

PARIS, 26 JULY 2016

## First half 2016 results: downturn by 28% compared to first half 2015

- Strong resilience of assets under management despite an extremely volatile financial market backdrop
- Ongoing strategic investments as part of the Odyssée 2020 plan
- Payment of an interim dividend of €0.60 per share

The Board of Directors approved the interim financial statements for the first half of 2016 on 25 July 2016. Commenting on the occasion, Paul Younès, UFF's Chief Executive Officer, said: *"The first half of 2016 comes to a close against a backdrop of extreme volatility. Despite the odds, we have been able to weather the storm thanks to our capacity to anticipate and to offer our clients original solutions that are adapted to today's climate as well as a targeted real estate offer that is constantly renewed. Now more than ever is the time to focus our efforts on the deployment of our Odyssée 2020 plan in order to seize new market opportunities and diversify our growth levers."*

### Strong resilience of assets under management<sup>1</sup>:

Financial results	2015	2016	Variation 2016/2015
<b>NBI (€m)</b>			
- Q1	50.5	47.5	(6%)
- Q2	51.9	49.2	(5%)
<b>NBI at June 30 (€m)</b>	<b>102.4</b>	<b>96.7</b>	<b>(6%)</b>
- Commissions on investment inflows	38.8	42.5	9%
- Commissions on assets under management	62.6	55.1	(12%)
- Net interest and similar income	1	(0.9)	NS
<b>Operating profit (€m)</b>	<b>23</b>	<b>14.2</b>	<b>(38%)</b>
<b>Consolidated net income attributable to the Group (€m)</b>	<b>15.2</b>	<b>11.0</b>	<b>(28%)</b>
<b>Assets under management - end of period (€bn)</b>	<b>11.5</b>	<b>11.0</b>	<b>(4%)</b>

UFF's commercial performance over the first half of 2016 reflects:

- **Commercial activity<sup>2</sup> of €680.1 million (-8%)** that incorporates a high level of disparity between the asset classes exposed to financial market volatility - securities (-45%), corporate products (-36%) and life insurance (-9%) - and persistently strong growth for the real estate sector - REITs (+39%) and direct property (+12%).

<sup>1</sup> Client investments in financial securities or life insurance products managed or recommended by UFF

<sup>2</sup> Client payments on products marketed by UFF (Financial securities, Life insurance and Real estate)

- **Net inflows<sup>3</sup> of €45 million** (€62 million for the first half of 2015) penalized by an increase in redemptions (+4%) and repayments on terminated funds (€22 million).
- **Assets under management at period end of €11.0 billion** as against €11.5 billion (-4%) for the first half of 2015 due to particularly adverse price fluctuations. By diversifying its portfolio, UFF was able to offset a sizable proportion of the impact of price fluctuations which amounted to €1 billion over the period.
- **A Net Banking Income of €96.7 million** as against a figure of €102.4 million for the first half of 2015. The 9% increase in commissions from investment inflows reflects the outstanding performance of REITs and the very high real estate billing generated by new inflows in 2015 which compensated for a disappointing performance from financial products. Commissions on assets under management dropped 12% as a result of the volatility seen over the first half and the drop in average assets under management.

#### **Ongoing strategic investments as part of the Odysée 2020 plan**

Despite adverse market conditions, UFF Banque made the strategic choice to begin structural investments to underpin its medium-term development plan. Accordingly, results for the first half of 2016 reflect:

- **An operating profit of €14.2 million, down 38%.** The slight increase in expenses (+4%) is tied to remuneration linked to strong sales in real estate products as well as to commitments linked to preparatory work for the deployment of the strategic plan.
- **Net income of €11.0 million (-28%).** The cost of risk was virtually nil for the period and the share of earnings in 30%-held Primonial Reim contributed €1.7 million which is substantially higher than in the first half of 2015 (€0.8 million).

#### **Payment of an interim dividend of €0.60 per share**

The consolidated balance sheet structure remains healthy, with carefully-managed cash assets (investments and liquid assets) of €95 million (compared with €112 million at 31/12/2015) that are 56%-invested in FCP money market funds. In addition, all operating payables and receivables are short-term. Consolidated shareholders' equity before distribution of earnings amounted to €94 million compared with €102 million at 31 December 2015.

These figures highlight the financial strength of UFF which more than meets regulatory requirements.

Backed by this strong financial footing, the Board of Directors has approved the distribution of an interim dividend of €0.60 per share. To be paid on 3 November 2016, the dividend is confirmation of UFF Banque's commitment to ensuring a lasting improvement in shareholder returns.

#### **Outlook**

UFF continued to enrich its offer over the first six months of 2016, strengthening its tax wrappers (FIP local investment funds, holdings, forestry groups) and working alongside clients in search of high-performance solutions. Furthermore, in order to adapt to current market trends, the company launched two new financial vehicles for wealth management clients (life insurance and/or PEA equity savings plans) and corporate clients - UFF Action Rendement 2016 and Cap Rendement - which combine potential returns with partial protection against the downturn on the equity markets. At the same time, UFF has also devised an original solution which is decorrelated from the equity markets that allows PEA equity savings plans to invest in real estate.

Lastly, the Multi-Bonus offer was designed to allow life insurance subscribers to reduce their sensitivity to the euro-denominated fund.

Several structural projects for the Odysée 2020 plan were also launched over the period, and priority given to transforming the company's support functions and enriching client experience using the new digital

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<sup>3</sup> Client investments, net of client disinvestments, in assets under management over the period

resources currently being rolled out. With regulatory issues high on the agenda, UFF is investing in its tools in order to offer exemplary client services.

### **Other information**

The statutory auditors performed a limited review of the consolidated financial statements. The original French version of the interim financial report will be filed with the French financial markets authority, the AMF, and made available to the public on the company's website on 29 July.

A detailed presentation of the results for the first half of 2016 will be available under the "Actionnaires" section of the company's website (<http://www.uff.net/actionnaires-investisseurs/74>) on 27 July 2016.

Given the operational integration of Group businesses, it is difficult to interpret individual company figures. Based on the separate parent company financial statements for the first half of 2016, net income for Union Financière de France Banque amounted to €20 million.

Aviva France Group, parent company of Union Financière de France Banque, is considered as a "related party". The operational relations between companies of Union Financière de France Banque Group and Aviva France Group concern life insurance, the financial management of certain UCITS, investment activities and information technology services.

### **UFF in brief**

*Set up in 1968, Union Financière de France Banque is a provider of wealth management services and products for individual and corporate clients. UFF's product range, developed through an open architecture approach, includes real estate, financial securities and life assurance, as well as a wide range of products for companies (retirement savings plans, employee savings plans, medium-term cash management, etc.).*

*With 1,500 employees that include nearly 1,200 financial advisors, Union Financière de France has an extensive network covering all of France.*

*On 30 June 2016, Union Financière de France had a customer base of 211,000 clients (187,000 individuals and 24,000 corporate clients).*

Union Financière de France Banque is listed on Euronext Paris (Segment B)  
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ISIN Code FR0000034548

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