



# 2020 INTERIM RESULTS

PRESS RELEASE

Paris, 4 August 2020

## ATTRIBUTABLE NET PROFIT UP 11% AT €468M:

- Excluding non-recurring impact<sup>1</sup> of CNP Assurances first-time consolidation entries
- But including the change in consolidation scope (first-time consolidation of CNP Assurances) for a positive €182m impact and the effects of the Covid-19 health and economic crisis, which reduced net banking income by €361m and added €141m to the cost of risk

## LA BANQUE POSTALE + CNP ASSURANCES: A ROBUST BANCASSURER BETTER EQUIPPED TO WITHSTAND THE ECONOMIC CRISIS

- A leading European bancassurer with a diversified business model
  - **Reported net banking income: €3.8bn<sup>2</sup>**, of which 68.6% generated by Retail Banking, 29.5% by the Insurance business and 1.9% by the Asset Management business
  - **Cost/income ratio: 71.9%**
- A stronger capital base
- **CET1 ratio: 17.3%**
- Growth in reported earnings including CNP Assurances first-time consolidation entries:
  - **Reported attributable net profit: €4bn, including the positive €3.5bn accounting impact of the first-time consolidation of CNP Assurances**

## A SOCIALLY RESPONSIBLE RESPONSE TO THE CRISIS:

- Since the onset of the crisis, La Banque Postale has mobilised its resources in support of individuals, businesses and local authorities
- Initiatives have been launched in support of medical research and many different community outreach projects
- Increased commitment to sustainable finance, with the launch of a further 28 SRI funds by LBP AM, €700m worth of green loans granted to local authorities over the past 12 months, and the ongoing development of project finance for renewable energy projects

<sup>1</sup> The non-recurring impact of CNP Assurances first-time consolidation entries is presented on page 6.

<sup>2</sup> Net banking income excluding PEL/CEL effect: €3,815m (up 35%).

**On 3 August 2020, Rémy Weber, Chairman of the Executive Board of La Banque Postale, said:** *“Thanks to the engagement of La Banque Postale’s teams and the La Poste network, we were able to fulfil the expectations of our individual, business and local public sector customers, for example by paying State benefits, granting repayment holidays to borrowers, and distributing government-backed and interest-free loans. The Covid-19 crisis has been an opportunity to demonstrate the resilience of our new bancassurance group and its ability to adapt to changing situations.”*

## **A LEADING BANCASSURER BETTER EQUIPPED TO WITHSTAND THE CRISIS**

Leveraging a more diversified and balanced business model, La Banque Postale reported net banking income of €3,793 million for first-half 2020, of which 29.5% was generated by the Insurance business. Adjusted to exclude first-time consolidation entries and the contribution of CNP Assurances, net banking income was more or less stable compared with first-half 2019, at €2,828 million, despite the €361 million negative impact of the Covid-19 health and economic crisis.

La Banque Postale’s attributable net profit for first-half 2020 was €4 billion as reported and €468 million excluding the effect of CNP Assurances first-time consolidation entries, up 11% compared with first-half 2019. Cost of risk for the period rose to €211 million from €41 million in first-half 2019. The increase primarily reflected adjustments to risk parameters based on forward-looking estimates of Covid-19 risks. Current estimates put the impact of the Covid-19 crisis at €141 million.

**The expanded group has total assets of €719 billion and a stronger financial structure, with a CET1 ratio of 17.3% and a total capital ratio was 20.8%.**

## **LA BANQUE POSTALE PURSUED ITS TRANSFORMATION DESPITE A VERY UNFAVOURABLE ENVIRONMENT**

**The Retail Banking teams** accelerated deployment of the multi-channel approach in order to better serve customers during the Covid-19 crisis. The first half saw a sharp rise in saving deposits, in line with the market trend. Lending activities slowed due to the lockdown, but the signs of a recovery were already clear to see at the end of the period.

**The Corporate Loan business** remained strong during the first half, leading to increases in outstanding loans in the Businesses, Very Small Enterprises & Professionals, and Local Public Sector segments. Capex financing for local authorities represented more than €1 billion at 30 June 2020, roughly the same level as at end-2019.

**In the Insurance business,** several major projects were carried out in connection with the integration of CNP Assurances. Governance changes were implemented and the integration of the finance, risk management, compliance and internal control functions was pursued, while work also continued to implement the business project, focusing on the product and service offering, distribution, customer experience and information systems sub-projects.

**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 has given new impetus to its subsidiary La Banque Postale Asset Management**, an SRI pioneer that is becoming a multi-specialist conviction management firm focused on sustainable finance. LBP AM and its subsidiary Tocqueville Finance, which together manage some €50 billion worth of assets, will continue to be 70%-owned by La Banque Postale, 25% by Aegon Asset Management and 5% by Malakoff Humanis. The transaction is subject to approval by the French Financial Markets Authority (*Autorité des marchés financiers* – AMF) and is expected to be completed before the end of 2020.

Announced in December 2019, La Banque Postale and **Natixis have signed an agreement to merge their fixed-income and insurance-related asset management businesses**, creating a European leader with over €415 billion in assets under management for large institutional clients. The newly formed joint entity will be 55%-owned by Natixis (through its subsidiary Natixis IM) and 45% by LBP AM, a subsidiary of La Banque Postale. The teams are expected to be combined within Ostrum AM by the end of 2020.

**The Private Banking subsidiary, BPE**, reported net banking income up 10%, operating profit up 21% and net profit up 27%<sup>3</sup>, led by 14.7% growth in outstanding loans to €3.7 billion and a €1 billion increase in managed savings to €10 billion. The integration of La Banque Postale Immobilier Conseil (LBPIC) in first-half 2020 has strengthened BPE's property management expertise and created an opportunity to expand its integrated product and service offering.

**Ma French Bank**, La Banque Postale's fully-mobile bank launched in late July 2019, confirmed its success with nearly 200,000 customers signed up by the end of first-half 2020. A total of 64% of customers were signed up by the 2,000 post offices that distribute the solution (3,000 since 30 June).

In first-half 2020, La Banque Postale pursued its **operational excellence programme** by deploying processes that are both more industrial (thanks to process automation and digitisation) and more personalised (use of artificial intelligence and individualised communications). In particular, following deployment of Cap Client 3.0, the banking advisers (based in post offices or financial centres) are able to process substantially all customer requests on the same workstation. And for all new products, customers will be able to complete all or part of the process more autonomously.

As part of the integration of CNP Assurances, the Customer Experience and Information Systems Upgrade programme will be based on an approach designed to optimise "front-to-back-office" processes and accelerate their digitisation (remote sales and selfcare).

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<sup>3</sup> Management data.

## **A SOCIALLY RESPONSIBLE RESPONSE TO THE CRISIS**

### **Mobilisation in support of all customers from the onset of the health crisis**

**La Banque Postale actively mobilised its resources as from the onset of the health crisis to support all of its customers, especially the most vulnerable.** For example, together with the La Poste network, La Banque Postale has set up a special Covid-secure system for the payment of State benefits. In addition, loan repayment holidays were granted on a case-by-case basis and overdraft limits were raised to help customers experiencing short-term financial hardship.

**For retail insurance customers,** La Banque Postale Assurances rolled out exceptional solidarity measures including application of the *Petit rouleur* low mileage tariff on the car insurance portfolio for three months; free school coverage for home insurance customers who had selected the school option; waiving of the excess in the event of a claim, for three months as of the start of lockdown; free remote medical consultations for supplementary health insurance customers and three-month exemption from supplementary health insurance contributions for furloughed employees. On top of its €27 million contribution to France's State-backed solidarity fund for small businesses and freelance workers, La Banque Postale, together with subsidiary CNP Assurances, is also party to discussions over setting up a solidarity fund for health disasters.

**For Business customers,** working with the French State, La Banque Postale helped to set up the special government-backed loan scheme. La Banque Postale also applied interest repayment holidays automatically for professional customers and on request for businesses.

La Banque Postale, the leading bank lender to **public hospitals and local authorities**, offered these customers interest-free financing. Of the €300 million earmarked for these loans, some €200 million was paid out. **A further €300 million was earmarked to support major non-profits operating in the healthcare and community outreach sectors.**

### **Faster digital transformation**

Multi-channel access to banking services was strengthened during first-half 2020. Since the beginning of lockdown, there have been over 3 million visitors each day to the site and the app, and customer service lines have processed an average of 50,000 calls per day, with the number of calls peaking at 100,000.

Certain developments were accelerated in response to the Covid-19 crisis. For example, this was the case for customer information: a further 1.7 million customers signed up to receive digital monthly account statements and customers were sent information by text message during State benefit payment periods. La Banque Postale also launched an instant payments service in the Single Euro Payments Area (SEPA) through Transactis, a joint venture between La Banque Postale and Société Générale.

Reflecting its determination to continue offering customers a high quality service in the exceptional environment, **La Banque Postale lost no time in adjusting its organisation to encourage home working and remote banking services**, in order to comply with health safety and banking security rules. These efforts ensured that **no employees had to be furloughed**. Thanks to its highly efficient IT systems, 25,000 employees in administrative and sales positions were able to work from home.

In line with its commitment towards employees, La Banque Postale adopted a training-based change management approach. **Ecole de la Banque et du Réseau**, its dedicated banking school, provided a total of 69,725 days of training in the first half despite the Covid-19 crisis.

### **Solidarity at the centre of all initiatives by La Banque Postale and its subsidiaries**

**La Banque Postale and its subsidiaries launched a number of outreach initiatives to help address the health and economic consequences of the pandemic.** For example, donations were made to medical research institutions (notably, funding of up to €1 million for Institut Pasteur) and CNP Assurances lent support to vulnerable people, healthcare workers and medical research through a variety of donations (totalling more than €300,000).

The crowdfunding subsidiaries **KissKissBankBank** and **Goodeed** supported several **solidarity and community initiatives, raising €1.5 million through the “Stronger Together” campaign.**

### **Increased engagement in favour of sustainable finance**

La Banque Postale was an early advocate of sustainable finance and has increased its commitment to socially responsible investing through its subsidiary La Banque Postale Asset Management (LBP AM), with the launch of **a further 28 SRI funds in the first half of 2020.** Including these funds, 67% of total assets under management are now eligible for inclusion in SRI portfolios. These new funds underscore LBP AM’s commitment to becoming a “100% SRI” asset manager by the end of 2020.

In response to the urgent need for France’s regions to pursue their environmental transition, **La Banque Postale has also launched a range of “green” loans for local authorities,** to be invested in 100% sustainable projects. Over the past twelve months, some €700 million worth of green loans have been granted in support of more than 100 projects.

In addition, the **Corporate and Investment Banking division is continuing to develop its project finance business in the renewable energies sector.**

## ROBUST EARNINGS AND A STRONGER FINANCIAL STRUCTURE

### La Banque Postale Group business activity and results

The impact of fully consolidating CNP Assurances breaks down as follows:

- Write-down of La Banque Postale's previously held equity-accounted interest: negative impact of €1,578 million.
- Reclassification in profit of the Group's share of CNP Assurances' unrealised gains and losses: positive impact of €594 million.
- Recognition of goodwill: positive impact of €4,578 million.
- Purchase price allocation adjustments (remeasurement of CNP Assurances' assets and liabilities at their acquisition-date fair value) amortised over the useful lives of the acquired assets and liabilities: amortisation charge of €60.2 million in first-half 2020.

Total impact: €3,532.9 million, recorded in net profit attributable to owners of the parent.

### Consolidated income statement (in € millions):

Main items on the income statement	H1 2020 Reported	H1 2020 Excluding non-recurring impact of CNP Assurances first-time consolidation entries	H1 2019 Reported	Change Reported	H1 2020 Contribution of CNP Assurances excluding non-recurring impact of CNP Assurances first-time consolidation entries**
<b>Net banking income</b>	<b>3,793</b>	<b>3,933</b>	<b>2,850</b>	<b>+33%</b>	<b>1,105</b>
Net banking income excl. PEL/CEL effect	3,815	3,955	2,822	+35%	
Operating expenses	(2,710)	(2,690)	(2,353)	+15%	(343)
<b>Gross operating profit</b>	<b>1,083</b>	<b>1,243</b>	<b>497</b>	<b>x2</b>	<b>762</b>
Cost of risk	(228)	(211)	(41)	x5.5	2
<b>Operating profit</b>	<b>855</b>	<b>1,032</b>	<b>455</b>	<b>x1.9</b>	<b>763</b>
Goodwill	4,578	0	0		0
Gains and losses on other assets	(1,579)	(1)	0	n.m.	(1)
Share of profits of equity-accounted companies	663*	69	136	n.m.	25
<b>Pre-tax profit</b>	<b>4,516</b>	<b>1,100</b>	<b>591</b>	<b>x7.6</b>	<b>788</b>
Income tax	(315)	(376)	(162)	n.m.	(273)
<b>Net profit</b>	<b>4,201</b>	<b>725</b>	<b>429</b>	<b>x9.8</b>	<b>514</b>
Non-controlling interests	(200)	(257)	(7)	n.m.	(246)
<b>Attributable net profit</b>	<b>4,001</b>	<b>468</b>	<b>422</b>	<b>x9.5</b>	<b>268</b>
Cost/income ratio (%)	71.9%	68.8%	83.2%	-11.3 pts	31.1%

\* Including CNP Assurances by the equity method in January and February.

\*\* Control of CNP Assurances was acquired on 4 March 2020 and it is therefore fully consolidated over the last four months of the period only.

La Banque Postale Group delivered a resilient **business performance** in a challenging environment. Home loan originations were down 12.8% and consumer finance originations fell by 26.6%, but customer savings deposits rose 4.1% to €335.5 billion.

**Operating expenses** remained more or less flat over the period, excluding the effect of the change in consolidation scope (full consolidation of CNP Assurances). This cost discipline enabled La Banque Postale to step up its investments in diversification, enhanced service quality and the further strengthening of corporate functions.

**Cost of risk** rose to €211 million in first-half 2020 from €41 million in the year-earlier period, mainly due to the Covid-19 crisis. The increase primarily reflected adjustments to risk parameters based on forward-looking estimates of Covid-19 risks. The ratio of cost of credit risk to commercial banking outstanding loans stood at 32 bps (4.6x). The provisions booked in first-half 2020 represented more than the amount for the whole of 2019, due to the worsening economic conditions expected in the second half of the year.

Risk monitoring was stepped up in light of the situation. **At 30 June 2020, the non-performing loan (NPL) ratio stood at 0.8%, attesting to La Banque Postale's good risk profile.**

The €21.8 billion "Corporate" loan book is chiefly exposed to the real estate sector (19.5% of outstanding loans) and the energy sector (17.6%), which have the advantage of high collateralisation ratios. La Banque Postale's exposure to the economic sectors that have been the hardest hit by the crisis – automotive and tourism/restaurants – is low. Loans to customers in these sectors represent 5.9% and 2.6% of total outstanding loans, respectively. **The non-performing exposure (NPE) ratio for this loan book stood at 1.8%.**

Lastly, consolidated earnings reflect the significant impact of **non-recurring items related to the integration of CNP Assurances**. CNP Assurances has been fully consolidated as from 4 March 2020. Prior to that, La Banque Postale's 20.15% interest was accounted for by the equity method in January and February and then deconsolidated for an amount based on CNP Assurances' opening share price on 4 March of €13.97.

Deconsolidation of the 20.15% interest followed by full consolidation of CNP Assurances, which is now 62.8%-owned by La Banque Postale, had a €3.5 billion accounting impact on La Banque Postale's attributable net profit.

## La Banque Postale Group balance sheet and financial structure

### Key indicators:

Key indicators	30 June 2020	31 December 2019	Change
<b>Balance sheet</b>			
Total assets (€bn)	719	272	x2.6
<b>Capital</b>			
Total regulatory own funds (€bn)	18	12.4	+45.1%
Common Equity Tier 1 (CET1) ratio	17.3%	12.2%	+5.1 pts
Tier 1 ratio	18.2%	13.2%	+5.0 pts
Total capital ratio	20.8%	16.2%	+4.6 pts
Leverage ratio <sup>4</sup>	6.1%	4.5%	+1.6 pts
ROE <sup>5</sup>	7.4%	8.4%	-1 pt
<b>Liquidity</b>			
Loan-to-deposit ratio (LDR)	82.7%	89.9%	-7.3 pts
Liquidity coverage ratio (LCR)	169%	153%	+16 pts

**Total assets at 30 June 2020 amounted to €719 billion compared with €272 billion at 31 December 2019.** The increase reflects the impact of the first-time consolidation of CNP Assurances.

La Banque Postale has a robust financial structure, with total regulatory own funds of €18 billion at 30 June 2020:

- Its **estimated Common Equity Tier 1 (CET1) ratio was 17.3%** at that date, up 5.1 points from 31 December 2019. The increase reflects i) the €5.6 billion contribution of CNP Assurances to regulatory own funds and the recognition of profit for the period, partly offset by ii) the €9,726 million growth in risk-weighted assets (including €7,106 million from the first-time consolidation of CNP Assurances, combined with a modest rise in the banking business' risk-weighted assets).
- The **Tier 1 ratio was 18.2%**.
- La Banque Postale's total capital ratio represented 20.8% at 30 June 2020, up 4.6 points from end-December 2019.
- **The leverage ratio, excluding savings funds centralised at the level of CDC, stood at 6.1%.**

**Based on the above, La Banque Postale's ROE was 7.4% at 30 June 2020.**

La Banque Postale's exposure to liquidity risk is low, with a loan-to-deposit ratio of 83% attesting to the Group's strong self-financing capacity, and a liquidity coverage ratio of 150% versus a minimum ratio requirement of 100%.

<sup>4</sup> Leverage ratio calculated by applying the May 2019 decision of the European Central Bank (excluding 50% of the centralised savings funds) was 5.4%.

<sup>5</sup> ROE = Attributable net profit/Average attributable permanent own funds.

Lastly, to increase liabilities eligible for inclusion in the Minimum Requirement for Own Funds, **La Banque Postale carried out a €750 million Senior Non-Preferred Notes issue in the first half of the year.** The issue was 3.3 times oversubscribed in an environment shaped by the Covid-19 health and economic crisis and the price was tightened to 88 bps over the mid-swap rate, providing further confirmation of La Banque Postale's attractiveness among the investor community.

## **RESILIENT PERFORMANCES BY ALL BUSINESSES IN AN ENVIRONMENT SHAPED BY THE HEALTH AND ECONOMIC CRISIS**

### **Retail Banking**

(in € millions)	<b>H1 2020</b>	<b>H1 2019</b>	<b>%</b>
<b>Net banking income</b>	<b>2,602</b>	<b>2,596</b>	<b>+0.2</b>
Net banking income excl. PEL/CEL effect	2,624	2,568	+2.2
Operating expenses	(2,232)	(2,242)	-0.4
<b>Gross operating profit</b>	<b>369</b>	<b>354</b>	<b>+4.0</b>
Cost of risk	(213)	(41)	<i>n.m.</i>
<b>Operating profit</b>	<b>157</b>	<b>312</b>	<b>-50</b>

#### **Financial results significantly affected by the Covid-19 crisis**

Net banking income from Retail Banking activities was stable compared with first-half 2019 at €2,602 million. Restated for PEL/CEL effects, net banking income came to €2,624 million, up 2.2%. The net interest margin (including PEL/CEL effects) dipped by 1% in first-half 2020.

Retail Banking operating expenses were virtually stable, at €2,232 million, despite the additional costs incurred in managing the Covid-19 crisis and the ongoing investment in development projects.

Gross operating profit rose by 4% to represent €369 million.

The increase in the cost of risk to €213 million primarily reflected adjustments to risk parameters based on forward-looking estimates of Covid-19 risks. **The ratio of cost of credit risk to Commercial Banking outstanding loans stood at 32 bps.**

The higher cost of risk led to a 50% fall in Retail Banking operating profit to €157 million.

**Amid lockdown and crisis conditions, Retail Banking outstanding loans rose by 3.4%, while savings deposits were up by a strong 4.1%.**

Retail Banking outstanding loans rose by 3.4% to €69.5 billion, including €64 billion in home loans (up 3.6% over the period) and some €5 billion in consumer finance (a decline of just 0.5% in a French consumer finance market down 23.8%).

Home loan originations totalled €4.9 billion over the period, a decrease of 12.8%.

Consumer finance originations contracted by 26.6% to €1 billion in a market severely affected by the lockdown. Personal loans obtained on-line or via the remote platform remain at a high level and now represent 41% of total production.

The network's banking advisers successfully placed with Retail Banking customers €189 million worth of La Banque Postale EMTNs structured by the Corporate and Investment Banking division.

Outstanding deposits rose by 15.6% over the period to €80.3 billion. This increase concerned sight deposits by both personal banking customers (for €68.4 billion, up 12.4%) and businesses, which now total €11.9 billion (up 38.6%).

Life insurance outstandings dipped by 1.4% to €124.8 billion. New money fell by 26.6% to €3 billion due to the effects of the Covid-19 health and economic crisis.

Livret A accounts benefited from the crisis-led increase in precautionary savings, with deposits rising 4.1% to €64.6 billion. In all, customer deposits in regulated savings accounts (Livret A, Livret d'Epargne Populaire and Livret Développement Durable et Solidaire accounts) rose by 3.6% to €86.7 billion.

Overall, customer savings deposits increased by €13.1 billion to €335.5 billion at 30 June 2020, an increase of 4.1% over the period.

**The Corporate Loan business performed well**

Corporate loan originations continued to rise in first-half 2020, to €18.4 billion (up 14.4%), with the volume of factored invoices down by just 0.2% at €5.7 billion.

Outstanding loans continued to increase, rising 21.1% period-on-period to €36.2 billion. The total breaks down as follows: €24.2 billion in loans to businesses, very small enterprises and professionals (up 19.8%) and €12 billion in loans to local authorities and social landlords (up 23.7%).

In all, outstanding loans increased by 8.8% to €105.7 billion.

## Insurance

(in € millions)	H1 2020 <i>Reported</i>	H1 2020 <i>Excluding CNP Assurances*</i>	H1 2019 <i>Reported</i>	Reported change (%)	% <i>Excluding CNP Assurances</i>
<b>Net banking income</b>	<b>1,117</b>	<b>153</b>	<b>180</b>	n.m.	-15
Operating expenses	(427)	(64)	(64)	n.m.	0
<b>Gross operating profit</b>	<b>690</b>	<b>89</b>	<b>115</b>	x6	-23
Cost of risk	(15)	0	0	n.m.	n.m.
<b>Operating profit</b>	<b>675</b>	<b>89</b>	<b>115</b>	x6	-23

\* CNP Assurances accounted for by the equity method in January and February.

Excluding the impact of fully consolidating CNP Assurances, the Insurance division's contribution to consolidated net banking income amounted to €153 million. This was less than in first-half 2019, which represented a high basis of comparison due to the favourable results of prior period technical reserve liquidations. The insurance subsidiaries' operating expenses were stable at €64 million and their operating profit came to €89 million.

The full consolidation of CNP Assurances boosted the Insurance division's contribution to consolidated net banking income to €1,117 million and its contribution to consolidated operating profit to €675 million.

### Life Insurance and Term Creditor Insurance

Life Insurance and Term Creditor Insurance premium income amounted to €5,955 million, with Savings/Pensions business in all geographic markets adversely affected by the Covid-19 crisis.

*Breakdown of Life Insurance and Term Creditor Insurance premium income:*

(in € millions)	H1 2020	France	Italy	Europe <i>(excl. France and Italy)</i>	Latin America
<b>Savings/Pensions</b>	<b>4,643</b>	<b>2,876</b>	<b>694</b>	285	788
o/w Traditional savings	2,317	2,077	171	62	8
o/w Unit-linked	2,326	799	523	223	780
<b>Term Creditor Insurance</b>	<b>1,312</b>	<b>860</b>	<b>12</b>	<b>43</b>	<b>191</b>
<b>Total premium income</b>	<b>5,955</b>	<b>3,736</b>	<b>706</b>	<b>328</b>	<b>979</b>

**Savings/Pensions premium income** amounted to €4.6 billion, split evenly between traditional and unit-linked contracts.

*In France*, Savings/Pensions premium income was affected to an equal extent by the effects of the Covid-19 crisis on the distribution networks (leading to €2.3 billion in "lost" premium income) 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, with Savings/Pensions net new money reflecting a €0.6 billion net inflow to unit-linked contracts and a €4.3 billion net outflow from traditional products.

In *Latin America*, premium income was adversely affected by the reduction in insurance sales over three months at Caixa Econômica Federal bank branches, which primarily focused their efforts on making emergency payments to low income families.

In the *Europe excluding France* region, premium income was eroded by the effects of the Covid-19 crisis and also by the shift in strategic focus away from traditional savings contracts. Savings/Pensions premium income in Italy was stable, with a very good level of unit-linked new money.

**Term Creditor Insurance premiums** totalled €1.3 billion.

### **Property & Casualty, Health, Death & Disability Insurance**

Premium income from these businesses came to €483 million in first-half 2020. The insurance book grew slightly to 4.63 million policies, with the decline in sales of new policies during lockdown more than offset by the improved business retention rate.

Premium income from Death & Disability insurance amounted to €258 million in first-half 2020. Individual insurance premiums were stable at 0.2%.

Property & Casualty earned premiums rose by 2.5% to €181 million, after taking into account the impact of policyholder support measures during lockdown. In line with its socially responsible 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 socially responsible 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; at end-June 2020, their combined ratio net of reinsurance stood at 90.3%.

## Asset Management

(in € millions)	H1 2020	H1 2019	%
<b>Net banking income</b>	<b>74</b>	<b>74</b>	-0.1
Operating expenses	(50)	(46)	+9
<b>Gross operating profit</b>	<b>23</b>	<b>28</b>	-23
Cost of risk	0	0	<i>n.m.</i>
<b>Operating profit</b>	<b>23</b>	<b>28</b>	-23

**The Asset Management division's net banking income was stable in first-half 2020 compared with the year-earlier period, despite a 2% contraction of assets under management to €227 billion.** This was mainly due to a €2.5 billion unfavourable market effect, reflecting the financial markets' volatility during the period, and included the loss of fees income from certain major institutional investors after the Ostrum and LBP AM asset management businesses were combined, which was more than offset by an increase in investment fund management fees.

Against the backdrop of these operations, operating expenses rose by 9% and operating profit declined by 23% to €23 million.

## APPENDICES

### Consolidated income statement for H1 2020

(in € thousands)	H1 2020	H1 2019
Interest income	2,091,370	2,131,182
Interest expense	(939,213)	(1,015,278)
Fee and commission income	1,125,499	1,320,509
Fee and commission expense	(1,167,452)	(143,925)
Net gain or loss on financial instruments at fair value through profit or loss	(3,382,309)	52,537
Net gain or loss on financial instruments at fair value through other comprehensive income	20,684	87,784
Net gain or loss on derecognised financial assets at amortised cost	297,281	163,828
Income from other activities	7,555,667	681,010
Expenses from other activities	(2,075,363)	(412,397)
Impact of the overlay approach (gross impact)	266,681	(15,449)
<b>NET BANKING INCOME</b>	<b>3,792,845</b>	<b>2,849,801</b>
General operating expenses	(2,534,127)	(2,232,331)
Net depreciation, amortisation and impairment of property, plant and equipment and intangible assets	(175,993)	(120,747)
<b>GROSS OPERATING PROFIT</b>	<b>1,082,725</b>	<b>496,723</b>
Cost of risk	(227,786)	(41,441)
<b>OPERATING PROFIT</b>	<b>854,939</b>	<b>455,282</b>
Share of profits of equity-accounted companies	662,593	135,881
Net gain or loss on other assets	(1,579,330)	(358)
Changes in the value of goodwill	4,577,772	-
<b>PRE-TAX PROFIT</b>	<b>4,515,974</b>	<b>590,805</b>
Income tax	(314,947)	(162,003)
Net loss from discontinued operations, after tax	-	-
<b>NET PROFIT</b>	<b>4,201,027</b>	<b>428,803</b>
<b>Non-controlling interests</b>	<b>199,956</b>	<b>7,014</b>
<b>ATTRIBUTABLE NET PROFIT</b>	<b>4,001,071</b>	<b>421,789</b>

## Consolidated balance sheet at 30 June 2020

(in € thousands)	30 June 2020	31 December 2019
<b>ASSETS</b>	-	-
Cash, central banks	31,972,881	22,412,492
Financial assets at fair value through profit or loss	185,944,577	10,904,637
Hedging derivatives	1,651,001	1,487,805
Financial assets at fair value through other comprehensive income	231,821,007	15,058,569
Securities at amortised cost	25,233,970	28,068,011
Loans and advances to credit institutions at amortised cost	76,596,860	70,634,790
Loans and advances to customers at amortised cost	121,596,384	113,628,165
Revaluation differences on portfolios hedged against interest rate risks	263,883	206,913
Current tax assets	843,398	363,529
Deferred tax assets	320,024	223,126
Accruals and other assets	35,411,030	3,314,224
Non-current assets held for sale	-	-
Deferred participation asset	-	-
Investments in equity-accounted companies	560,962	3,592,212
Investment properties	3,002,541	-
Property, plant and equipment	911,988	791,898
Intangible assets	2,756,791	836,210
Goodwill	160,227	160,227
<b>TOTAL ASSETS</b>	<b>719,047,524</b>	<b>271,682,809</b>
	-	-
<b>EQUITY AND LIABILITIES</b>	-	-
Central banks	-	-
Financial liabilities at fair value through profit or loss	3,340,557	1,587,291
Hedging derivatives	788,343	590,675
Liabilities due to credit institutions	36,599,667	30,714,912
Customer deposits	222,213,852	191,015,741
Debt securities	20,045,315	23,739,111
Revaluation differences on portfolios hedged against interest rate risks	850,653	838,638
Current tax liabilities	86,302	12,514
Deferred tax liabilities	1,132,531	142,305
Accruals and other liabilities	23,207,734	5,272,413
Liabilities related to non-current assets held for sale	-	-
Insurance company technical reserves and shadow accounting reserves	370,029,882	2,552,048
Provisions	971,776	337,265
Subordinated debt	10,887,581	3,096,919
<b>EQUITY</b>	<b>28,893,331</b>	<b>11,782,976</b>
<b>Non-controlling interests</b>	<b>10,384,409</b>	<b>76,297</b>
<b>Equity attributable to owners of the parent</b>	<b>18,508,922</b>	<b>11,706,679</b>
Share capital	6,585,350	4,631,654
Reserves and retained earnings	8,386,212	5,482,618
Gains and losses recognised directly in equity	(463,711)	811,955
Profit attributable to owners of the parent	4,001,071	780,451
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>719,047,524</b>	<b>271,682,809</b>

## Segment information

### First-half 2020 net profit by business segment (excluding the cost of allocated equity for each segment)

(in € thousands)	Retail Banking	Insurance	Asset Management	Total
<b>NET BANKING INCOME</b>	<b>2,601,670</b>	<b>1,117,430</b>	<b>73,745</b>	<b>3,792,845</b>
General operating expenses	(2,103,241)	(382,770)	(48,116)	(2,534,127)
Net depreciation, amortisation and impairment of property, plant and equipment and intangible assets	(129,136)	(44,708)	(2,149)	(175,993)
<b>GROSS OPERATING PROFIT</b>	<b>369,293</b>	<b>689,952</b>	<b>23,480</b>	<b>1,082,725</b>
Cost of risk	(212,527)	(15,259)	-	(227,786)
<b>OPERATING PROFIT</b>	<b>156,766</b>	<b>674,693</b>	<b>23,480</b>	<b>854,939</b>
Share of profits of equity-accounted companies	-	662,177	416	662,593
Net gain or loss on other assets	(185)	(1,579,145)	-	(1,579,330)
Changes in the value of goodwill	-	4,577,772	-	4,577,772
<b>PRE-TAX PROFIT</b>	<b>156,581</b>	<b>4,335,497</b>	<b>23,896</b>	<b>4,515,974</b>
Income tax	(74,567)	(232,681)	(7,699)	(314,947)
<b>NET PROFIT</b>	<b>82,014</b>	<b>4,102,816</b>	<b>16,197</b>	<b>4,201,027</b>
Non-controlling interests	100	195,124	4,732	199,956
<b>ATTRIBUTABLE NET PROFIT</b>	<b>81,914</b>	<b>3,907,692</b>	<b>11,466</b>	<b>4,001,071</b>

### First-half 2019 net profit by business segment (excluding the cost of allocated equity for each segment)

(in € thousands)	Retail Banking	Insurance	Asset Management	Total
<b>NET BANKING INCOME</b>	<b>2,596,234</b>	<b>179,760</b>	<b>73,807</b>	<b>2,849,801</b>
General operating expenses	(2,127,399)	(60,896)	(44,036)	(2,232,331)
Net depreciation, amortisation and impairment of property, plant and equipment and intangible assets	(115,044)	(3,513)	(2,190)	(120,747)
<b>GROSS OPERATING PROFIT</b>	<b>353,791</b>	<b>115,351</b>	<b>27,581</b>	<b>496,723</b>
Cost of risk	(41,442)	1	-	(41,441)
<b>OPERATING PROFIT</b>	<b>312,349</b>	<b>115,352</b>	<b>27,581</b>	<b>455,282</b>
Share of profits of equity-accounted companies	-	134,061	1,820	135,881
Net gain or loss on other assets	(358)	-	-	(358)
Changes in the value of goodwill	-	-	-	-
<b>PRE-TAX PROFIT</b>	<b>311,991</b>	<b>249,413</b>	<b>29,401</b>	<b>590,805</b>
Income tax	(112,022)	(41,162)	(8,819)	(162,003)
<b>NET PROFIT</b>	<b>199,969</b>	<b>208,252</b>	<b>20,582</b>	<b>428,803</b>
Non-controlling interests	444	940	5,630	7,014
<b>ATTRIBUTABLE NET PROFIT</b>	<b>199,525</b>	<b>207,312</b>	<b>14,952</b>	<b>421,789</b>

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

API	DEFINITION/CALCULATION METHOD
<b>NBI excluding the home savings plan 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

La Banque Postale's Supervisory Board, meeting under the chairmanship of Philippe Wahl on 3 August 2020, examined the audited 2020 interim consolidated financial statements, approved by the Executive Board of La Banque Postale and presented by its Chairman Rémy Weber.

This press release constitutes La Banque Postale's financial information for first-half 2020. More detailed information will be provided in the amendment to the Universal Registration Document at 30 June 2020, which will be published on the Bank's website [www.labanquepostale.com](http://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.

#### **La Banque Postale in numbers:**

- €5.647 billion in net banking income
- €1.059 billion in pre-tax profit
- €780 million in attributable net profit
- 10.5 million active customers
- 1.5 million people given access to banking services
- 1.6 million financially vulnerable customers
- 685,000 private banking customers
- more than 350,000 corporate and local public sector customers
- ranked number one bank in France and number two worldwide for its extra-financial performance (source: ISS-ESG)

*Data at end-2019*

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