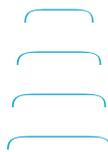


PARLONS CLAIR



BANKS
IN FRANCE



FEDERATION
BANCAIRE
FRANCAISE

BANKS IN FRANCE...

SUMMARY

... are solid and will implement the international banking reform

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... finance the broader economy

page 4

... are constantly improving relations with their customers

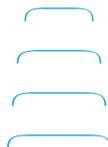
page 6

... take initiatives for low income individuals

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... are among the biggest private sector employers

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... ARE SOLID AND WILL IMPLEMENT THE INTERNATIONAL BANKING REFORM

The financial crisis revealed differences between banking models around the world. The French model held up well overall. French banks focus on achieving long-lasting solid relationships with their customers and combine a well-balanced and diverse business mix with strict risk management. The banking sector is also a significant contributor to the State budget.

SOLID BANKS

French banks held up well during the international crisis, thanks to:

- **a universal banking model:** the French model combines retail banking activities with corporate and investment banking. 60% of French banks' revenues are generated by retail networks.
- **rigorous management:** French banks have responsible lending practices, based on customers' repayment capacity (for both individuals and businesses). There is no "subprime" case in France.

In France, like in Canada and Italy, banking supervision is strict, and therefore effective.

- **proven solidity:** the stress tests completed by the European supervisors in July 2010 demonstrated the solidity of the French banking sector. Even in the worst-case scenario, French banks showed very good results and capital base well over required levels.

This solidity enables them to continue **financing their clients' projects.**

ADAPTING TO NEW INTERNATIONAL REQUIREMENTS

This solidity also gave French banks the capacity to adapt to the new international rules and to comply with the new "Basel 3" solvency ratio.

French banks have considerably reinforced their capital over the past two years, and will continue to do so. Banks' capital base determine their lending capacity.

NO COST FOR FRENCH TAXPAYERS

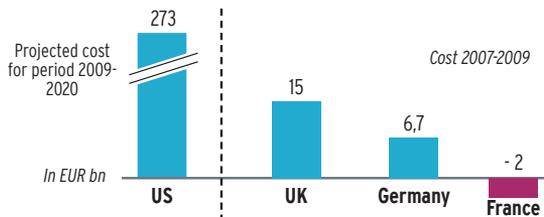
Unlike other countries, French banks did not need to be bailed out during the financial crisis. In contrast, temporary State help generated EUR 2 billion for the national budget: Banks did not cost French taxpayers.

This was not the case for other countries where governments intervened to save their banks:

“French banks are among
the most solid in Europe”

Christian Noyer, Governor of the Banque de France, July 2010

Cost of government intervention to save credit institutions



In France, the temporary support plan generated EUR 2 billion for the national budget.

- in the United States, State intervention is likely to cost **EUR 273 billion** (forecast for the period 2009-2020);
- in the United Kingdom, the cost of bailing out the banking sector amounted to **EUR 15 billion** from 2007 to 2009; At the end of August 2010, the British government's holding in banks' capital amounted to **EUR 74 billion**;

- In Germany, the government's intervention cost **EUR 6.7 billion** from 2007 to 2009. The government's holding in banks' capital amounted to EUR 47.5 billion at the end of August 2010.

A SIGNIFICANT CONTRIBUTION TO THE NATIONAL BUDGET

In addition to corporate taxes, banks pay each year a number of specific and significant contributions boosting public finances. For example, they paid EUR 1.3 billion in taxes on wages in 2009, a direct tax that French banks are the only ones in Europe to pay.

Banks will also pay new taxes from 2011, including the «systemic tax on big banks' riskiest activities», which is estimated to cost them EUR 500 million in 2011 and EUR 800 million in 2013. The new tax is a direct contribution to the government's budget.

... FINANCE THE BROADER ECONOMY

Despite the persistently uncertain environment, French banks keep on funding the broader economy, i.e. the projects of individuals and businesses, on attractive terms. Loan distribution in France is stronger than in the rest of Europe.

LENDING IS STILL INCREASING

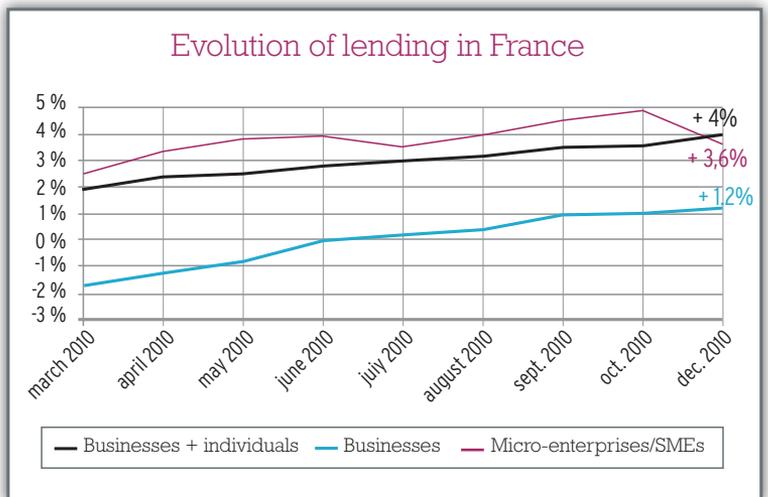
The banking networks' commitment to continue distributing credit responsibly has largely cushioned the effects of the crisis in France.

In 2010, banks continue to increase their support for the economy. Outstanding loans have increased by **+4 %** year-on-year, to EUR 1,831.3 billion¹. This increase is **more than twice** the national GDP growth rate (+1.4%²).

- **loans to individuals: +6.2%** (EUR 1,050.5 billion), with + 8 % for real estate loans and +1.6 % for consumer loans;
- **loans to businesses: +1.2%** (EUR 780.8 billion), with +3.6% for loans to micro-enterprises and SMEs (EUR 187.5 billion).

The statistics for 2009 were very encouraging: banks delivered on their promises. They reached a 2.7% lending growth rate (EUR 1,756 billion)³.

Evolution of lending in France



STRONGER GROWTH THAN IN THE REST OF EUROPE

The performance of French banks is **among the strongest** in the European Union.

In main neighbouring countries, lending are below this progression since 2009 (Germany 0 %, Spain 0.7%). This trend is even stronger for loans to businesses⁴.

Regarding loans to SMEs, France ranks above the European average, thanks to the efforts made by the banking networks.

According to the latest half-year ECB survey, **75% of SMEs** in France consider they received all the loans they requested during the first half of 2010: this is the highest level in Europe (average 63%).

THE LOWEST INTEREST RATES IN EUROPE

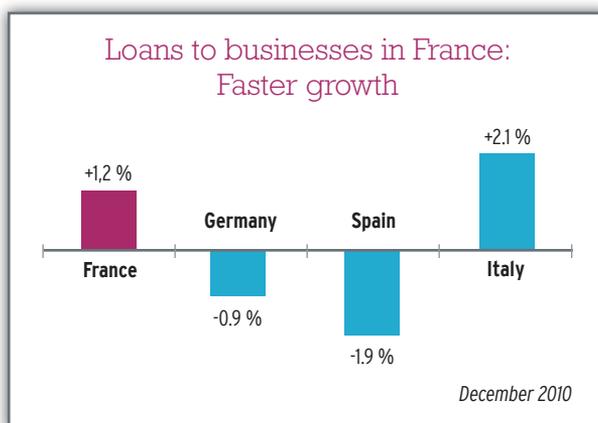
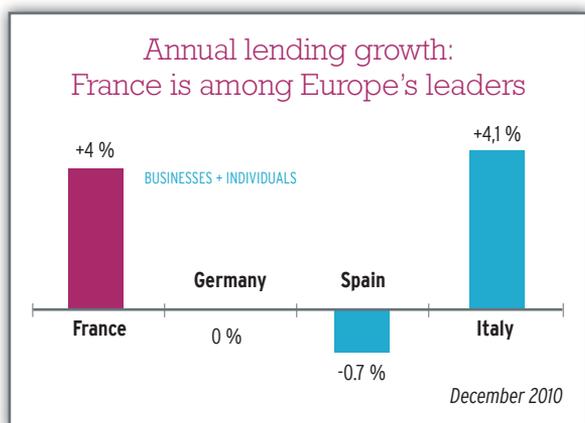
The bank interest rates applied in France are attractive:

- **mortgage loans: 3.29%** in December 2010⁵ (5.15% at their highest in November 2008, and around 4% in 2004). Such low rates are very attractive for people willing to buy a house.

- **loans to businesses: 3.01%** in december (3.17% in August 2009)⁶: these terms enable businesses to finance cash requirements and investments on attractive terms.

These good lending conditions are among the most attractive in Europe. The average interest rate for new loans to businesses is **3.50% in Europe**. Interest rates in Germany and Italy are higher at 3.76% and 3.18% respectively⁷.

1. Banque de France - December 2010
 2. French Finance Ministry, INSEE
 3. Banque de France - at end-December 2009
 4. Banque de France/ECB - December 2010
 5. Observatoire Cr dit Logement/CSA - December 2010
 6. Banque de France - December 2010
 7. Banque de France/ECB - December 2010



... ARE AMONG THE BIGGEST PRIVATE-SECTOR EMPLOYERS

Banking is one of the most dynamic sector on the job market, despite the crisis. It employs over 380,000 people and recruits around 30,000 people each year. French banks recruit throughout France, seeking all profiles and all levels of qualification and experience. They are also present in over 80 countries.

MAJOR RECRUITMENTS

Banks have hired over **180,000 people** over the past five years. With nearly **30,000 recruitments per year**, banks are among the biggest private-sector recruiters in France.

This strong recruitment trend is due to both retirement replacements and the development of new businesses.

Three-quarters of the 380,000 bank employees work in **retail banking**, serving customers.

VARIED PROFILES

The banking sector recruits diverse profiles with all levels of qualification.

For example, in 2009, nearly 15% of recruits had completed less than 2 years' higher education or no higher education at all.

Banks recruit a large number of young people. Nearly two-thirds of recruitments (64.4%) in 2009 were people under 30.

Work-based learning programmes constitute an important point of entry to banking professions (15-20% of recruitments in 2010).

Banking provides a **range of very different businesses**:

- sales positions (receptionists, individual or professional customer advisers): 57% of recruitments in 2009;
- so-called 'support' functions, often carried out in banks' head offices (control, marketing, human resources, etc.), representing nearly 21% of recruitments;
- transaction processing businesses (IT in particular): over 22% of recruitments.

A TOP-CLASS EMPLOYER

France has nearly **176 advisers** per 100,000 people, with the highest level of qualifications in Europe: 60% of customer advisers have a university diploma (versus 10% in Spain and 40% in Germany). Banks attach great importance to

*Over 180,000 people
recruited since 2005*

employee training, with 4% of their total wage bill allocated to on-going training. This enables employees to develop their skills, meet customer requirements and evolve within their company. The sector applies **sexual equality**, with women

accounting for **56.2%** of bank staff in 2009 (58.8% of recruits in 2009). The number of women in management positions is increasing strongly, with women accounting for 42.7% of managers in 2009.

... ARE CONSTANTLY IMPROVING RELATIONS WITH THEIR CUSTOMERS

Banks in France are constantly improving the services they offer their customers, in particular regarding information and access to banking services.

Banking fees are around the European average and even below-average when taken as a whole (lending, saving, everyday banking). 75% of French people are overall satisfied with their bank.

CLEAR INFORMATION ON BANKING FEES

Banks provide clear price information for banking services, enabling customers to compare prices. **Fees Information is easily available:**

- leaflets and posters are displayed in branches and on banks' websites;
- customers are informed of any adjustment to fees two months ahead;
- since 2009, each customer has been sent an annual fee statement;
- account statements have been made clearer with a visual code showing fees linked to the functioning of the account.

These measures enable customers and potential customers to find information and compare prices, thereby encouraging competition.

- 63% of French people surveyed 6 months after receiving their annual fee statement are aware of their bank costs each year;
- 57% of French people think it is easy to find out the cost of a banking transaction¹.

REASONABLE PRICES

The price of French banking services is **around the European average**.

Taken as a whole (lending, saving, everyday banking), these fees are lower than in other comparable European countries, even though French people are among the biggest daily users of banks.

For a European average of 100, the price of banking services in France is 95, compared with 107 in the United Kingdom, 149 in Italy and 91 in Germany².

The cost of banking services has fallen steadily:

- **-5.31%** in 2010 compared with 2009³;
- from 2005 to 2010, the cost of banking services rose by 6.8%, much less than the consumer price index (+9.7%)⁴.

French banks lending rates are among the lowest in Europe. Average real estate rates stood at 3.29% in December 2010.

NEW MEASURES FOR 2011

Banks have decided to do more to improve transparency:

- new leaflets will include a standardised summary showing fees for 10 banking services;
- these leaflets will be drawn up using a common structure developed by the profession;
- the monthly banking fees amount and the maximum authorised overdraft will be specified on account statement;

- the bank account package composition will be explained in more detail in fee leaflets and when first subscribed for;
- banks will set up a range of alternative payment solutions for low-income customers. These solutions will include low payment incident penalties, to be set by each bank.

MOVING BANK ACCOUNTS MADE EASIER

In November 2009, banks introduced a **service to make it easier for customers to switch banks** and for banks to welcome new customers.

Under this service, the new bank will carry out all **formalities required to transfer** existing direct debit and transfer orders (informing creditors and debtors). Banks inform customers that this service is available, in particular via their websites.

A free guide to moving bank accounts is available from the FBF's websites (www.fbf.fr and www.lescles-delabanque.com).

- 8% of French people have opened an account with a new bank in the past year.

KEY FIGURES

- 39,000 branches
- 52,000 ATMs
- 72 million current accounts
- 50 million customers
- 16 billion payment transactions per year
- CB banks cards accepted at 1.3 million outlets at end-2009
- 62.4 million "interbank" payment cards in 2009 (e.g. CB)

HIGH-QUALITY SERVICES

Even though the crisis damaged the image of the banking sector as a whole, a large majority of customers remain satisfied: 74% of French people have a positive image of their bank¹.

France has **one of the highest** banking penetration rates in Europe:

- nearly **99%** of French people have a bank account;
- with 50 million customers and 72 million current accounts, France has one of the most developed and mature banking system⁵ in Europe;
- **1 in 4 French people** have an account in several banks¹.

ACCESSIBLE TO ALL

French banks develop services for **low-income individuals**.

France has developed a basic right to bank account and free basic banking services for low-income individuals.

Banks also offer an alternative range of payment solutions and low-cost bank cards requiring systematic authorisation to individuals not authorised to write cheques.

For people unable to access traditional financing methods, banks also offer accompanied personal microcredit solutions: **nearly 4,000 personal microcredit loans** were granted in the first half of 2010, up 56% on the first half of 2009⁶.

1. IFOP 2010

2. Bain & Company survey - Sept. 2010

3. Survey by French consumer association CLCV - Mieux vivre - January 2010

4. INSEE - 2009

5. CECEI (Credit Institutions Committee) - 2010 report

6. CDC

... TAKE INITIATIVES FOR LOW-INCOME INDIVIDUALS

Banks have taken initiatives in recent years to support the most vulnerable individuals, and have stepped up their commitment in the current environment, providing support in dealing with the difficulties they may face and where possible preventing difficult situations from arising. Joint initiatives taken by the profession as a whole complement individual measures taken by each bank across the country and through their local networks.

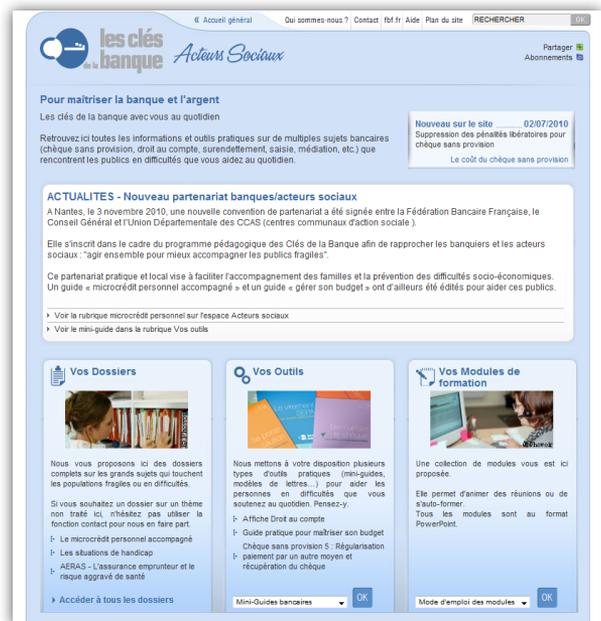
REAL INITIATIVES TO FACILITATE ACCESS TO BANKING

In recent years banks have taken steps to support access to banking services for the most vulnerable people.

- the French banking penetration rate is among the highest in Europe, **even among households below the poverty threshold**. 99% of them have at least one banking account.
- for people who are not authorised to write cheques, banks have introduced a range of **alternative payment solutions**, including at least a payment card with systematic authorisation. 82% of people not authorised to have a cheque book now have one of these cards. 80% of people receiving minimum state benefits have a payment card, compared with fewer than 40% in 20012.

AN INFORMATION PROGRAMME

The banking community has developed a free, non-commercial information programme on banking and money: www.lesclesdelabanque.com. This programme dedicated to consumers clearly explains how banking products and services work.



Four practical sites are available: for individuals, professionals, for young people and social workers. Nearly 40 guides for individuals and over 12 for professionals complement this information.

For example, a **practical budget guide** was published recently, supporting social workers in their daily efforts to help households find solutions and enhance preventive schemes among the most vulnerable citizens.

JOINT EFFORTS IN SUPPORT OF MICROCREDIT

Banks, associations and local authorities launched a joint initiative in favour of **accompanied personal microcredit loans**. They work together helping low-income households finance projects to facilitate their (re)integration into a work environment.

Access to credit is important in combating social exclusion. **4,000 accompanied microcredit loans** were granted in the first six months of 2010, an increase of 56% on 2009.

LOCAL PARTNERSHIPS WITH SUPPORT WORKERS

Practical partnerships with local authorities and associations help involve all stakeholders (social workers, bank managers and advisers, etc.) in order to **better coordinate these actions**. These partnerships are locally established ("Département" or City level), facilitating contacts between banks and social workers.

The FBF **develops partnerships across France**: with the Oise, Loire-Atlantique, Rhône, Haute-Loire and Côte d'Or départements and cities such as Nîmes and Marseille.

Employment, education, starting a business... banks are involved in a number of initiatives

A NUMBER OF INITIATIVES SET UP BY BANKS

As a local player working to support its customers, each bank is involved in **initiatives to help vulnerable citizens**: foundations, sponsorship, partnerships, etc.

Banks initiate or support a number of actions at national and regional level, including: **integration into job market, educational or literacy programmes, support for starting a business**, etc.

- banks recruit a diverse range of profiles across France: young unqualified workers, disabled people and older jobseekers. The profession has set up training groups for disabled recruits (in Lorraine and Nord Pas de Calais). Similarly, jobseekers have been able to access banking jobs (receptionists, etc.) via specially-adapted training schemes.
- banks are also involved in supporting insertion into employment by mobilising employees as mentors or through outreach programmes, in particular for young graduates from deprived areas;
- in favour of education: several banks have set up foundations that support culture or sport and educational or literacy initiatives. They also work in partnership with associations and local authorities that develop such programmes, in particular in inner-city areas;
- banks have mobilised alongside support networks throughout France, in particular to help jobseekers wishing to set up their own business.

Banks are also involved in local support platforms, such as the France Active network and the ADIE (both associations helping low-income individuals create jobs) and specific local structures.

1. CCSF (Advisory Committee of the Financial Sector) - October 2010
2. CREDOC survey - February 2010

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