 December 2020, reflecting its financial strength and its rigorous risk management:

	Standard & Poor's	Fitch
Long-term ratings	A	A-
Outlook	Stable	Stable
Last updated	27 October 2020	15 April 2020
Short-term ratings	A-1	F1

During 2020, Fitch reaffirmed La Banque Postale's short- and long-term ratings of A-/F1 with a Stable outlook. Standard & Poor's reaffirmed La Banque Postale's short- and long-term ratings of A/A-1 and lowered the outlook to Stable due to the environment created by the Covid-19 crisis.

To increase liabilities eligible for inclusion in the Minimum Requirement for Own Funds and Eligible Liabilities (MREL), **a €750 million Senior Non-Preferred Notes issue was carried out in the first half of the year** followed by a **€500 million Tier 2 Subordinated Notes issue in the second half**. These issues were placed on attractive market terms and were both more than three times oversubscribed, demonstrating once again investors' appreciation of La Banque Postale's credit quality.

CNP Assurances was also active in the debt capital market¹⁰ during the year, carrying out a €750 million Tier 2 Subordinated Notes issue in the first half and a €500 million Tier 3 issue in December.

RESULTS BY DIVISION IN AN ENVIRONMENT SHAPED BY THE COVID-19 CRISIS

Banking Division (excluding LBP Non-Life and LBP AM)

(in € millions)	2020 Underlying	2019 Underlying	(%)
Net banking income	5,002	5,173	-3.3
Operating expenses	(4,422)	(4,418)	+0.1
Gross operating profit	580	755	-23.2
Cost of risk	(607)	(178)	<i>n.m.</i>
Operating profit/(loss)	(27)	577	<i>n.m.</i>

Resilient financial results

Banking Division net banking income amounted to €4,981 million as reported, down 5.0% compared with 2019. Restated for the PEL/CEL provision, **underlying net banking income was down by 3.3%** at €5,002 million. The decline in net interest margin due to the low interest rate

¹⁰Tiering based on Tier 2 total capital requirement under Solvency II

environment was partially offset by 4% growth in fee and commission income (reflecting higher financial fees and commissions, development of diversified businesses, and ongoing pricing protections in line with the Group's mission as a community bank).

Underlying operating expenses were stable at €4,422 million (up 0.1%).

After restating operating profit for the above items (and excluding the contributions of the non-life insurance and asset management subsidiaries), the Banking Division ended the year with an underlying operating loss of €27 million.

In 2020, the Group pursued its **operational excellence programme** designed to improve customer service quality and achieve further sustainable cost savings through faster digitisation of routine administrative transactions and customer information, and end-to-end process automation. A similar approach has been taken for the Cap Assurances programme developed as part of the integration of CNP Assurances, to upgrade front-to-back-office processes and accelerate their digitisation (selfcare and remote sales).

In an environment shaped by the Covid-19 health and economic crisis, including two lockdowns, Retail Banking outstanding loans rose by 1.7%, while savings deposits were up by 4.6%.

The 1.7% growth in Retail Banking outstanding loans to €70.6 billion included a 1.8% increase in home loans to €64.9 billion and a 0.9% dip in outstanding consumer finance to more than €5 billion. Consumer finance originations fell by 16.1% to €2.2 billion in a market that was severely affected by the first lockdown, before recovering to 2019 levels in the latter part of the year. Personal loans obtained online or via the remote platform remain at a high level and now represent 39% of total production.

Home loan originations for the year totalled €10.4 billion.

Sight deposits rose by 15.3% to €82 billion. The increase concerned sight deposits by both personal banking customers (up 12.3% to €69.5 billion) and businesses (up 35.4% to €12.5 billion).

Technical provisions for life insurance distributed by La Banque Postale and BPE networks dipped 1% to €125.4 billion. The life business was affected by the Covid-19 crisis, mainly in France with a €2.2 billion net outflow of savings (€3.1 billion net outflow from traditional savings contracts and a €0.8 billion net inflow to unit-linked contracts).

Livret A accounts benefited from the crisis-led increase in precautionary savings, with deposits rising 5% to €64.6 billion. In all, customer deposits in regulated savings accounts (Livret A, Livret d'Épargne Populaire and Livret Développement Durable et Solidaire accounts) rose by 5.7% to €87.4 billion.

Total customer deposits in savings accounts grew by €15.1 billion or 4.6% over the year to €339.2 billion at 31 December 2020.

The Corporate Loan business remained strong

Corporate loan originations rose by 4.9% over the year to €39.6 billion, with the volume of factored invoices down by €0.4 billion at €13.8 billion.

The loan book continued to grow, with outstanding loans increasing by 12.5% year on year to represent €37.6 billion at 31 December 2020, including factored invoices of €5 billion, down

9.5%. The total breaks down as follows: €26.2 billion in loans to businesses, micro-enterprises and professionals (up 12.5%) and €11.5 billion in loans to local authorities and social landlords (up 12.3%).

In all, Banking Division outstanding loans increased by 5.2% to €108.2 billion.

La Banque Postale Group Insurance Division

(in € millions)	2020 ¹¹ reported	2020 ¹² excl. CNP Assurances	2019 reported
Net banking income	2,582	273	251
Operating expenses	(1,005)	(128)	(133)
Gross operating profit	1,577	145	118
Cost of risk	(67)	0	0
Operating profit	1,510	145	118

Following the first-time consolidation of CNP Assurances, the Insurance Division's net banking income represented €2,582 million in 2020 (including the €165 million full-year Covid-19 impact).

Life insurance and Term Creditor Insurance (CNP Assurances excluding Personal risk Insurance)

Life Insurance and Term Creditor Insurance premiums totalled €24,731 million.

Breakdown of Life Insurance and Term Creditor Insurance premium income (full-year basis):

(in € millions)	2020	France	Europe (excl. France)	Latin America
Savings/Pensions	20,680	12,220	4,084	4,376
o/w Traditional savings	9,966	8,973	953	39
o/w Unit-linked	10,714	3,247	3,131	4,337
Term Creditor Insurance	4,051	2,668	830	553
Total premium income	24,731	14,887	4,914	4,929

Savings/Pensions premium income amounted to €20.7 billion, with 52% from unit-linked contracts and 48% from traditional savings contracts.

In France, Savings/Pensions premium income was affected by the Covid-19 impact on the distribution networks and by the consequences of a marketing policy designed to reduce exposure to traditional savings contracts in the low interest rate environment. The proportion of total premium income represented by unit-linked contracts continued to rise despite the challenging environment, increasing from 20% to 27%. Savings/Pensions net new money

¹¹2020 figures include both the Life and Non-Life businesses

¹²2020 excluding CNP Assurances = 2019 scope for the Non-Life subsidiaries

generated by all of CNP Assurances' distribution networks comprised a €1.9 billion net inflow to unit-linked contracts and a €7.2 billion net outflow from traditional products.

In the *Europe excluding France* region, premium income was eroded by the effects of the Covid-19 crisis in the first half but held up well over the year, thanks in particular to a dynamic marketing performance in Italy leading to very good unit-linked sales.

In *Latin America*, the business recovery that began in mid-June gathered momentum in the second half. The recovery was strong enough to fully offset the impact of the Covid-19 crisis on performance in the early part of the year.

Term Creditor Insurance premiums totalled €4.1 billion.

Property & Casualty, Personal risk Insurance (excluding CNP Assurances)

Premium income from these businesses came to €970 million in 2020. The insurance book was stable, at 4.6 million policies.

Property & Casualty earned premiums rose by 12.7% to €399 million, after taking into account the impact of policyholder support measures during lockdown. In line with its community insurer mission, the division applied the *Petit rouleur* low mileage tariff on the car insurance portfolio and offered free school coverage for home insurance customers who had selected the school option.

In addition to these pricing measures, the community approach to protecting policyholders led to a three-month waiver of the excess in the event of a claim; free remote medical consultations for supplementary health insurance customers; three-month exemption from supplementary health insurance contributions for furloughed employees and the contribution to the French national solidarity fund (*Fonds National de Solidarité*).

The insurance subsidiaries continued to report robust underwriting results; in 2020, their combined ratio net of reinsurance stood at 89.1%, representing a 2.3-point improvement over the previous year.

Asset Management

(in € millions)	2020*	2019	%
Net banking income	161	155	+3.6
Operating expenses	(98)	(93)	+5.3
Gross operating profit	63	63	+1.1
Cost of risk	0	0	n.m.
Operating profit	63	63	+1.1

* The 2020 figures include the fixed-income and insurance-related asset management businesses transferred to Ostrum AM for the first ten months of the year.

Following the transfer of the fixed-income and insurance-related asset management businesses of LBP AM and Natixis to the Ostrum AM joint venture, the Asset Management Division now comprises LBP AM, a multi-specialist conviction management firm, and LBP AM's 45% stake in Ostrum AM, a leading fixed-income and insurance-related asset management firm with some €450 billion in managed assets.

La Banque Postale is launching its 2030 strategic plan with the objective of **becoming France's favourite bank.**

The plan is organised around three priorities:

- Become one of the best banks **in terms of customer satisfaction** and join the top 3 in 2023 for remote services;
- Embrace **the just transition movement** and launch a community engagements platform;
- **Place employees at the centre of the strategic plan** by improving the employer brand Net Promoter Score by 20 points over the period to 2025.

A GROWTH AMBITION SUPPORTED BY THREE LEVERS

- **Consolidate the Retail Banking base**
 - **By increasing the pace of customer acquisition with the three brands in France**
 - **La Banque Postale:** over three million new customer relationships by 2025¹³
 - **Ma French Bank:** 1.3 million customers by 2025
 - **BPE:** doubling of customer deposits by 2025 (up €10 billion)
 - **By stepping up the pace of digitisation**
 - All of the Group's standard products to be available in digital form by 2022
 - Development of an end-to-end multi-channel customer experience, with the aim of raising the selfcare/assisted selfcare rate for sales transactions to 70% by 2025
- **Increase the pace of diversification**
 - Tap the full potential of the **bancassurance** model, with unit-linked sales accounting for close to 30% of total savings/pensions business by 2025, and a non-life insurance penetration rate among the Group's customers of 30% by 2025.
 - **Consumer finance:** 40% growth in outstanding loans by 2025
 - **LBP Asset Management :** €70 billion in SRI assets by 2025 (excluding Ostrum)
 - Double the number of **Corporate** customers and market share (at 5%), 30% growth in net banking income from **financial institutions**
- **Build an innovative international partnership model**
 - **Organise the Group around open technological platforms**
 - Increase the number of collaborations with Fin/AssurTech startups through **platform58** and launch a **150 million innovation fund**
 - Organise the offering around open ecosystems federating service bundles
 - **Expand the bancassurance model's international presence**
 - 20% of net banking income generated outside France by 2025

PROFITABLE AND SUSTAINABLE GROWTH (2025 OBJECTIVES VS 2020)

- **Group net banking income (CAGR):** growth in excess of 3%
- **Group cost/income ratio:** -10 points
- **Controlled growth in risk-weighted assets (CAGR):** 3.5%¹⁴
- **Profitable growth:** RONE of 8% in 2023

¹³Gross new customers

¹⁴Excluding Basel IV impact

ENGAGED IN THE JUST TRANSITION

- **Objective of net zero emissions** by 2040 across all businesses
- Development of La Banque Postale's **community engagements platform** comprising all of the actions planned to transform the banking model
- Deployment of the **Impact Weighting Factor**, a ground-breaking proprietary indicator measuring the environmental, social and regional impact of lending and investing transactions
- Development of initiatives in support of vulnerable customers and ongoing commitment to **providing essential banking services** to people who would otherwise have been excluded
- **Employee** training: objective of over 300,000 days per year

Commenting on the 2030 strategic plan, Philippe Heim said:

"Fifteen years after it was formed, La Banque Postale is beginning a new stage in its development supported by a solid base. It has a strong brand reflecting its identity as a community bancassurer; a franchise comprising over 20 million customers; unique accessibility, with over one million visitors per day to the 17,000 contact points throughout the country and three million visitors to its digital platforms; a mature diversified business model serving all types of customers including both individuals – from the most vulnerable to those looking for wealth management solutions – and legal entities; and an exceptionally robust balance sheet with a CET1 ratio of more than 20%.

The new strategic plan presented today should enable La Banque Postale to become France's favourite bank, acclaimed not only by customers but also by the wider public and by employees. To rank among the top three in terms of customer satisfaction by 2025 at the latest, the Group will propose an enhanced, integrated digital bancassurance offering adapted to all customer groups and marketed under three separate brands, La Banque Postale, Ma French Bank and BPE. The historical Retail Banking base will be consolidated and will serve as a springboard to rapidly develop the diversified businesses in which La Banque Postale already has recognised expertise and leadership positions, such as consumer finance, asset management, local authority banking and commercial banking. Lastly, La Banque Postale will work with CNP Assurances to tap the full potential of the multi-partner international bancassurance model.

As a community bank with a distinctive market positioning, La Banque Postale will remain fully focused on shaping a just transition to an economy and a society capable of responding to environmental, social, regional and digital challenges.

THREE PRIORITIES

Position La Banque Postale among the leaders for the quality of the customer experience by 2025

La Banque Postale's stated objective is to rank among the **top three for customer satisfaction between 2023 and 2025**¹⁵. This is a particularly difficult challenge given the diverse nature of

¹⁵Net Promoter Score and La Voix du Client

the 20-million strong customer base – ranging from the financially vulnerable to people looking for wealth management solutions – and the new customer experience standards.

La Banque Postale has certain strengths that are recognised by its customers and already place it among the top three for customer satisfaction. They include its teams' people skills, their expertise in executing both simple and complex transactions and their knowledge of each customer's personal situation.

The ambition of joining the top three for customer satisfaction will be supported by a new service quality governance system led by a Customer Experience Director who will be a member of the Executive Committee; multi-channel management of customer experiences and processes based on satisfaction surveys; action to address sources of customer irritation; measures to enhance the account managers' expertise; and digitisation of customer experiences and processes to give the organisation the agility needed to fulfil this objective.

Reaffirm community ambitions to support the just transition

Since it was formed, La Banque Postale has forged an identity rooted in community banking. Today, it is reaffirming its ambition to shape a just transition to an economy and a society capable of responding to environmental, social, regional and digital challenges. This vision of a just transition implies building into the business model systematic measurement of the different businesses' impacts in all these areas. Going forward, this ambition will be led by a dedicated **Community Engagement Department** reporting to the Chairman of the Executive Board.

A **community engagements platform** has been developed, describing the Group's priorities:

- Finance the energy transition and promote responsible consumption;
- Correct emerging inequalities;
- Broaden access to impact financing by signing up all of the business lines to this cause;
- Give all employees a role in deploying this ambition through the advice and support given to the Group's customers.

All of the initiatives of the new community engagements platform will be presented on **Thursday, 10 June** during the upcoming community banking and insurance symposium (***Assises de la Banque et de l'Assurance citoyennes***).

A key initiative is the introduction of a unique proprietary indicator, the **Impact Weighting Factor**, to measure the businesses' environmental, social and regional impact. The weighting factor will be taken into account in all lending and investment decisions, and will also be available to customers to help them channel their savings.

In addition, the **Hello Carbo** software incubated by platform58 will be made available to customers on the online banking site and La Banque Postale app in 2021, to enable them to discover the carbon impact of their transactions and, if they wish, organise carbon offsets.

Place the employee experience at the centre of the Group's strategic project

The Group is proud of its teams' engagement and their deep commitment to customer service, which led them to pull out all the stops during the Covid-19 crisis.

Paying the same attention to the employee experience as to the customer experience is one of the strategic plan's key success factors. That's why La Banque Postale intends to **refocus its management model on customer satisfaction**. Improving service quality depends on increasing the teams' empowerment. Any initiative that enables the Group to become closer to its customers and respond more effectively to their needs will be encouraged.

Preference will be given to **collective performance** in support of the strategic plan ambitions, by digitising customer experiences and processes so that employees are free to focus on high value-added tasks, as well as by encouraging agile working methods, test and learn and short decision-making paths. Employees will be supported through training, with the organisation of over **300,000 days training each year**.

Several initiatives to improve the quality of work life will help to enhance the Group's employer brand, with the aim of achieving an employee NPS of +20¹⁶ by 2025. These include offering greater flexibility in organising working arrangements, developing personalised mobility plans and affirming responsible employment policies in terms of diversity, gender balance and integration.

Lastly, employees will be closely involved in deploying the community engagements platform, primarily through an **internal consultation process**. Remuneration systems will be aligned with these objectives.

THREE LEVERS TO SUPPORT MAJOR AMBITIONS

Three main levers will drive the development project:

- consolidate the Retail Banking base
- increase the pace of business model diversification
- prepare the future by developing an innovative, international partnership model

Consolidate the Retail Banking base

The Group will consolidate its positions by pursuing an ambitious customer acquisition strategy and developing offerings marketed under its three brands (La Banque Postale, Ma French Bank and BPE).

- **La Banque Postale**, the bank for everyone, will step up its drive to win new customers and increase cross-selling, particularly for wealth management and business banking services, with the objective of acquiring over three million new customers by 2025. It will remain firmly committed to its public service mission of offering essential banking services to people who would otherwise be excluded, and assisting customers who are financially vulnerable customers or are not comfortable with digital formats.
- The **Ma French Bank** mobile bank should drive the customer acquisition process, with the **objective of attracting 1.3 million customers by 2025** thanks to a comprehensive

¹⁶Net Promoter Score based on the question "Would you recommend La Banque Postale as an employer?"

consumer finance, savings and insurance offering that is both straightforward and affordable, to be rolled out in the period to 2023.

- **BPE** has deep regional roots and recognised expertise. Leveraging its unique private banking model, it will aim to double its customer deposits by 2025, an increase of €10 billion. It will offer 100%-SRI advisor-directed asset management services from 2021 and deploy its family office expertise. It will become La Banque Postale's specialist wealth management unit and will deepen its regional presence by doubling the number of BPE service desks in post offices to 100 by 2025.

The business model will combine a stronger regional presence with digital excellence and mass processing capabilities.

- The quality of customer support will be enhanced by deploying a **differentiating CRM model** that uses data more effectively to offer a higher value-added service through digitisation and the pooled management of simple transactions. The objective is for **70% of sale transactions to be carried out using selfcare** or assisted selfcare systems by 2025.
- Digitisation and the development of multi-channel processes will be stepped up, with customers given the opportunity to apply for home loans on their mobile phones as from 2021. **From 2022, all traditional bancassurance products will be available on a digital app.** The project to digitise all front-to-back office processes is advancing rapidly and will be completed in 2025.
- Mass processing of low value-added transactions in the middle and back offices and optimised counter service practices will drive improved operational and marketing efficiency.
- With the La Poste network, La Banque Postale has reaffirmed its strategic choice of maintaining a physical presence in all regions. This unique network of 17,000 contact points visited by one million customers per day, combined with a website that attracts three million users per day, enables La Banque Postale to capture the traffic needed to support its strategic development. The **post office** refurbishment plan that has seen 2,600 post offices refurbished in the past five years will continue, with a capital spending budget earmarked for the refurbishment of 300 to 400 post offices per year

Increase the pace of diversification

La Banque Postale will increase the pace of business diversification, optimising the allocation of capital to investments that will be accretive in the short-term.

Build the personal banking franchise

The focus on responsible **consumer finance** will be maintained, with the objective of **growing the business by 40% by 2025**. This objective will be met through active cross-selling, expanding the scope of the business to include split payments, loans for specific purchases, home loan refinancing, etc., and setting up new distribution partnerships. The Business Solution platform launched in 2021 will facilitate the distribution of white label products.

LBP AM will consolidate its position as a leader in sustainable finance and expand its diversified conviction management offering, including investments in real assets. This will be achieved by leveraging its globally recognised expertise (34 LBP AM/Tocqueville Finance funds were awarded four or five stars by Morningstar in 2020 for their financial performance). SRI assets under management will increase, helped by external distribution, to **€70 billion in 2025**. The

Ostrum joint venture set up between La Banque Postale and Natixis, with some €450 billion in assets under management in 2020, will continue to expand its service offering for insurance companies and institutional investors in France and Europe.

Expand the business banking business

La Banque Postale wants to become a major banking partner for French businesses, by doubling its **SME & Mid-cap** customer base and raising transaction volumes with these customers by around 250% by 2025. Its ability to partner customers' development projects in Europe (investments, acquisitions) will be strengthened by leveraging its expertise in structured finance (LBOs, real estate financing, lease financing, factoring, asset & project finance) and DCM origination. The customer experience will be digitised.

- The "**originate to distribute**" model (origination, arrangement and syndication) will be promoted, with the aim of applying this model for 25% of new syndicated structured finance deals.
- Financial institutions in France and Europe will be targeted for syndication (DCM, loans) and funding transactions, thanks to dedicated coverage, with the objective of **increasing net banking income from this source by 30% in the period to 2025**.
- La Banque Postale will consolidate its position as the benchmark provider of banking services for all public agencies, in partnership with SFIL, with the objective of achieving a **30% market share by 2025**.

Tap the bancassurance model's potential

CNP Assurances will spearhead the Group's life and non-life insurance businesses, in order to reap the full benefits of the synergies created by the bancassurance model:

- The life insurance operating model between CNP Assurances and La Banque Postale will be revamped by assertively transforming technical reserves and refreshing both product offerings and multi-channel processes. The momentum created by the revamped model should **lift unit-linked sales to around 30%** of new life business by 2025.
- Sales of non-life insurance to banking customers will be increased by enhancing the service offering and digitising the customer experience. The aim is to achieve a **100% customer experience digitisation rate** and a **cross-selling rate of over 30% by 2025**¹⁷. In addition, distribution will be diversified (through brokers and retail partnerships) and the offering for professionals and micro-enterprises will be expanded.

Prepare the bank of the future: an innovative, international partnership model

La Banque Postale of the future will be more international

The partnership approach will be the preferred method of fulfilling the Group's **international development** ambitions, notably in CNP Assurances' geographic markets. The development of partnerships outside France will enable the Group to acquire new skills, diversify the business portfolio in order to reduce its exposure to negative euro zone interest rates and tap the full potential of fast-growing regions or sectors. The aim is to generate **20% of total net banking income in international markets by 2025**.

¹⁷Among active customers

La Banque Postale of the future will be built around an innovative, partnership-based FinTech/AssurTech platform.

New open platforms will be launched, with the Group acting as both **producer and service provider**, and as a **personalised solutions aggregator** for all customers.

By 2025, La Banque Postale will have created a **'companion bank' ecosystem** that will enable customers to explore on a digital platform service bundles created with specialist partners that meet the needs arising at key points in their lives, such as home purchase and estate planning services.

The first pilots will be launched in 2021, with the aim of offering the **first service bundles in 2022**.

To fulfil this ambition, the Group will **develop open banking platforms, starting with the consumer finance and non-life insurance offerings**. For example, early 2021 saw the launch of La Banque Postale Consumer Finance's Business Solution platform for the development of white label products.

La Banque Postale will collaborate with Tech startups by leveraging its **innovation** ecosystem, which will be developed more rapidly around the platform58 incubator that is currently incubating 27 FinTech, AssurTech, SecurTech and RegTech startups. A **€150 million innovation fund to be set up in 2021** will invest in startups with a view to establishing partnerships with the Group's business lines, subsidiaries or corporate functions.

APPENDICES

2020 Consolidated Income Statement

(in € millions)	2020	2019
Interest income	4,425	4,258
Interest expense	(1,839)	(1,920)
Fee and commission income	2,257	2,655
Fee and commission expense	(3,035)	(316)
Net gain or loss on financial instruments at fair value through profit or loss	4,962	110
Net gain or loss on financial instruments at fair value through other comprehensive income	(157)	126
Net gain or loss on derecognised financial assets at amortised cost	297	322
Income from other activities	23,744	1,344
Expenses from other activities	(22,251)	(910)
Impact of the overlay approach (gross impact)	(679)	(21)
NET BANKING INCOME	7,724	5,647
General operating expenses	(5,224)	(4,441)
Net depreciation, amortisation and impairment of property, plant and equipment and intangible assets	(487)	(251)
GROSS OPERATING PROFIT	2,013	955
Cost of risk	(674)	(178)
OPERATING PROFIT	1,339	777
Share of profits of equity-accounted companies	690	282
Net gain or loss on other assets	(1,500)	0
Changes in the value of goodwill	4,578	-
PRE-TAX PROFIT	5,107	1,059
Income tax	(419)	(273)
NET PROFIT	4,688	786
Non-controlling interests	533	5
ATTRIBUTABLE NET PROFIT	4,155	780

2020 Consolidated Balance Sheet

(in € millions)	31 December 2020	31 December 2019
Cash, central banks	1,783	22,412
Financial assets at fair value through profit or loss	195,772	10,905
Hedging derivatives	1,443	1,488
Financial assets at fair value through other comprehensive income	230,779	15,059
Securities at amortised cost	24,018	28,068
Loans and advances to credit institutions at amortised cost	114,484	70,635
Loans and advances to customers at amortised cost	125,255	113,628
Revaluation differences on portfolios hedged against interest rate risks	220	207
Current tax assets	867	364
Deferred tax assets	449	223
Accruals and other assets	31,907	3,314
Investments in equity-accounted companies	696	3,592
Investment properties	3,083	-
Property, plant and equipment	879	792
Intangible assets	5,385	836
Goodwill	156	160
TOTAL ASSETS	737,176	271,683
Financial liabilities at fair value through profit or loss	3,421	1,587
Hedging derivatives	763	591
Liabilities due to credit institutions	33,533	30,715
Customer deposits	230,393	191,016
Debt securities	21,639	23,739
Revaluation differences on portfolios hedged against interest rate risks	726	839
Current tax liabilities	99	13
Deferred tax liabilities	1,494	142
Accruals and other liabilities	21,622	5,272
Insurance company technical provisions and shadow accounting reserves	379,830	2,552
Provisions	1,025	337
Subordinated debt	10,187	3,097
EQUITY	32,444	11,783
Non-controlling interests	12,854	76
Equity attributable to owners of the parent	19,590	11,707
Share capital	6,585	4,632
Reserves and retained earnings	8,404	5,483
Gains and losses recognised directly in equity	445	812
Profit attributable to owners of the parent	4,155	780
TOTAL EQUITY AND LIABILITIES	737,176	271,683

2020 Segment information

2020 net profit by business segment (excluding the cost of equity for each segment)

	2020			
	Retail Banking	Insurance	Asset Management	Total
(in € millions)				
NET BANKING INCOME	4,981	2,582	161	7,724
General operating expenses	(4,228)	(903)	(93)	(5,224)
Net depreciation, amortisation and impairment of property, plant and equipment and intangible assets	(381)	(102)	(5)	(487)
GROSS OPERATING PROFIT	373	1,577	63	2,013
Cost of risk	(607)	(67)	-	(674)
OPERATING PROFIT	(234)	1,510	63	1,339
Share of profits of equity-accounted companies	-	688	1	690
Net gain or loss on other assets	(1)	(1,589)	90	(1,500)
Changes in the value of goodwill	-	4,578	-	4,578
PRE-TAX PROFIT	(235)	5,187	155	5,107
Income tax	21	(420)	(20)	(419)
NET PROFIT	(214)	4,767	135	4,688
Non-controlling interests	(1)	(491)	41	533
ATTRIBUTABLE NET PROFIT	(215)	4,276	94	4,155

2019 net profit by business segment (excluding the cost of equity for each segment)

	2019			
	Retail Banking	Insurance	Asset Management	Total
(in € millions)				
NET BANKING INCOME	5,241	251	155	5,647
General operating expenses	(4,227)	(125)	(88)	(4,441)
Net depreciation, amortisation and impairment of property, plant and equipment and intangible assets	(239)	(7)	(5)	(251)
GROSS OPERATING PROFIT	775	118	63	955
Cost of risk	(178)	0	-	(178)
OPERATING PROFIT	596	118	63	777
Share of profits of equity-accounted companies	-	276	6	282
Net gain or loss on other assets	0	0	-	0
Changes in the value of goodwill	-	-	-	-
PRE-TAX PROFIT	596	394	69	1,059
Income tax	(212)	(40)	(21)	(273)
NET PROFIT	384	354	48	786
Non-controlling interests	1	(8)	12	5
ATTRIBUTABLE NET PROFIT	383	362	35	780

Reconciliation of Banking Division results, 2019 vs 2020

	2019 reported	Restatements	2019 underlying	2020 reported	Restatements	2020 underlying	(%)
Net banking income	5,241	68	5,173	4,981	(21)	5,002	-3.3
Operating expenses	(4,466)	(49)	(4,418)	(4,608)	(187)	(4,422)	+0.1
Gross operating profit	775	19	755	373	(208)	580	-23.2
Cost of risk	(178)		(178)	(607)	-	(607)	n.m.
Operating profit	596	19	577	(234)	(208)	(27)	n.m.

Underlying management reporting indicators are calculated excluding the effect of the Home Savings Plan provision, the tax effect of Single Resolution Fund (FRU)/Fonds de Garantie des Dépôts et de Résolution (FGDR) contributions and the exceptional decommissioning of IT assets.

Key balance sheet indicators

Indicator	31 December 2020	31 December 2019	Change
Balance sheet			
Total assets (in € billions)	737	272	x2.7
Capital			
Total regulatory own funds (in € billions)	21.0	12.4	+68.5%
Common Equity Tier 1 (CET1) ratio	20.4%	12.2%	+8.2 pts
Tier 1 ratio	21.3%	13.2%	+8.1 pts
Total capital ratio	24.5%	16.2%	+8.3 pts
Leverage ratio ¹⁸	6.9%	4.5%	+2.4 pts
MREL (RWA)	27.7%	18.8%	+8.9 pts
MREL (LRE)	8.0%	5.6%	+2.4 pts
ROE ¹⁹	4.4% ²⁰	8.4%	n.m.
RONE ²¹	6.3%	7.6%	-1.3 pts
Liquidity			
Loan-to-deposit ratio (LDR)	83.6%	90.0%	-6.4 pts
Liquidity coverage ratio (LCR)	179%	153%	+26 pts

¹⁸ Leverage ratio calculated by applying the May 2019 decision of the European Central Bank (excluding 50% of the centralised savings funds) was 6.1%.

¹⁹ ROE = Attributable net profit/Average attributable permanent own funds.

²⁰ Excluding goodwill and PPA

²¹ RONE = Attributable net profit/Average risk-weighted assets capitalised at 14%

Alternative performance indicators – Article 223-1 of the AMF General Regulation

API	DEFINITION/CALCULATION METHOD
NBI excluding the home savings plan effect	Net banking income restated for increases or decreases in provisions for commitments related to home loan savings accounts and plans (PEL and CEL)
Operating expenses	Sum of general operating expenses, net depreciation and amortisation, and impairment of property, plant and equipment and intangible assets
Cost of risk (in basis points)	Average cost of commercial banking credit risk for the quarter divided by outstanding loans at the beginning of each quarter
Cost/income ratio	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 2020 results during a webcast conference call in English followed by a Q&A session on Tuesday, 2 March 2021 at 3:00 p.m. (CET). The webcast will be available on La Banque Postale's website (www.labanquepostale.com), in the Investors section, via the following link: <https://www.webcast-egs.com/register/banquepostale20210302/en>

La Banque Postale's Supervisory Board, meeting under the chairmanship of Philippe Wahl on 24 February 2021, examined the audited 2020 consolidated financial statements, approved by the Executive Board of La Banque Postale and presented by its Chairman Philippe Heim.

La Banque Postale's financial information for 2020 is presented in this press release. More detailed information will be provided in the Universal Registration Document at 31 December 2020, which will be published on the Bank's website www.labanquepostale.com.

About La Banque Postale

La Banque Postale, together with its subsidiaries including CNP Assurances, is a major bancassurance group. A subsidiary of the La Poste group, it operates in the retail banking, insurance, corporate banking and asset management markets. La Banque Postale supports its customers – private individuals, businesses, professionals, non-profits and the local public sector – with a comprehensive range of accessible services. As a local bank, La Banque Postale is the leading lender to local authorities and has an extensive branch network in France with more than 17,000 contact points, including 7,700 post offices. It is also developing a digital offering, especially through fully-mobile Ma French Bank. As a bank dedicated to serving the community, and a pioneer in responsible finance, La Banque Postale is charged with a public service mission of providing access to banking services through the Livret A passbook savings account.

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