

CONSOLIDATED FINANCIAL STATEMENTS
31 December 2014



LE GROUPE LA POSTE

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CONSOLIDATED INCOME STATEMENT

(€ million)	NOTE	2014	2013 ^(a)
Revenues from commercial activities	4	16,503	16,158
Net banking income	5	5,660	5,557
Operating revenue		22,163	21,715
Purchases and other expenses	6	(7,448)	(7,091)
Personnel expenses	7	(12,556)	(12,447)
Taxes and levies	8	(235)	(236)
Depreciation, amortisation, provisions and impairment	8	(1,363)	(1,293)
Other operating revenue and expenses	8	158	132
Proceeds from asset disposals		(18)	(13)
Net operating expenses		(21,462)	(20,949)
Operating profit/(loss) before share in results of joint ventures		701	766
Share in results of joint ventures	13	18	12
Operating profit/(loss) after share in results of joint ventures		719	778
Cost of net financial debt		(157)	(197)
Other financial items		(41)	(25)
Financial profit/(loss)	9	(198)	(222)
Profit before tax of consolidated companies		521	556
Income tax	10	(182)	(125)
Share in profits of associates	13	200	215
CONSOLIDATED NET PROFIT/(LOSS)		539	646
Net profit/(loss), group share		513	624
Attributable to non-controlling interests		27	23

(a) Amounts restated to account for the first-time application of IFRS 10 and IFRS 11 (see note 3).

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

Amounts after tax (€ million)	2014	2013 ^(a)
Consolidated net profit/(loss)	539	646
Other comprehensive income recognised under equity		
Recyclable items		
Change in unrealised gains and losses on financial instruments	79	32
<i>Of which transferred to net profit/(loss) for the year</i>	<i>(61)</i>	
Translation adjustments	29	(27)
<i>Of which transferred to net profit/(loss) for the year</i>		
Share in other comprehensive income of equity companies	216	(26)
<i>Of which - change in unrealised gains and losses on financial instruments - CNP</i>	<i>217</i>	<i>26</i>
<i>- other unrealised gains and losses on financial instruments</i>		<i>(4)</i>
<i>- cumulative translation adjustments</i>	<i>(1)</i>	<i>(48)</i>
Non recyclable items		
Actuarial adjustments on employee benefits	(118)	28
Total other comprehensive income recognised in equity (after tax)	206	7
Total comprehensive income/(loss)	745	653
TOTAL COMPREHENSIVE INCOME/(LOSS), GROUP SHARE	698	630
Total comprehensive income/(loss) attributable to non-controlling interests	47	22

(a) Amounts restated to account for the first-time application of IFRS 10 and IFRS 11 (see note 3).

CONSOLIDATED BALANCE SHEET

ASSETS (€ million)	NOTE	31/12/2014	31/12/2013 ^(a)
Goodwill	15	1,805	1,626
Intangible assets	16	850	807
Tangible assets	17	5,880	5,931
Investments in joint ventures and associates	18	3,075	2,741
Other non-current financial assets	19	831	938
Deferred tax assets	14	264	149
NON-CURRENT ASSETS		12,706	12,192
Current banking assets			
Customer receivables and loans	20.1	67,857	59,204
Receivables from credit institutions	20.2	83,315	82,894
Securities portfolio	20.3	52,541	50,566
Other current financial assets	20.4	1,521	1,435
Accruals	20.5	998	1,220
Cash and central bank deposits	23.2	1,950	2,182
Other current assets			
Inventories and work-in-progress	21	119	132
Trade and other receivables	22	3,303	2,810
Other current financial assets	19	383	433
Income tax credit		194	253
Other accruals – Assets		60	117
Cash and cash equivalents	23	1,389	2,104
Assets held for sale	24	29	120
CURRENT ASSETS		213,658	203,468
TOTAL ASSETS		226,364	215,661

(a) Amounts restated to account for the first-time application of IFRS 10 and IFRS 11 (see note 3).

(b) Cash held at post offices as at 31 December 2013 (i.e. €612 million) has been reclassified to current banking assets, on the line "Cash and central bank deposits", as a result of its transfer from the La Poste Network segment to the La Banque Postale segment which occurred in 2014 (see Note 23.2).

LIABILITIES

(€ million)

	NOTE	31/12/2014	31/12/2013 ^(a)
Share capital		3,800	3,800
Issue premium		900	900
Reserves		3,276	2,879
Unrealised gains and losses on financial instruments		888	613
Actuarial adjustments on employee benefits		(198)	(80)
Cumulative translation adjustments		(92)	(120)
Net profit/(loss), group share		513	624
Equity, group share		9,088	8,615
Non-controlling interests		270	235
CONSOLIDATED EQUITY		9,358	8,850
Medium and long-term bonds and other financial debt	27	6,120	6,048
Employee benefits – non-current liabilities	29	1,912	1,685
Non-current provisions for contingencies and losses	26	172	114
Deferred tax liabilities	14	309	238
NON-CURRENT LIABILITIES		8,513	8,086
Current provisions for contingencies and losses			
Specific provisions for the Insurance and Banking activities	26	2,228	1,802
Current provisions for contingencies and losses	26	585	538
Short-term bonds and other financial debt	27	885	1,023
Current banking liabilities			
Liabilities to credit institutions	30.1	15,157	14,757
Liabilities to customers	30.2	167,251	166,583
Debt evidenced by a certificate and other financial liabilities	30.3	15,143	6,801
Accruals	20.5	1,995	2,022
Other current liabilities			
Trade and other payables	31	4,321	4,357
Government – Income tax		38	34
Employee benefits – current liabilities	29	683	663
Other accruals – Liabilities		208	146
CURRENT LIABILITIES		208,494	198,725
TOTAL LIABILITIES		226,364	215,661

(a) Amounts restated to account for the first-time application of IFRS 10 and IFRS 11 (see note 3).

CHANGES IN CONSOLIDATED EQUITY 2014

Amounts after tax (€ million)	Share capital	Issue premium	Unallocated profit/(loss)	Cumulative translation adjustments	Unrealised gains and losses on financial instruments – CNP	Other unrealised gains and losses on financial instruments	Actuarial adjustments on employee benefits	Other reserves	Total, Group share	Non-controlling interests	Total
Consolidated equity as at 31/12/2013 (restated) ^(a)	3,800	900	624	(120)	418	195	(80)	2,879	8,615	235	8,850
Dividend payments			(171)						(171)	(15)	(186)
Call options on non-controlling interests								(56)	(56)	(32)	(89)
Purchase of non-controlling interests								2	2	(6)	(5)
Appropriation of 2013 earnings			(453)					453			
Comprehensive income for the year			513	28	217	58	(118)		698	47	746
<i>Of which:</i>											
- Net profit			513						513	27	539
- Other comprehensive income				28	217	58	(118)		186	21	206
Other								(0)	(0)	43	42
Consolidated equity as at 31/12/2014	3,800	900	513	(92)	635	253	(198)	3,276	9,088	270	9,358

(a) Amounts restated to account for the first-time application of IFRS 10 and IFRS 11 (see note 3).

CHANGES IN CONSOLIDATED EQUITY 2013

Amounts after tax (€ million)	Share capital	Issue premium	Unallocated profit/(loss)	Cumulative translation adjustments	Unrealised gains and losses on financial instruments – CNP	Other unrealised gains and losses on financial instruments	Actuarial adjustments on employee benefits	Other reserves	Total, Group share	Non-controlling interests	Total
Consolidated equity as at 31/12/2012 (restated) ^(a)	3,400	700	479	(45)	392	167	(110)	2,538	7,521	243	7,764
La Poste capital increase ^(b)	400	200							600	0	600
Dividend payments			(171)						(171)	(20)	(191)
Call options on non-controlling interests								67	67	(1)	66
Purchase of non-controlling interests								(43)	(43)	(6)	(49)
Appropriation of 2012 earnings			(308)					308			
Comprehensive income for the year			624	(75)	26	28	28		630	22	653
Of which: - Net profit			624						624	23	646
- Other comprehensive income				(75)	26	28	28		7	(0)	6
Other							2	9	11	(4)	7
Consolidated equity as at 31/12/2013 (restated) ^(a)	3,800	900	624	(120)	418	195	(80)	2,879	8,615	235	8,850

(a) Amounts restated to account for the first-time application of IFRS 10 and IFRS 11 (see note 3).

(b) The French government and Caisse des Dépôts exercised in April 2013 the 350 million equity warrants they were holding (decision of the Extraordinary General Meeting on 6 April 2011).

CONSOLIDATED CASH FLOW STATEMENT

(€ million)	NOTE	2014			2013 ^(a)		
		Group	Non-banking	La Banque Postale	Group	Non-banking	La Banque Postale
EBITDA		2,554	944	1,610	2,194	790	1,404
Change in provisions for current assets and unrecoverable receivables		(261)	(38)	(223)	(178)	(26)	(153)
Miscellaneous financial income and expenses		0	0	0	5	5	0
Cash flows from operating activities before cost of net debt and taxes	38.1	2,292	906	1,387	2,021	770	1,251
Change in working capital requirement	38.3	(12)	(152)	140	10	26	(15)
Change in cash held at post offices	23.2	(21)	(21)		108	108	
CICE tax credit for the period (excluding provisions)		(349)	(346)	(2)	(255)	(253)	(2)
Change in balance of banking sources and uses	38.4	(2,371)		(2,371)	(2,226)		(2,226)
Taxes paid		(99)	305	(404)	(146)	101	(246)
Dividends paid by La Banque Postale to La Poste		(0)	325	(325)		258	(258)
Dividends received from equity associates		122	15	106	9	9	(0)
Cash flows from operating activities		(438)	1,030	(1,469)	(478)	1,018	(1,496)
Purchase of intangible and tangible assets	38.5	(1,052)	(844)	(208)	(989)	(829)	(160)
Purchase of financial assets		(17)	(16)	(1)	(22)	(21)	(1)
Issue of subordinated notes by La Banque Postale				800		(800)	800
Proceeds from the disposal of tangible and intangible assets		120	120	0	132	125	7
Proceeds from disposals of financial assets		16	16	0	28	26	1
Impact of changes in consolidation scope		(194)	(156)	(38)	(163)	(50)	(113)
Change in financial assets held for investment purposes		86	86		157	157	
Cash flows from investing activities		(1,040)	(794)	(246)	(857)	(1,391)	534
Capital increase ^(b)		8	0	8	601	600	0
Dividends paid		(186)	(174)	(12)	(191)	(175)	(17)
Interest paid		(150)	(150)		(171)	(171)	
Proceeds from new borrowings	38.6	1,541	791	750	405	405	
Repayment of borrowings	38.7	(830)	(830)		(752)	(752)	
Purchase of non-controlling interests		(3)	(3)		(53)	(9)	(45)
Other cash flows from financing activities	38.8	(9)	(9)		(103)	(103)	
Intra-group flows			(581)	581		557	(557)
Cash flows from financing activities		372	(955)	1,327	(265)	353	(618)
Decrease (increase) in cash and cash equivalents from banking activities before impact of changes in consolidation scope and transfer of cash held at post offices	38.9	388		388	1,580		1,580
Impact of changes in exchange rates		4	4		(4)	(4)	
Change in cash and cash equivalents ^(c)		(715)	(715)	(0)	(23)	(23)	(0)
Opening cash and cash equivalents ^(c)		2,163	2,163		2,167	2,167	
Closing cash and cash equivalents ^(c)		1,389	1,389		2,104	2,104	

(a) Amounts restated to account for the first-time application of IFRS 10 and IFRS 11 (see note 3).

(b) Of which €600 million received in 2013 in relation to La Poste's capital increase decided in April 2011.

(c) Excluding cash held at post offices.

GENERAL ITEMS

Comparative data for 2013 in the notes to the financial statement have been restated to account for the first-time application of IFRS 10 and IFRS 11. The details of the restatements are shown in note 3.

NOTE 1 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- 1.1 New governance of Le Groupe La Poste
- 1.2 La Banque Postale bond issue
- 1.3 Investigation by the French Competition Authority on the parcel delivery industry

1.1 New governance of Le Groupe La Poste

Le Groupe La Poste presented in April 2014 its new strategic plan "La Poste 2020: Conquering the future". As part of this plan, a new corporate governance will be implemented, organised around 5 business units:

- Mail-Parcels-Services
- La Banque Postale
- GeoPost
- La Poste Network
- Digital Services

As a result of this new organisation, the segment reporting reviewed by Group Management was modified, as detailed in note 5.

1.2 La Banque Postale bond issue

On 11 April 2014, La Banque Postale carried out a €750 million bond issue. This was the third issue of Tier 2

securities by La Banque Postale, the first having been carried out in November 2006 for €500 million and redeemed in 2011, and the second having been carried out in November 2010 for €750 million.

This issue, done in the form of redeemable subordinated securities (Lower Tier 2) was primarily taken up by European institutional investors. This issue can be converted into senior debt in the event of regulatory hurdles. It is also hedged at fair value.

1.3 Investigation by the French Competition Authority on the parcel delivery industry

The French Competition Authority is currently investigating the various parcel delivery players in France. A grievance notice was issued on 30 June 2014.

NOTE 2 ACCOUNTING RULES AND POLICIES

- 2.1 Accounting guidelines
- 2.2 Valuation basis and use of estimates
- 2.3 Consolidation methods
- 2.4 Translation of financial statements of foreign companies
- 2.5 Foreign currency transactions
- 2.6 Consolidation of the Banking activities segment
- 2.7 Business combinations
- 2.8 Operating revenue
- 2.9 Taxes
- 2.10 Intangible assets
- 2.11 Tangible assets
- 2.12 Impairment of goodwill, intangible assets and tangible assets
- 2.13 Other financial assets
- 2.14 Banking activities assets and liabilities
- 2.15 Bond debt and financial derivatives relating to the management of the bond debt
- 2.16 Commitments to buy out non-controlling interests
- 2.17 Inventories and work-in-progress
- 2.18 Trade receivables
- 2.19 Provisions
- 2.20 Employee benefits
- 2.21 Assets held for sale
- 2.22 Cash flow statement

La Poste, the parent company of Le Groupe La Poste ("Le Groupe La Poste" or "the Group") has been a *Société Anonyme* (public limited company) since 1 March 2010, and has its registered office at 44, boulevard de Vaugirard in Paris. It had previously been an independent state-owned entity, which was already subject to the same financial management and accounting rules as commercial businesses.

The consolidated financial statements of Le Groupe La Poste for the year ended 31 December 2014 were signed off by the Board of Directors (meeting on 24 February 2015), and the General Shareholders' Meeting will be asked to approve them.

2.1 Accounting guidelines

Pursuant to European Regulation No. 1606/2002 of 19 July 2002, the consolidated financial statements of Le Groupe La Poste for the year ended 31 December 2014 were prepared in accordance with international financial reporting standards (IFRS) as adopted by the European Union. These standards are available on the website of the European Commission (ec.europa.eu/internal_market/accounting/ias/index_fr.htm). The accounting principles applied as at 31 December 2014 are unchanged from those applied as at 31 December 2013, except for the items described in Point 2.1.1 below.

2.1.1 Standards and application interpretations that are mandatory for the first time in 2014

IFRS 10 – Consolidated financial statements

IFRS 10 supersedes IAS 27 and SIC 12. It defines a single model for control, based on the ability of the investor to affect the returns from an entity through its power over this entity. The effects on the Group's consolidated accounts of the first time application of this standard are presented in note 3.

IFRS 11 – Joint Arrangements

IFRS 11 supersedes IAS 31, and makes the equity method mandatory for joint arrangements classified as joint ventures. The effects on the Group's consolidated accounts of the first time application of this standard are presented in note 3.

IFRS 12 – Disclosure of Interests in Other Entities

This text requires disclosures about an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated 'structured entities. The related additional information is provided in Notes 3.2.

IAS 27 revised – Separate financial statements

This text deals only with separate financial statements, and as such is not applicable to Le Groupe La Poste.

IAS 28 revised – Investments in associates and joint ventures

This text defines the concept of significant influence and the equity consolidation method. It did not have any impact on the Group's financial statements as at 31 December 2014.

Amendments to IAS 36 - Recoverable Amount Disclosures for Non-Financial Assets

This text did not have any impact on the Group's financial statements as at 31 December 2014.

Amendments to IAS 32 - Offsetting Financial Assets and Financial Liabilities

This text did not have any impact on the Group's financial statements as at 31 December 2014.

Amendments to IAS 39 - Novation of Derivatives and Continuation of Hedge Accounting

This text did not have any impact on the Group's financial statements as at 31 December 2014.

2.1.2 Standards and application interpretations that will be mandatory after 31 December 2014 and that were not applied in advance

Le Groupe La Poste did not apply in advance the IFRIC 21 - *Levies* interpretation, whose application date is after 31 December 2014. The expected impact on the Group annual consolidated accounts of the application of this interpretation is not significant.

The potential impacts of IFRS 15 - *Revenue from Contracts with Customers* on the Group's consolidated accounts are under review.

Moreover, the potential impacts of IFRS 9 - *Financial instruments*, will be analysed after its adoption by the European Union.

2.1.3 Reminder of the exemptions to the retrospective application of IFRS retained on first application of IFRS

As a first-time adopter on 1 January 2006, Le Groupe La Poste had applied the following exemptions provided for by IFRS 1 - *First-time Adoption of International Financial Reporting standards* as at that date:

- business combinations prior to 1 January 2006 were not restated.
- the cumulative amount of translation adjustments as at 1 January 2006 was reclassified under consolidated reserves, while the equity amount remained unchanged.
- the cumulative amount of actuarial gains and losses on employee commitments was recognised through equity as from 1 January 2006.
- the Group chose the option that allows tangible assets to be measured at fair value as at the transition date for all of its real estate assets.

2.2 Valuation basis and use of estimates

The consolidated financial statements are prepared using the historical cost method, with the exception of certain financial instruments measured at fair value.

When preparing the financial statements, the Group is required to make the best possible estimates and to select assumptions that affect the values of assets and

liabilities in the balance sheet, and the contingent assets and liabilities disclosed in the notes to the consolidated financial statements, as well as the income and expenses in the income statement. The actual amounts may subsequently differ from the estimates and assumptions.

The items primarily concerned are:

- the calculation of employee benefits;
- the estimates for provisions for contingencies and losses, especially the Home Loan Savings provision;
- the assumptions selected for impairment tests on goodwill and on intangible and tangible assets;
- the measurement of financial instruments not listed on organised markets;
- the credit risk assessments performed by La Banque Postale;
- the assumptions and estimates used to measure the effectiveness of hedges.

2.3 Consolidation methods

2.3.1 Full consolidation

Subsidiaries that are controlled by the Group are fully consolidated.

Control is defined as the power over the relevant activities of the investee, exposure to variable returns from the investee and the ability to use its power to affect these returns

2.3.2 Equity method

Associates and joint ventures are accounted for under the equity method.

Joint ventures are those joint arrangements whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

Joint control is defined as the sharing of control over a company operated in common by a limited number of partners or shareholders, in such a way that they unanimously set the financial and operating policies.

Associates are entities over which the Group has significant influence.

Significant influence is defined as the power to participate in the financial and operating policies of a company, without having exclusive or joint control over that company.

Shares accounted for under the equity method are recorded in the balance sheet under "Investments in joint ventures and associates" at their historical cost adjusted for the share of net assets earned subsequent to the acquisition, less impairment.

Their profits or losses are presented in the consolidated income statement under "Share in profits of joint ventures and associates".

2.3.3 CNP Assurances

Le Groupe La Poste considers that it has significant influence over CNP Assurances due to its close business

ties with the company and its representation on its governing bodies.

La Poste sold 2% of its holding in CNP Assurances to the Caisses d'Épargne Group in 2000, as part of the restructuring of CNP Assurances' share capital. This sale was accompanied by the Caisses d'Épargne Group's agreement to sell back the shares, enabling Le Groupe La Poste to recover its shareholding when the shareholders' agreement expires.

In Le Groupe La Poste's consolidated financial statements, it was considered that the Group would continue to bear the risks and enjoy the benefits relating to these shares. As a result, the 20.15% interest in CNP Assurances, which includes the 2% interest held by the Caisses d'Épargne Group, is accounted for under the equity method.

2.3.4 Non-material controlled entities

Non-material and/or dormant entities, the consolidation of which would not have a material impact on the presentation of a true and fair view of the net assets, financial position or profits and losses of the Group's business activities, are not consolidated.

2.3.5 Intra-group transactions

All material transactions between consolidated companies, and proceeds on internal disposals, are eliminated.

2.3.6 Acquisition and disposal of non-controlling interests

Acquisitions and disposals of non-controlling interests that do not result in a change in control over the company in question are recognised in equity.

2.4 Translation of financial statements of foreign companies

The consolidated financial statements are presented in euros, which is the functional and reporting currency for La Poste, the Group's parent company.

The financial statements of all Group companies that use a functional currency other than the reporting currency are converted into the reporting currency in the following manner: the balance sheets of foreign companies are converted into euros based on the closing exchange rate, and their income statements are converted based on the average rate for the financial year. The resulting translation adjustments are recorded directly in the consolidated balance sheet in equity, under "Translation reserves".

Goodwill and fair value adjustments resulting from the acquisition of a foreign operation are treated as the assets and liabilities of the foreign operation and converted at the closing exchange rate.

Exchange differences stemming from transactions consisting of net investments between Group companies are recognised in balance sheet equity under "Translation reserves". Foreign exchange differences resulting from the translation of loans and

other foreign exchange instruments designated as hedging instruments for these net investments are charged to equity on consolidation.

When a foreign operation is disposed of, the translation adjustments initially recognised in equity are recognised under gains and losses on disposal in the income statement.

2.5 Foreign currency transactions

Transactions denominated in foreign currencies are recognised based on the applicable exchange rates at the recognition date.

At the closing date, assets and liabilities denominated in foreign currencies are translated at the applicable closing rate.

Foreign exchange differences arising on transactions denominated in foreign currencies are recognised on the "Net foreign exchange gains/(losses)" line under "Other financial income" in the income statement (see Note 13).

2.6 Consolidation of the La Banque Postale segment

In order to improve the clarity of financial statements, specific La Banque Postale segment items relating to banking and insurance activities have been combined on separate lines in the consolidated balance sheet and consolidated income statement. A detailed presentation of these items is provided in the Notes, in accordance with the requirements listed in the IFRS guidelines.

Comments on the principles applied are presented in the notes 2.8 - *Operating revenue* and 2.14 - *Banking activities assets and liabilities*.

2.7 Business combinations

Business combinations are recognised according to the acquisition method, in line with the provisions of IFRS 3 - *Business Combinations*.

When an exclusively controlled company is first consolidated, the acquisition cost represents the fair value of the assets transferred, the equity instruments issued, and of the liabilities incurred or assumed at the date of exchange, plus any contingent consideration.

Goodwill represents the excess of the cost of the business combination over the Group's share in the fair value of the assets, liabilities and contingent liabilities of the acquired company.

Negative goodwill is immediately recognised in income in the year in which the acquisition is made.

Goodwill is not amortised and is subject to impairment tests at least once a year, and whenever there are indications that it may have been impaired, using the method described in Note 2.12.

2.8 Operating revenue

2.8.1 Revenues from commercial activities

Revenues from the sale of goods or services are recognised upon transfer of the major risks and rewards of ownership to the customer. They are recognised as and when the related service is provided, except for postage stamps and pre-paid envelopes, where revenue is recognised at the time of sale.

As a result, the time taken to deliver mail and parcels is taken into consideration when assessing revenues at the balance-sheet date.

2.8.2 Net Banking Income

Net Banking Income in the consolidated income statement is the net difference between La Banque Postale and all its subsidiaries' banking operating revenue and expenses. It is prepared in accordance with the accounting rules applicable to banks. A breakdown of Net Banking Income is provided in Note 7.

2.9 Taxes

The La Poste parent company has opted for a tax consolidation regime where it is the umbrella company.

Deferred taxes are recognised whenever there is a timing difference between the book value of balance sheet items and their taxable value.

Deferred taxes recognised in prior financial years are altered to reflect any tax rate changes. The corresponding impact is recorded as an increase or decrease in the deferred tax expense in the income statement unless it relates to items recorded directly in equity, in which case the tax is recorded in equity.

All deferred tax liabilities relating to taxable timing differences are recognised. Deferred tax assets resulting from timing differences, tax loss carry-forwards and tax credits are recognised if they are likely to be recovered (i.e. insofar as it is likely that future taxable profit will be available against which the timing differences can be charged). The assessment is based on the scheduled reversal dates for all the deferred tax bases, using the entity's best estimates of the future changes in its taxable profit (see Note 14).

Deferred tax assets and liabilities are offset within a single taxable entity.

2.10 Intangible assets

IAS 38 – *Intangible Assets* defines an intangible asset as an identifiable non-monetary asset without any physical substance (i.e. arising from legal or contractual rights or a separable asset).

Intangible assets primarily involve software and leasehold rights, and are recorded at their acquisition cost less amortisation and impairment.

Software is amortised on a straight-line basis over its useful life, usually a period of one to three years. Leasehold rights are not amortised.

Research and development costs

Research costs are expensed in the year in which they are incurred.

Development costs are recorded as intangible assets, provided:

- the project has a good chance of being technically viable;
- the Group has sufficient human and material resources to produce the intangible asset;
- the Group has shown its intention to complete the intangible asset and to use or sell it;
- the Group has shown that the asset will generate likely future economic benefits;
- the Group has shown that appropriate technical, financial and other resources are available to complete the development of the intangible asset, and to use or sell it;
- expenditure attributable to the intangible asset during its development can be reliably measured.

This expenditure, which is capitalised as intangible assets, is amortised on a straight-line basis over the useful life of the asset (usually three years and up to a maximum of five years) from the time they are commissioned.

Development expenditure that does not satisfy the above criteria is expensed in the year in which it is incurred.

2.11 Tangible assets

Tangible assets consist primarily of land, buildings, plants, tools, equipment and computer hardware. They are recorded at cost less depreciation and impairment.

2.11.1 Acquisition cost of a tangible asset

Only expenditure giving rise to a controlled resource as a result of past events and from which the Group expects to generate future economic benefits is capitalised.

The incidental costs directly attributable to the acquisition of non-current assets or to bringing them into working condition are included in the cost of the non-current asset.

Borrowing costs are included in the purchase cost of qualifying assets, in accordance with IAS 23 – *Borrowing Costs*.

Investment subsidies received in respect of the acquisition of a non-current asset are recorded as balance sheet liabilities and recognised in income over the useful lives of the underlying assets for which they were awarded.

2.11.2 Breakdown of the original value of non-current assets by component

A component is a part of a non-current asset that has a different useful life, or that generates economic benefits at a rate that differs from that of the overall non-current asset.

Le Groupe La Poste has identified the following components:

Non-current assets	Components
Real Estate portfolio	structural frame, roof, joinery and external works, large equipment items, small equipment items, fixtures and fittings, and land
Sorting machines	mechanical parts, intelligence, peripherals a 4 th component (feeders and measuring instruments) has been identified for parcel sorting machines
Sorting-area equipment	mechanical parts, intelligence
TGV railcars	frame, servicing, interior fittings
Automated teller machines	machine, installation

2.11.3 Depreciation periods

Tangible assets are depreciated on a straight-line basis over their useful life. The average useful lives are:

Non-current assets	Depreciation period
Buildings	
Structural frame	20 to 80 years
Roof	20 to 60 years
Joinery and external works	20 to 40 years
Large equipment items	15 to 20 years
Small equipment items, fixtures and fittings	5 to 10 years
Machinery and equipment	
Sorting machines	5 to 15 years
Sorting-area equipment	5 to 8 years
Office and computer equipment	3 to 5 years
Office furniture	10 years
ATMs	5 to 10 years
Transportation vehicles (other than TGV railcars)	3 to 5 years
TGV railcars	15 to 30 years

Land is not depreciated.

2.11.4 Finance leases

Leases where the Group assumes, in substance, all the risks and benefits, are deemed to be finance leases. An asset acquired under a finance lease is recognised at the lower of fair value or the present value of minimum future payments as at the date the lease is signed, less cumulative depreciation and impairment.

Leases that meet the definition of a finance lease, but where the restatement would not have a material impact on the presentation of a true and fair view of the net assets, financial position or profits or losses of the Group's business activities, are treated as operating leases.

2.12 Impairment of goodwill, intangible assets and tangible assets

Goodwill and intangible assets with indefinite useful lives are systematically tested for impairment at least once a year, and whenever an indication that the asset may be impaired is identified.

Other intangible and tangible assets are only tested for impairment where there is an indication that they may have been impaired.

An impairment test involves comparing the net book value of an asset, or of the Cash Generating Unit to which it belongs with its recoverable value, which is the higher of its fair value less sale costs and its value-in-use. Where the recoverable amount of a capitalised asset or group of assets falls below net book value, an impairment is recognised to bring the book value in line with the recoverable amount.

Fair value less sale costs represents the amount that could be obtained by selling an asset at the measurement date in an arms'-length transaction, net of any disposal costs.

The value-in-use of an asset or group of assets is the present value of the future cash flows expected to arise from using the asset or Cash Generating Unit.

The value-in-use of goodwill is determined based on the forecast net cash flows set out in business plans, and on the assumptions approved by the Group as part of the budgetary process. These forecasts generally cover a five-year period, beyond which cash flows are extrapolated to infinity using a low growth rate, which usually corresponds to inflation. The cash flows are discounted applying the weighted average cost of capital for each relevant asset or group of assets.

2.13 Other financial assets

2.13.1 Other non-current financial assets

This item primarily includes:

- loans granted for local authority housing, recorded at their amortised cost under the effective interest rate method. Provisions are recorded so as to take the maturities and repayment terms of these loans into account, as well as the estimated risk of non-recovery;
- unconsolidated investments classified under "Available-for-sale financial assets" and measured at fair value at the balance-sheet date. Changes in fair value are recorded in equity. When the shares are disposed of, the changes in fair value previously recognised in equity are transferred to income. Dividends received from unconsolidated investments are recognised as financial income in the year in which the decision to pay a dividend is made.

In the event that no active market exists, and where the fair value cannot be reliably determined using alternative measurement methods, they are retained on the balance sheet at cost. An impairment is recorded where there is an objective indication of a permanent reduction in their current

value. The current value is determined based on the most appropriate financial criteria for each company's specific position. The criteria that are usually selected are the share of equity held and the profitability outlook;

- the non-current portion of the fair value of financial derivatives relating to La Poste's bonds (see Note 27).

2.13.2 Other current financial assets

These primarily involve the current portion of the fair value of financial derivatives relating to La Poste's bonds (see Notes 2.15 and 27).

2.14 Banking activities assets and liabilities

The Banking activities' financial assets and liabilities are classified under one of the following four categories: loans and receivables, financial assets and liabilities at fair value through profit or loss, held-to-maturity investments and available-for-sale financial assets.

2.14.1 Banking activities loans and receivables

Loans and receivables are fixed or determinable-income non-derivative financial assets that are not listed on an active market. They include loans and receivables due from credit institutions and customers. Following their initial recognition, they are recognised at amortised cost under the effective interest rate method and can be subject to impairment, where appropriate.

The effective interest rate is the exact interest rate that discounts the future cash flows to the loan's initial fair value. It includes the transaction costs relating directly to the loan issue, which are deemed to form an integral part of the loan yield.

Exceptionally, some securities may be recognised in this category. They then follow the accounting, measurement and impairment rules for loans and receivables.

Banking activities loans and receivables are recognised in the "Customer loans and receivables (Banking activities)" or "Credit institution receivables (Banking activities)" balance sheet items, depending on the type of counterparty.

Downgrading of banking activities loans and receivables

The downgrade process applies to outstanding overdrafts, property loans and consumer loans.

Active accounts and closed accounts are downgraded in respect of outstanding overdrafts. Downgrading outstanding overdrafts on active accounts has the effect of downgrading performing loans to doubtful performing loans. Downgrades are performed on a monthly basis and take the amount and length of the overdraft for each account into consideration. Closing the account results in downgrading the receivable to a doubtful non-performing loan. Receivables for very small amounts are directly recognised as losses.

Property loans six or more months in arrears are downgraded to doubtful performing loans; in the case

of consumer loans these are accounts that present a proven risk and have at least three payments in arrears at month-end, or loans where an application for a debt management plan has been filed with the Banque de France even if there are no payment issues relating to these loans, or loans with no payment issues classified as being in default due to their being affected by another loan to the same customer that is in default.

Cancellation of the loan results in the receivable being downgraded to doubtful non-performing status. Moreover, loans are systematically classified as non-performing doubtful loans one year after they are classified as doubtful.

In accordance with the contagion principle, all outstanding loans to the same account holder are downgraded as soon as one receivable with this account holder is downgraded.

Impairment of loans on an individual basis

The Group begins by identifying whether there is objective evidence of an event occurring after the granting of a loan – or group of loans – that is likely to lead to a loss in value. This can involve loans at least three months in arrears, loans subject to legal proceedings or loans where the counterparty's financial position has deteriorated, and is resulting in a risk of default.

An impairment is then recognised, based on the difference between the book value and the expected flows discounted at the original effective interest rate, which are determined by taking account of the debtor's financial position and the present value of any guarantees received. In the case of terminated non-performing loans backed by a guarantee where the amount outstanding is greater than a given minimum amount, an expert appraisal is performed in order to determine the amount of the provision. For amounts below that threshold and for unimpaired loans, a prudent estimate is made, which factors in the acquisition cost of the asset.

Loans guaranteed by a private individual, and unguaranteed loans are impaired in full.

The amount of the impairment is recognised in "Cost of risk" in the income statement, and the value of the financial asset is reduced through recording an impairment charge.

Collective impairment of loans

In addition, loans that are not impaired on an individual basis are impaired on a collective basis. This process involves a group of "sensitive loans" that form a sub-category in performing loans: they show preliminary signs of default (with one or more payments less than 180 days in arrears) but their status has not yet been downgraded to doubtful.

These loans are provisioned on the basis of a likely downgrade, which is calculated based on historical observations. The risk of loss that takes the nature of the guarantee into account is calculated in the same way as for doubtful cases, and is the subject of a provision, based on the discounted recoverable cash flows.

The amount of the impairment is recognised in "Cost of risk" in the income statement, and the value of the financial asset is reduced through recording an impairment charge.

Impairment of overdrafts

Provisions recorded for overdrafts on active post office bank accounts factor in the loan recovery performance for the previous year according to the level of risk.

The Group's income statement shows the cost of risk for the Banking activities, which includes losses on irrecoverable receivables and changes in provisions on doubtful loans, as well as recoveries of written-off receivables. The cost of risk is shown on the "Depreciation, amortisation and provisions" line of the consolidated income statement.

2.14.2 Financial assets at fair value through profit or loss

This category includes securities held for trading purposes, together with securities designated from the outset as belonging to this category by the Group. The Group thus measures some structured issues at fair value through profit or loss, together with some components of composite financial instruments without splitting out embedded derivatives that should be recognised separately.

Securities classified in this category are initially recognised at their market value, while transaction costs are directly expensed. They are subsequently measured at fair value at each balance-sheet date, and the change in fair value is recognised in income, along with dividends from variable-income securities and gains and losses on disposal, under "Net gains and losses on financial instruments at fair value through profit or loss", which is included in Net Banking Income (see Note 7). Income received on fixed-income securities is recorded under "Interest and similar income".

2.14.3 Financial assets held to maturity

This category includes fixed-or determinable-income securities that the Group intends and has the ability to hold to maturity.

Held-to-maturity investments are recorded at amortised cost using the effective interest rate method, which includes all premiums and discounts, as well as their purchase costs.

Income received on these securities is recognised under "Interest and similar income", which is included in Net Banking Income.

In the event that there is an objective indication of impairment, a provision is recorded for the difference between the book value and the estimated recoverable value discounted at the original effective interest rate. In the event of a subsequent improvement, the excess provision, which is redundant, is written back.

2.14.4 Available-for-sale financial assets

The "Available-for-sale financial assets" category is the default category defined by IAS 39. It includes fixed-

income securities and equities that do not fall into the two previous categories.

Securities classified in this category are initially recognised at their acquisition cost, plus transaction costs and accrued coupons. At the balance-sheet date, they are measured at fair value and any changes in that fair value are recorded in equity under "Unrealised gains and losses on financial instruments".

In the event of a disposal or permanent impairment, the unrealised gains and losses recorded in equity are reversed in income under "Net gains and losses on available-for-sale financial assets".

In the event of a prolonged or material reduction in the fair value of treasury shares, an impairment charge is recorded on available-for-sale financial assets. The same applies to debt securities in the event of a significant deterioration in credit risk. The fall in the fair value of a security is deemed to be material when an equity instrument has lost at least 40% of its value between the acquisition date and year-end. When such objective evidence of impairment is observed, the aggregate unrealised loss that had hitherto been directly recognised in equity is automatically recognised in the income statement. The fall in the fair value of a security is assumed to be long-term when the ongoing fall extends over a period of more than 24 months. In this case, the Group examines whether there are grounds to recognise the impairment charge in profit or loss, depending on the level of significance of the unrealised losses. This approach does not rule out the line-by-line examination of objective evidence of impairment.

Moreover, the CNP Assurances Group uses specific criteria to determine evidence of impairment on securities available-for-sale as part of its insurance company management process. These criteria are not re-estimated when CNP Assurances is included in the Group's consolidated financial statements via the equity method, in order to take account of the management and risk framework that is inherent to CNP's business.

For debt instruments like bonds, an impairment charge is recorded when there is a proven counterparty risk.

Impairment losses on variable-income securities, recognised in profit or loss, cannot be reversed while the instrument remains on the balance sheet. They are recorded in "Net gains or losses on available-for-sale financial assets". Impairment losses on fixed-income securities can be reversed and recognised in the cost of risk when they relate to credit risk.

2.14.5 Reclassification of financial assets

A financial asset with a fixed or determinable yield, which was initially recognised in the "Available-for-sale financial assets" category, but which is no longer tradable on an active market after its acquisition, and which the Group intends and is able to hold for a foreseeable period or until maturity may be reclassified in the "Loans and Receivables" category.

Reclassifications are carried out at market value on the date of reclassification, and financial assets transferred in this way are then valued according to the rules applicable to their new category. The transfer price at

the reclassification date represents the initial cost of the asset when determining potential impairment charges. A new effective interest rate is then calculated in order to bring this new balance into line with the instrument's redemption value. At the same time, profits and losses that were previously recorded in equity are amortised through profit or loss over the residual life of the instrument, using the effective interest rate method.

2.14.6 Financial derivatives (Banking activities)

Derivatives held for transaction purposes

Derivatives belong to the category of financial instruments held for transaction purposes, except for derivatives that are used for hedging purposes. Their fair value is recognised in the balance sheet in "Financial instruments at fair value through profit or loss". Changes in fair value and interest accrued or not due are recognised in net gains or losses on financial instruments at fair value through profit or loss.

Hedging derivatives

Derivatives that qualify as hedging instruments according to IAS 39 criteria are classified in the "Fair value hedges" or "Cash flow hedges" category, depending on the circumstances. Other derivatives are classified in "Assets or liabilities at fair value through profit or loss" by default, even if they have been entered into in order to hedge one or several transactions from an economic perspective.

In order to classify a financial instrument as a hedging derivative, the Group must establish the hedging relationship from the outset (hedging strategy, description of the risk hedged, the item hedged, the hedging instrument and the method used to assess its effectiveness). Effectiveness is assessed when the hedge is put in place and at each balance-sheet date while it remains in place.

Depending on the nature of the hedged risk, the derivative is designated a fair value hedge, a cash flow hedge or a foreign exchange hedge linked to a net investment in a foreign operation.

Fair value hedges

Fair value hedges enable exposure to fluctuations in the fair value of financial assets or liabilities to be hedged; they are primarily used to hedge interest-rate risk on fixed-rate assets and liabilities and on sight deposits, according to the options approved by the European Union.

Any revaluation of the derivative is recognised in profit or loss in a way that mirrors the revaluation of the item hedged. Gains or losses attributable to the hedged risk are recognised in "Net gains or losses on financial instruments at fair value through profit or loss" in the income statement. As soon as the hedging relationship becomes effective, movements in the fair value of the hedged item are mirrored by the movements in the fair value of the hedging instrument. Any potential ineffectiveness of the hedge is directly recognised in the income statement. The portion relating to the accrued income or expenses of the derivative is

recognised in "Income and interest expense" in the income statement at the same time as the interest income and expense relating to the hedged item.

As soon as the derivative instrument no longer meets the effectiveness criteria specified by the standard, and especially if it is sold, hedge accounting is prospectively discontinued: the derivative is transferred to "Financial assets at fair value through profit or loss" or "Financial liabilities at fair value through profit or loss" while the revaluation of the hedged item is amortised over the period remaining based on the initial life of the hedge.

In the event that the hedged item is sold or redeemed, the hedging instrument, which no longer qualifies as a hedging instrument but still exists, remains on the balance sheet and is accounted for at fair value through profit or loss. A gain or loss on the sale of the hedged item may be recognised in profit or loss.

Macro-hedges

The Group applies the provisions of IAS 39 as adopted by the European Union to macro-hedging transactions which are performed as part of the asset and liability management of fixed-rate positions.

Macro-hedging instruments are primarily interest rate swaps designed as fair value hedges for the Group's fixed-rate resources.

Macro-hedging derivatives are accounted for according to the same principles as those described above. The revaluation of the hedging component is recognised in "Revaluation differences on portfolios hedged against interest-rate risk".

Cash flow hedges

Cash flow hedges are used to hedge exposure to movements in cash flows from financial assets or liabilities, firm commitments or future transactions. More specifically, they are used to cover interest-rate risk on reviewable-rate assets and liabilities.

The effective portion of movements in the fair value of a derivative instrument is entered on a specific line in equity, while the ineffective portion is recognised in profit or loss in "Net gains or losses on financial instruments at fair value through profit or loss."

The portion corresponding to the rediscounting of the financial derivative is entered on the income statement in "Interest income and expenses on hedging transactions" symmetrically to the interest income and expenses relating to the hedged item.

The hedged instruments continue to be recognised according to the rules applicable to their accounting category.

In the event of a breakdown in the hedging relationship, or as soon as the derivative instrument no longer meets the effectiveness criteria specified by the standard, or especially if it is sold, the hedge accounting ceases. The aggregate amounts entered in equity in respect of the revaluation of the hedging derivative are gradually transferred to profit or loss as interest income or expense, or immediately recognised in profit or loss. In the event that the hedged item is sold or redeemed, the derivative is reclassified in "Financial assets at fair value through net income",

while the revaluation of the hedged item entered in equity is immediately recognised in profit or loss.

Embedded derivatives

An embedded derivative is a component of a hybrid contract. It is separated out of the host contract and recognised separately when its economic characteristics and the related risks are not closely linked to those of the host contract, except where the hybrid instrument is valued at fair value through profit or loss.

Day one profit

The Group generates no profit on the trading of structured instruments.

2.14.7 Guarantee commitments

Financial guarantees

A contract meets the definition of a financial guarantee if it includes an indemnity principle according to which the issuer shall compensate the beneficiary for losses that the latter has suffered due to the failure of a specifically designated creditor to make a payment on a debt instrument.

The financial guarantees provided are valued at their initial fair value at the date into which they were entered. They are subsequently valued at the higher of the amount of the commitment and the amount initially recorded, less the commission guarantee, where applicable.

2.14.8 Debt (Banking activities)

Liabilities to credit institutions and customers

Liabilities to credit institutions and liabilities to customers are broken down according to their initial maturity or nature: sight debt (sight deposits and ordinary accounts) or long-term debt (special scheme savings accounts). These liabilities include securities sold under repurchase agreements and loaned securities.

Debt evidenced by a certificate

Issued financial instruments are classified as debt instruments where the issuer is required to pay out cash or some other financial asset, or furthermore, to exchange instruments on potentially disadvantageous terms. Debt securities consist of negotiable debt securities issued by La Banque Postale.

The debt is initially recognised at nominal value and is then valued at amortised cost using the effective interest rate method at subsequent balance-sheet dates.

Distinction between debt and equity: Undated deeply subordinated notes

A debt instrument or financial liability constitutes a contractual obligation to pay out cash or some other financial asset, or to exchange instruments under potentially disadvantageous terms. An equity instrument is a contract that evidences a residual interest in an entity's net assets. Subordinated notes are classified as debt instruments or equity according, in particular, to the analysis of their features, and more

specifically, according to their compensation method, depending on whether it is discretionary or not.

In view of the conditions set forth by IAS 32, in order to analyse the contractual substance of these instruments, and taking their contractual features into consideration, the undated deeply subordinated notes issued by Groupe CNP Assurances are considered "debt instruments".

Subordinate debentures issued that can be converted into ordinary shares also meet the "debt instrument" classification criteria, even if the coupons are treated as dividends deducted from equity. Deferred tax assets associated with the distribution of coupons representing a tax saving are ancillary to the coupons paid, and therefore are recognised through equity in line with the recognition of coupons. In accordance with IAS 32, subordinate debentures issued that can be converted into ordinary shares have been analysed as hybrid instruments comprising a debt component and an equity component.

2.14.9 Deconsolidation of financial assets or liabilities

Financial assets are deconsolidated when the contractual rights to the cash flows attached to the financial asset expire, or when those rights and virtually all the risks and benefits of ownership have been transferred to a third party.

When certain risks and advantages have been transferred, and while control of the financial asset is retained, that asset remains on the balance sheet so as to reflect the ongoing involvement in the asset concerned.

A gain or loss on disposal is then recorded in the income statement, in an amount equal to the difference between the book value of the asset and the value of the consideration received.

Financial liabilities are deconsolidated when the contractual obligation is settled, cancelled, or when it expires.

Repurchase agreements

The assignor does not derecognise the securities. The Group records a liability that represents its commitment to refund the cash received. This debt represents a financial liability, which is recorded at amortised cost, and not at fair value.

The assignee does not recognise the assets received, but recognises a receivable on the cash loaned by the assignor. At subsequent balance-sheet dates, the assignor continues to value the securities according to the rules applicable to their original category. The nominal value of the receivable is shown in loans and receivables.

Securities lending transactions

The lending and borrowing of securities cannot be treated as a financial asset transfer according to IFRS. Therefore, these transactions cannot result in the deconsolidation of the loaned securities. They continue to be recognised in their original accounting category

and valued in accordance with the rules of that category. Borrowed securities are not recognised.

2.14.10 Insurance activities

The financial assets and liabilities of the Group's insurance companies are mostly valued and recognised according to the provisions set out in IAS 39.

However, the following policies are recognised according to IFRS 4:

- insurance policies that include a contingency clause for the policy holder. This category includes policies for personal risk, retirement, property damage and unit-linked savings policies with a guaranteed minimum return;
- financial contracts issued by the insurer that include a discretionary profit-sharing (PS) clause.

In accordance with the provisions of IFRS 4, local guidelines for valuing underwriting reserves are retained for both types of contract.

Financial contracts governed by IAS 39 correspond to investment contracts with no discretionary with-profits clause, i.e. unit-linked savings policies with no euro-denominated or minimum guarantee.

Pursuant to the "shadow" accounting principles set out in IFRS 4, a provision for deferred profit-sharing is recorded for insurance policies that include a discretionary with-profits clause. This provision is determined in a way that reflects the potential rights of policyholders to share in unrealised gains on financial instruments valued at fair value, or in potential losses in the event of unrealised losses on those instruments.

At each year-end, the Group's insurance companies perform a liability adequacy test, which consists in checking that the insurance liabilities recognised, net of deferred acquisition costs and related tangible assets, are adequate on the basis of current estimates of future cash flows from insurance policies and from financial contracts with discretionary profit-sharing clauses.

Underwriting and actuarial provisions

Underwriting provisions represent commitments to policy-holders.

Actuarial provisions on euro-denominated policies correspond to the difference between the current value of the insurer's and the policyholder's commitments.

Life insurance provisions are recorded based on discount rates that are at most equal to prudently-estimated rates of return on the underlying assets.

The net present value of commitments is calculated by choosing a discount rate that is at most equal to the pricing rate of the policy involved, and by using statutory mortality tables or tables based on experience if they are more cautious. Lower interest rates are factored in to investment income discount rate calculations when the rate is deemed to be too high relative to the expected reinvestment prospects.

Actuarial provisions on unit-linked policies are valued on the basis of the underlying assets. Gains or losses resulting from the revaluation of these policies are recognised in the profit and loss statement, in order to

cancel out the impact of movements in underwriting provisions.

Active deferred profit-sharing

Most financial contracts issued to policyholders by the Group's life insurance subsidiaries include a discretionary profit-sharing clause.

The discretionary profit-sharing clause grants life insurance policyholders the right to receive a share in any realised financial gains, as well as the income guaranteed. Pursuant to the "shadow" accounting principles set out in IFRS 4, the provision for deferred profit-sharing for these policies is adjusted to reflect the policyholders' entitlement to any unrealised gains, or their obligation to assume their share of unrealised losses on financial instruments valued at fair value under IAS 39. The share of gains to which policyholders are entitled is determined according to the specific features of the policies likely to benefit from such gains.

The net amount of the deferred profit-sharing established by "shadow" accounting is recognised either in balance sheet liabilities (net deferred profit-sharing – liabilities) or assets (net deferred profit-sharing – assets) depending on the situation of the entity concerned.

When recorded as an asset, deferred profit-sharing is subject to a recoverability test. The aim of this test is to show that the profit-sharing amount is recoverable through sharing in future or unrealised gains, against the background of the Group's business continuity, and will not result in any inadequacy of the commitments recognised by the Group in respect of these economic commitments. The recoverability test is performed by using current estimates of future policy cash flows. The test is based on tools for modelling the asset and liability management of the subsidiaries involved, and enables a value to be assigned to commitments in a high number of economic scenarios using a stochastic approach.

In accordance with the recommendation on methods for identifying deferred profit-sharing issued by the French National Accounting Council, or CNC, on 19 December 2008, profit-sharing recoverability is based on a prudent assessment of the capacity for holding the assets, particularly in terms of their future collection, in forecast cash flows. Likewise, the capacity of future returns to absorb unrealised losses was tested, based on an unfavourable repurchase scenario that has never been experienced up until now.

2.15 Bond debt and financial derivatives relating to the management of the bond debt

Bonds are classified in the balance sheet under both "Medium and long-term bonds and other debt" and "Short-term bonds and other debt".

2.15.1 Bonds backed by “fixed-for-floating” swaps

As part of the Group’s strategy to manage its bonds, some fixed-rate bonds are converted to “floating-rate bonds” via fixed-for-floating swaps.

Depending on the circumstances, these bonds can be designated at fair value through profit or loss or designated as subject to fair value hedging.

Bonds designated at fair value through profit or loss

In accordance with IAS 39 and its “Fair value option” amendment, adopted by the European Union on 15 November 2005, some bonds backed by “fixed-for-floating” swaps are recognised at fair value through profit or loss. The corresponding swaps are also measured at fair value through profit or loss, in accordance with the general rule for measuring derivatives set out in IAS 39.

Bonds designated as subject to fair value hedging

Some bonds are designated as subject to fair value hedging through “fixed-for-floating” swaps. The application of fair value hedge accounting leads to the recognition in profit or loss of (i) the change in the fair value of hedging swaps, and (ii) the change in the value of the efficient portion of the hedging swap, as an adjustment to the value of the bond. These effects offset one another where the effective part of the hedge is concerned.

Moreover, depending on market developments, the Group may refreeze the interest rates of some borrowings by subscribing to floating-for-fixed swaps. These swaps are also measured at fair value through profit or loss.

2.15.2 Bonds measured at amortised cost

Bonds not backed by “fixed-for-floating” swaps are measured at amortised cost based on the effective interest rate.

2.15.3 Forward start swaps

In some cases, La Poste subscribes to forward start swaps to protect itself against a rise in interest rates. These cash flow hedging instruments are terminated when the bond is issued, which gives rise to the payment of an equalisation balance (paid or received depending on the swap’s value). These payments are recognised in reversible reserves as part of the application of the cash flow hedge, and then reversed to income over the life of the initially hedged loan, in accordance with the provisions of IAS 39 regarding the termination of hedges.

2.16 Commitments to buy out non-controlling interests

Pursuant to the provisions of IAS 32 – *Financial Instruments: Presentation*, Le Groupe La Poste records a financial liability for put options granted to minority shareholders of consolidated subsidiaries. When the

value of the liability exceeds the value of the non-controlling interests, IFRS do not specify how the consideration should be recognised.

Le Groupe La Poste has chosen to offset the difference between the liability and value of non-controlling interests under reserves, group share. Subsequent changes in debt relating to the change in the estimated strike price of the buy-back commitment and of the book value of the non-controlling interests are recognised in reserves, group share.

2.17 Inventories and work-in-progress

Inventories are valued at the lower of their purchase cost or net realisable value. The net realisable value is the estimated sale price in the normal course of business, less the estimated costs necessary to complete the sale.

The value of inventories is assessed using the weighted average cost method, and includes both the purchase cost and the expenses incurred in bringing the inventories to their current location and condition.

2.18 Trade receivables

When initially recognised, trade receivables on commercial activities are recorded at their nominal value, which basically corresponds to the fair value of the receivables.

Provisions are calculated on an individual basis, based on an assessment of the risk of non-recovery.

2.19 Provisions

Provisions are recorded when (i) the Group has a present obligation (legal or implicit) towards a third party as a result of a past event at the balance-sheet date, (ii) it is likely that an outflow of resources representing future economic benefits will be required to settle the liability, and (iii) a reliable estimate can be made of the liability.

The provisions are assessed on the basis of the Group’s expectation of the expenditure required to settle the liability, based on management data from the information system and on assumptions selected by the Group, supplemented, where necessary, by experience of similar transactions and, in some cases, by reports from independent experts or estimates from service providers. These various assumptions are reviewed at each balance-sheet date.

Provisions for commitments on home loan savings agreements

Home loan savings accounts and plans offered to retail customers in accordance with the French Act of 10 July 1965 include two phases: a first phase during which deposits are collected in the form of interest-bearing savings accounts, and a second phase where home loans are extended.

In accordance with the provisions of IAS 37, La Banque Postale records provisions commitments with unfavourable consequences relating to home loan savings agreements. These provisions relate to the obligation to pay interest on deposits for an undetermined period of time at a rate that is fixed when the contract is signed in the future, on the one hand, and to the obligation to extend loans at a rate that is fixed at the time the contract is signed, on the other.

The additions to and reversals of this provision are included in banking operating revenue and expenses, within Net Banking Income.

Provisions are calculated for each generation of home loan savings schemes, without offsetting commitments for different generations of home loan savings schemes, and for all the home loan savings accounts representing one generation.

During the savings phase, the commitments to be provisioned are evaluated according to the difference between average forecast savings deposits and minimum forecast savings deposits, both of which are determined on a statistical basis by factoring in historical observations on actual customer behaviour.

During the lending phase, the commitments to be provisioned include loans that have already been granted but not yet released at the year-end date, as well as future loans that are viewed as statistically likely based on balance sheet deposits as at the calculation date and historical observations on actual customer behaviour.

A provision is recorded when the net present value of future income is negative for a given generation of loans.

That income is assessed on the basis of the rates offered to retail customers on equivalent savings and lending products that have the same term as the deposits and were agreed on the same day.

The Group's insurance companies record underwriting provisions, the principles of which are set out in Chapter 2.14.10 above.

2.20 Employee benefits

2.20.1 Post-employment benefits

Post-employment and long-term benefits resulting from defined benefit plans, together with their related costs, are measured using the projected unit credit method, in accordance with IAS 19. Annual actuarial appraisals are carried out.

The appraisal calculations involve taking third-party actuarial economic assumptions into account (discount rates, inflation rates, and the rate of increase in pensions, etc.), as well as assumptions that are specific to La Poste (employee turnover rates, mortality rate, and the rate of increase in salaries, etc.).

The balance sheet provision for defined benefit post-employment plans corresponds to the present value of the liability at the balance-sheet date less the market

value of any plan assets where applicable (GeoPost UK). The present value of the commitment is calculated using the projected credit unit method on an annual basis. That value is determined by calculating the net present value of expected future outflows based on the market rate for top-tier corporate bonds, denominated in the currency in which the benefit will be paid. In addition, the term of the selected bonds is close to the average estimated length of the underlying commitment.

Actuarial gains and losses resulting from experience-based adjustments and the impact of changes to actuarial assumptions are recognised as "other comprehensive income".

Past service costs, which arise when a defined benefit plan is adopted or modified, are immediately expensed.

Pension and other employee benefit arrangements are described in Note 29 together with the main assumptions used.

2.20.2 End-of-career arrangements

La Poste records a provision for the costs of the end-of-career arrangements made for its employees. The amount of this provision takes into account both persons who have enrolled in one of the existing plans, and those who are expected to enrol on the basis of past take-up rates in previous years and Management's best estimates.

2.21 Assets held for sale

A non-current asset, or group of assets and liabilities, is classified as being held for sale when its book value will primarily be recovered through its sale and not its ongoing use. This assumes that the asset is available for immediate sale in its current state and that such a sale is highly likely within one year.

These assets and groups of assets, along with all related liabilities, are disclosed separately from other assets and liabilities and are valued at the lower of book value or the estimated sale price, net of disposal costs. These assets cease to be depreciated or amortised from the date when they are classified in this category.

2.22 Cash flow statement

The Cash Flow Statement presents the inflows and outflows of cash and cash equivalents classified under operating, investing or financing activities.

The format of the cash flow statement has been rearranged in order to show the flows associated with La Banque Postale and the flows associated with non-banking business activities on a separate basis.

The cash flow statement presents the change in cash and cash equivalents of non-banking activities.

La Banque Postale sub-group's cash flows (except cash flows relating to La Banque Postale's subordinated debt) are disclosed on a separate line in the balance sheet. Changes in those cash flows are reflected in the

“Decrease (increase) in cash and cash equivalents from banking activities before impact of changes in consolidation scope” line, positioned under cash flows from financing activities.

In addition, cash flows relating to variations of banking assets and liabilities are combined on a separate line in the cash flow statement (“Change in balance of banking sources and uses”) in net cash flows from operating activities, which specifically includes:

- flows from deposits collected from Banking activities customers;
- Banking activities cash flows relating to liabilities to credit institutions;
- acquisitions and disposals of securities in the Banking activities investment portfolio;
- cash flows relating to Banking activities loans and advances;
- changes in the fair value of financial instruments from Banking activities.

Operating activities are the main revenue-generating activities and any other activities other than those defined as investing or financing activities.

Cash flows from operating activities are determined using the indirect method.

Investing activities relate to the acquisition or disposal of non-current assets and to any other investments not included in cash and cash equivalents.

Le Groupe La Poste’s cash flows from investing activities consist mainly in acquisitions or disposals of the following:

- intangible and tangible assets, adjusted for non-cash transactions (accounts receivable or payable on non-current assets);
- equity investments in other companies;

- other financial assets (guarantees and deposits, and receivables on investments, etc.).

The impact of changes in the consolidation scope on cash flows is presented on a separate line “Impact of changes in consolidation scope”.

Financing activities relate to transactions that affect the amount and composition of equity and debt.

Cash flows from financing activities include sources of financing (new borrowings) and related outflows (distribution of dividends to minority shareholders, La Poste savings bond redemptions and debt repayments), other than those related to the banking operations of the La Banque Postale sub-group, which are included in “Change in the balance of banking sources and uses” (see above). Cash flows relating to La Banque Postale’s subordinated debt are classified in cash flows from financing activities.

The concept of cash and cash equivalents includes very short-term liquid investments that can be readily converted into known amounts of cash and are subject to a negligible risk of change in value.

Le Groupe La Poste’s cash and cash equivalents include cash in hand, bank debit balances, term deposits and marketable securities that do not carry any material risk of changes in value and can be readily converted into cash (particularly money-market UCITS), and the portion of bank credit balances and related interest accrued relating to temporary overdrafts.

Regardless of their characteristic features, securities in the “Banking activities investment portfolio” are never classified as cash. The flows pertaining to them are included in the “Change in the balance of banking sources and uses” line in the cash flow statement (see above).

NOTE 3 FIRST-TIME APPLICATION OF NEW ACCOUNTING STANDARDS

3.1 First-time application of IFRS 10 and IFRS 11

3.2 First-time application of IFRS 12

3.1 First time application of IFRS 10 and IFRS 11

3.1.1 First-time application of IFRS 10

IFRS 10 defines a single control model. This model comprises 3 criteria: the power over the relevant activities of the investee, exposure to variable returns from the investee and the ability to use its power to affect these returns.

Le Groupe La Poste reviewed its investment portfolio in order to assess its control over the investees in accordance with the new standard.

This review led the Group to conclude that it had control as at 1 January 2013 over LBP Prévoyance, which was previously consolidated using proportionate consolidation according to IAS 31. This assessment is based on the company's decision-making process and on the ability of the Group to affect the variable returns it is exposed to, through this process.

The Group's consolidated accounts have been restated with the full consolidation of LBP Prévoyance as at 1st January 2013. The opening balance sheet of LBP Prévoyance has been restated in accordance with IFRS 3, mainly with the following 2 items:

- a €200 million asset, amortised over 50 years (of which 90% over 25 years), representing the value of contracts in stock at the date of takeover, supplemented by a €70.5 million deferred tax liability.
- goodwill representing new business, which value is based on cash flows during the length of the distribution agreement between the bank and its subsidiary at the date of takeover. This goodwill amounts to €94 million recorded in equity, group share (partial goodwill method).

The review of the Group's investments portfolio did not lead to any other modification in the assessment of control.

3.1.2 First-time application of IFRS 11

IFRS 11 defines two types of joint arrangements:

- Joint ventures are those joint arrangements whereby the joint venturers have rights to the net assets of the arrangement. Joint ventures must be consolidated using the equity method.
- Joint operations are joint arrangements whereby operators have rights to the assets and obligations for the liabilities relating to the arrangement. Joint operations are accounted for such that each joint operator recognises its share of assets, liabilities, revenues and expenses.

After a review of its joint arrangements, Le Groupe La Poste concluded that most of them can be classified as joint ventures according to IFRS 11. They were previously accounted for using proportionate consolidation. The Group's consolidated accounts have been restated by accounting for these arrangements using the equity method.

The main concerned joint arrangements are Asendia, La Poste Telecom, Armadillo Bizpak, SCI Bataille and DTDC.

3.1.3 Restated data

The following restatement tables are presented hereafter:

- Effect of the first-time application of IFRS 10 and IFRS 11 on the income statement and the comprehensive income statement for the year 2013
- Effect of the first-time application of IFRS 10 and IFRS 11 on the balance sheet as at 1 January 2013 and as at 31 December 2013
- Effect of the first-time application of IFRS 10 and IFRS 11 on the cash flow statement for the year 2013

EFFECT OF THE FIRST-TIME APPLICATION OF IFRS 10 AND IFRS 11 ON THE INCOME STATEMENT

In accordance with recommendation n°2013-01 by Autorité de Normes Comptables issued 4 April 2013, Le Groupe La Poste chose to include its share in results from its joint ventures accounted for using the equity

method in the line item "Operating profit/(loss) after share in results of joint ventures".

INCOME STATEMENT 2013

(€ million)	2013 as reported	First-time application of IFRS 10	First-time application of IFRS 11	2013 restated
Revenues from commercial activities	16,562		(404)	16,158
Net banking income	5,522	35		5,557
Operating revenue	22,084	35	(404)	21,715
Purchases and other expenses	(7,362)	(13)	284	(7,091)
Personnel expenses	(12,524)	(4)	80	(12,447)
Taxes and levies	(236)	(1)	1	(236)
Depreciation, amortisation, provisions and impairment	(1,306)	1	12	(1,293)
Other operating revenue and expenses	130		3	132
Proceeds from asset disposals	(16)		2	(13)
Net operating expenses	(21,314)	(17)	382	(20,949)
Operating profit/(loss) before share in joint-ventures	770	18	(22)	766
Share in joint-ventures			12	12
Operating profit/(loss) after share in joint-ventures	770	18	(9)	778
Financial profit/(loss)	(223)		0	(222)
Profit before tax of consolidated companies	547	18	(9)	556
Income tax	(127)	(6)	9	(125)
Share in profits of equity associates	215			215
CONSOLIDATED NET PROFIT/(LOSS)	635	11	(0)	646
Net profit/(loss), group share	627	(3)	(0)	624
Attributable to non-controlling interests	8	14	0	23

COMPREHENSIVE INCOME 2013

Amounts after tax (€ million)	2013 as reported	First-time application of IFRS 10	First-time application of IFRS 11	2013 restated
Consolidated net profit/(loss)	635	11	(0)	646
Recyclable comprehensive income items				
Change in unrealised gains and losses on financial instruments	32			32
Translation adjustments	(31)		4	(27)
Share in comprehensive income and expenses posted of equity associates	(22)		(4)	(26)
Non recyclable comprehensive income items				
Actuarial adjustments on employee benefits	27			27
Comprehensive income and expenses recognised in equity (after tax)	6			6
Comprehensive income	642	11	(0)	653
NET PROFIT/(LOSS), GROUP SHARE	633	(3)	(0)	630
Comprehensive income attributable to non-controlling interests	8	14		22

EFFECT OF THE FIRST-TIME APPLICATION OF IFRS 10 AND IFRS 11 ON THE BALANCE SHEET

BALANCE SHEET AS AT 1 JANUARY 2013

(€ million)	01/01/2013 as reported	First-time application of IFRS 10	First-time application of IFRS 11	01/01/2013 restated
Goodwill	1,562	94	(37)	1,619
Intangible assets	825	0	(10)	815
Tangible assets	6,062	1	(11)	6,052
Investments in equity associates	2,446		76	2,522
Other non-current financial assets	894		0	894
Deferred tax assets	113	0	(2)	111
NON-CURRENT ASSETS	11,903	95	16	12,014
Current banking assets				
Customer receivables and loans	49,922		(0)	49,922
Receivables from credit institutions	81,254	0		81,254
Securities portfolio	54,281	712		54,993
Other current financial assets	1,305	192		1,496
Accruals	2,387	76	(0)	2,463
Cash and central bank deposits	3,445			3,445
Other current assets				
Inventories and work-in-progress	203		(61)	143
Trade and other receivables	2,453	0	(74)	2,379
Other current financial assets	781		2	783
Income tax credit	211	1	(0)	212
Other accruals – Assets	126		(3)	123
Cash and cash equivalents	2,167		(40)	2,127
Assets held for sale	104			104
CURRENT ASSETS	198,641	980	(176)	199,445
TOTAL ASSETS	210,544	1,076	(160)	211,459
Share capital	3,400			3,400
Issue premium	700			700
Reserves	2,357	181	0	2,539
Unrealised gains and losses on financial instruments	581	(22)		559
Actuarial adjustments on employee benefits	(110)			(110)
Cumulative translation adjustments	(45)		(0)	(45)
Net profit/(loss), group share	479	0	(0)	479
Equity, group share	7,362	159	0	7,521
Non-controlling interests	65	178	0	243
CONSOLIDATED EQUITY	7,427	337	0	7,764
Medium and long-term bonds and other financial debt	6,085		4	6,089
Employee benefits – non-current liabilities	1,821		(0)	1,821
Non-current provisions for contingencies and losses	90		27	117
Deferred tax liabilities	142	82	(1)	224
NON-CURRENT LIABILITIES	8,140	82	29	8,251
Current provisions for contingencies and losses				
Specific provisions for the Insurance and Banking activities	1,005	608		1,614
Current provisions for contingencies and losses	385	1	(1)	385
Short-term bonds and other financial debt	1,567		(36)	1,531
Current banking liabilities				
Liabilities to credit institutions	15,811	0		15,812
Liabilities to customers	160,393			160,393
Debt evidenced by a certificate and other financial liabilities	7,185	9		7,194
Accruals	3,493	10		3,503
Other current liabilities				
Trade and other payables	4,349	28	(111)	4,266
Government – Income tax	16		(0)	16
Employee benefits – current liabilities	617		(0)	617
Other accruals – Liabilities	154		(40)	114
CURRENT LIABILITIES	194,977	656	(189)	195,444
TOTAL LIABILITIES	210,544	1,075	(159)	211,459

BALANCE SHEET AS AT 31 DECEMBER 2013

<i>(€ million)</i>	31/12/2013 as reported	First-time application of IFRS 10	First-time application of IFRS 11	31/12/2013 restated
Goodwill	1,587	94	(55)	1,626
Intangible assets	816	0	(9)	807
Tangible assets	5,941	1	(10)	5,931
Investments in equity associates	2,634		107	2,741
Other non-current financial assets	942		(4)	938
Deferred tax assets	153	(0)	(3)	149
NON-CURRENT ASSETS	12,073	95	25	12,192
Current banking assets				
Customer receivables and loans	59,204		(0)	59,204
Receivables from credit institutions	82,894	0		82,894
Securities portfolio	49,784	782		50,566
Other current financial assets	1,200	234		1,435
Accruals	1,185	35	(0)	1,220
Cash and central bank deposits	2,182			2,182
Other current assets				
Inventories and work-in-progress	136		(4)	132
Trade and other receivables	2,936	0	(126)	2,810
Other current financial assets	430		3	433
Income tax credit	253		(0)	253
Other accruals – Assets	118		(1)	117
Cash and cash equivalents	2,163		(59)	2,104
Assets held for sale	120			120
CURRENT ASSETS	202,604	1,052	(189)	203,468
TOTAL ASSETS	214,677	1,147	(164)	215,661
Share capital	3,800			3,800
Issue premium	900			900
Reserves	2,698	181	(0)	2,879
Unrealised gains and losses on financial instruments	635	(22)	(0)	613
Actuarial adjustments on employee benefits	(80)			(80)
Cumulative translation adjustments	(120)		0	(120)
Net profit/(loss), group share	627	(4)	(0)	624
Equity, group share	8,460	156	(0)	8,615
Non-controlling interests	57	178	(0)	235
CONSOLIDATED EQUITY	8,516	334	(0)	8,850
Medium and long-term bonds and other financial debt	6,043		6	6,048
Employee benefits – non-current liabilities	1,685		(0)	1,685
Non-current provisions for contingencies and losses	80		33	114
Deferred tax liabilities	166	78	(6)	238
NON-CURRENT LIABILITIES	7,976	78	32	8,086
Current provisions for contingencies and losses				
Specific provisions for the Insurance and Banking activities	1,126	676		1,802
Current provisions for contingencies and losses	540	1	(2)	538
Short-term bonds and other financial debt	1,060		(37)	1,023
Current banking liabilities				
Liabilities to credit institutions	14,757	0	(0)	14,757
Liabilities to customers	166,583			166,583
Debt evidenced by a certificate and other financial liabilities	6,790	10		6,801
Accruals	2,003	19		2,022
Other current liabilities				
Trade and other payables	4,424	27	(94)	4,357
Government – Income tax	33	1	(1)	34
Employee benefits – current liabilities	663			663
Other accruals – Liabilities	207		(60)	146
CURRENT LIABILITIES	198,185	735	(195)	198,725
TOTAL LIABILITIES	214,677	1,147	(163)	215,661

EFFECT OF THE FIRST-TIME APPLICATION OF IFRS 10 AND IFRS 11 ON THE CASH-FLOW STATEMENT

CASH FLOW STATEMENT 2013

	2013 as reported			First-time application of IFRS 10	First-time application of IFRS 11	2013 restated		
	Group	Non-banking	La Banque Postale	La Banque Postale	Non-banking	Group	Non-banking	La Banque Postale
(€ million)								
EBITDA	2,149	824	1,325	101	(31)	2,206	790	1,415
Cash flows from operating activities before cost of net debt and taxes	1,962	801	1,162	101	(27)	2,033	770	1,263
Cash flows from operating activities	(454)	1,056	(1,509)	13	(38)	(478)	1,018	(1,496)
Cash flows from investing activities	(869)	(1,403)	534	(0)	13	(857)	(1,391)	534
Cash flows from financing activities	(256)	348	(605)	(13)	5	(265)	353	(618)
Change in cash and cash equivalents	(4)	(4)	(0)		(19)	(23)	(23)	(0)
Opening cash and cash equivalents	2,167	2,167			(40)	2,127	2,127	
Closing cash and cash equivalents	2,163	2,163			(59)	2,104	2,104	

3.2 First-time application of IFRS 12

3.2.1 Consolidated subsidiaries

The detail of consolidated entities is presented in Note 41.

As at 31 December 2014, non-controlling interests are not significant, individually or collectively. Non-controlling interests amounted to €270 million as at 31 December 2014, of which €200 million represent LBP Prévoyance's non-controlling interests.

3.2.2 Joint arrangements

Most of the Group's joint arrangements are joint ventures according to IFRS 11. The list of those arrangements is presented in Note 41, and additional information is provided in Note 18.1.

3.2.3 Associates

The list of the Group's associates is presented in Note 41 and additional information is provided in Note 18.1.

Supplementary information on CNP Assurances, the significant associate in the Group, is provided in Notes 2.3.3, 18.2 and 36.5.1.

3.2.4 Structured entities

Consolidated structured entities

Pursuant to IFRS 10 and 11, and taking into account materiality, the Group consolidates one structured entity, FCT Elise 2012.

The "FCT Elise 2012" entity was first consolidated in October 2012. It is a French fund whose debt is owned at 95% by La Banque Postale, and at 5% by Crédit Foncier de France. This fund carries in its balance sheet assets interest-free loans granted to retail customers of La Banque Postale pre-dating 2010 (date of the launch of interest-free loans in the bank's balance sheet).

This fund represents total assets of €700 million as at 31 December 2014. It is fully consolidated.

Unconsolidated structured entities

As at 31 December 2014, the Group identified the three following classes of non-consolidated structured entities: securitisation, asset management, and private equity.

Structured entities with financial ties

The structured entities in which the Group has financial interests have the following characteristics:

By activity <i>(€ million)</i>	Securiti- sation	Asset mana- gement	Private Equity
Selected financial assets recorded in the balance sheet	53	119	15
Derivatives			
Equity instruments	53	119	15
Debt securities			
Loans and receivables			
Selected equity and financial liabilities recorded in the balance sheet			
Off-balance sheet items			13
Revenue and losses		51	1
Recurring revenue		51	1
Non-recurring revenue			
Incurred losses			

The maximum loss exposure is usually limited to shares held in the funds, except for those funds where La Banque Postale grants a performance and capital guarantee.

Concerning funds managed by the entity La Banque Postale SAM, and given the structuring of derivatives, the guarantee only applies in case of a default by the performance swaps suppliers. Counterparties are market counterparties and the default risk is considered low.

La Banque Postale granted a capital guarantee to two Group funds which had been impacted by the Greek debt restructuring. One of those funds expired in January 2014, and the guarantee did not have any impact on the year profit. The second fund expires in January 2015.

Structured entities without financial ties

Are defined as sponsors those funds that are structured by a management company controlled by the Group: La Banque Postale SAM, La Banque Postale AM, Tocqueville and Xange Private Equity.

Revenues earned by the Group from these entities amounted to €92 million in 2014, and mainly comprise €61.5 million in management fees.

NOTE 4 CHANGES IN THE CONSOLIDATION SCOPE

- 4.1 Main newly-consolidated companies
- 4.2 Deconsolidated companies
- 4.3 Income statement at constant scope and exchange rates

The scope of consolidation is shown in Note 41.

4.1 Main newly-consolidated companies

Acquisition of SOFIAP

La Banque Postale acquired 66% of SOFIAP (Société Financière pour l'Accession à la Propriété) on 20 May 2014 from Crédit Immobilier de France and SNCF. The remaining 34% are held by SNCF. This company represents total assets of less than €2 billion and a net banking income of around €21.5 million. It manages 24,000 customers, mainly SNCF employees.

The purchase price allocation to the fair value of assets and liabilities acquired was based on provisional amounts, and could be adjusted during the measurement period of 12 months from the acquisition date.

Take-over of WnDirect

GeoPost acquired in April 2014 a 63.5% majority interest in the capital of WnDirect, a British logistics services company. It previously held a 20% interest. The revaluation of the previously held interest gave rise to the recognition of a €6.5 million gain in income. The provisional goodwill from this acquisition amounted to €22 million.

Take-over of Siodemka

GeoPost acquired in October 2014 100% of Siodemka, a leader on the Polish parcels delivery market. The provisional goodwill from this acquisition amounted to €119 million.

4.2 Deconsolidated companies

None

4.3 Income statement at constant scope and exchange rates

(€ million)	Reported net profit/(loss)		Restated net profit/(loss) excluding scope and exchange rate effects	
	2014	2013 <i>Restated</i>	2014	2013 <i>Restated</i>
Revenues and NBI	22,163	21,715	21,955	21,749
Purchases and other expenses	(7,448)	(7,091)	(7,302)	(7,111)
Personnel expenses	(12,556)	(12,447)	(12,514)	(12,453)
Taxes and levies	(235)	(236)	(234)	(237)
Depreciation, amortisation and provisions	(1,363)	(1,293)	(1,357)	(1,294)
Other current operating revenue and expenses	158	132	158	131
Pre-tax gains and losses on asset disposals	(18)	(13)	(18)	(13)
Net operating expenses	(21,462)	(20,949)	(21,268)	(20,977)
Operating profit/(loss) before share in results of joint ventures	701	766	688	772
Share in results of joint ventures	18	12	17	10
OPERATING PROFIT/(LOSS) AFTER SHARE IN RESULTS OF JOINT VENTURES	719	778	705	782

The restated net profit/(loss) eliminates the effect of all acquisitions made during the current year and the prior year's acquisitions concluded during the year. It also shows foreign currency transactions from the prior year at the average rate during the current year.

NOTE 5 SEGMENT REPORTING

- 5.1 Definition of operating segments
- 5.2 Operating segment reporting
- 5.3 Geographical information

5.1 Definition of operating segments

The definition of operating segments for the purpose of segment reporting is based on Le Groupe La Poste's current management organisation. A business segment is a distinguishable component for which separate financial information is available and regularly reviewed by Group Management for the purpose of allocating resources to the segment and assessing its performance.

The criteria selected to define business segments specifically include:

- the nature of the products distributed;
- the type or class of customer for whom they are intended;
- the production process and distribution network;
- the regulatory environment.

As part of its new strategic plan « La Poste 2020 », the Group modified in the first half of 2014 the organisation of its business segments, as well as the financial segment information reviewed by the Group's Management. The Group is now organised around five operating segments, in addition to the Real Estate and Shared Services segments:

Services – Mail – Parcels: this segment includes the mail activity (i.e. pick-up, sorting and delivery of letter posts, advertising and press publications) and the related services, the parcels activity carried out by La Poste under the ColiPoste brand, as well as the postman's new services.

Geopost: this segment includes the Express activity carried out by the GeoPost sub-group's brands, primarily DPD, Chronopost, Exapaq and Seur.

La Banque Postale: this segment includes the Banking and Insurance activities of the La Banque Postale sub-group, as well as the services provided by some La Poste staff to La Banque Postale under service agreements

La Poste Network: this segment encompasses the sale and distribution activities intended for the general public, the La Poste Mobile activities, Le Groupe La Poste's products and services, and other non-Group products.

Digital Services: this segment includes all the Group's digital activities.

Real Estate: This segment manages all of the Group's real estate assets held by the Poste Immo sub-group, and also includes the activities of the La Poste Real Estate Department

Shared Services: this segment includes the "Corporate" activities of the Group's registered Office and support services departments.

5.2 Operating segment reporting

The accounting principles applied to segment reporting are the same as those used for the consolidated financial statements, as described in Note 3.

The profits (losses), assets and liabilities that have been allocated to the business segments are those profits (losses), assets and liabilities that can be allocated directly and indirectly to business segments.

The amounts unallocated to the business segments primarily correspond to:

- the net cost of regional development;
- the cost of the accessibility constraint imposed on La Poste
- financial profit/(loss) and tax.

Segmentation of revenues: the segmentation of La Poste's revenues between the Mail and Parcels businesses is based on accounting data and on a statistical analysis of the mail and parcel volumes transported and delivered by the two businesses.

No Group customer accounts for more than 10% of consolidated revenues.

Segmentation of operating expenses: given that the Mail, Parcels, Banking activities and La Poste Retail Brand segments coexist within La Poste, and that their production processes are highly inter-connected, La Poste has set out cost accounting principles in order to allocate shared costs between these various segments and thereby determine each segment's profit (loss).

La Poste's management accounting system operates on the basis of the following principles:

- The main services shared between the Mail and Parcels segments (collection, sorting, transportation and delivery) are re-invoiced on the basis of a price per item or a lump sum.
- The expenses for the La Poste Retail Brand post office counters are re-invoiced to the businesses that use the network on the basis of service agreements, where the pricing mechanisms are based on measurable operating metrics (revenues, and statistics measuring the time required to perform various transactions, etc.).

Segmentation of non-current assets: intangible and tangible assets are divided based on the allocation of the corresponding assets for each business in La Poste's accounting system. The real estate assets held by La Poste and the Poste Immo sub-group are allocated to the Real Estate segment in their entirety.

5.2.1 Income statement by operating segment

2014

(€ million)	Services-Mail-Parcels	GeoPost	La Banque Postale	Digital Services	La Poste Network	Real Estate	Shared Services	Unallocated ^(a)	Eliminations	Total
Non-Group revenues and NBI	11,131	4,847	5,660	487	27	11				22,163
Inter-segment revenues and NBI	263	74	13	52	4,140	833	825		(6,201)	
Operating revenue	11,395	4,921	5,673	539	4,167	843	825		(6,201)	22,163
Operating profit/(loss) before share in results of joint ventures	417	276	842	(62)	28	49	(154)	(694)	(0)	701
Share in results of joint ventures	2	8			(3)	10				18
Operating profit/(loss) after share in results of joint ventures	419	284	842	(62)	25	60	(154)	(694)	(0)	719
Financial profit/(loss)								(198)		(198)
Income tax								(182)		(182)
Share in profits of associates	(0)	1	199	(1)		2				200
CONSOLIDATED NET PROFIT/(LOSS)										539
Depreciation, amortisation, provisions and impairment	(292)	(188)	(399)	(63)	(39)	(252)	(129)		(0)	(1,363)

2013

(€ million)	Services-Mail-Parcels	GeoPost	La Banque Postale	Digital Services	La Poste Network	Real Estate	Shared Services	Unallocated ^(a)	Eliminations	Total
Non-Group revenues and NBI	11,356	4,271	5,557	495	27	9				21,715
Inter-segment revenues and NBI	242	72	17	54	4,138	845	825		(6,194)	
Operating revenue	11,599	4,342	5,574	549	4,165	854	825		(6,194)	21,715
Operating profit/(loss) before share in results of joint ventures	544	306	726	7	41	122	(194)	(719)	(67)	766
Share in results of joint ventures	2	10			(7)	8				12
Operating profit/(loss) after share in results of joint ventures	546	316	726	7	33	130	(194)	(719)	(67)	778
Financial profit/(loss)								(222)		(222)
Income tax								(125)		(125)
Share in profits of associates	(0)	3	200	11		2				215
CONSOLIDATED NET PROFIT/(LOSS)										646
Depreciation, amortisation, provisions and impairment	(221)	(111)	(484)	(31)	(66)	(240)	(140)		0	(1,293)

(a) Primarily includes the contribution to regional development (including the costs relating to the accessibility constraint), financial profit/(loss), and income tax.

5.2.3 Balance sheet by operating segment

As at 31 December 2014

(€ million)	Services- Mail- Parcels	GeoPost	La Banque Postale	Digital Services	La Poste Network	Real Estate	Shared services	Elimina- tions	Total
ASSETS									
Intangible and tangible assets and goodwill	880	2,381	1,102	244	110	3,319	511	(12)	8,535
Equity associates	52	143	2,830	5	0	45			3,075
Other non-current assets	71	37	203	13	3	22	4,227	(3,479)	1,096
Current assets	1,748	1,066	208,469	238	50	524	3,332	(1,770)	213,658
TOTAL	2,751	3,627	212,603	501	163	3,909	8,070	(5,261)	226,364
Investments ^(a)	205	391	247	37	18	212	154		1,263
LIABILITIES									
Shareholders' equity							9,358		9,358
Bonds and other financial debt (current and non-current)	320	1,008	3	53		1,654	7,241	(3,274)	7,005
Other non-current liabilities	998	251	328	40	619	54	103		2,393
Other current liabilities	2,132	1,027	204,212	209	666	246	1,026	(1,910)	207,608
TOTAL	3,450	2,286	204,543	302	1,285	1,954	17,728	(5,185)	226,364

As at 31 December 2013

(€ million)	Services- Mail- Parcels	GeoPost	La Banque Postale	Digital Services	La Poste Network	Real Estate	Shared services	Elimina- tions	Total
ASSETS									
Intangible and tangible assets and goodwill	931	2,074	1,100	243	130	3,350	550	(12)	8,365
Equity associates	49	124	2,522	8	(0)	38			2,741
Other non-current assets	90	42	203	14	10	(11)	4,229	(3,490)	1,087
Current assets	1,669	850	197,118	219	662	658	3,689	(1,397)	203,468
TOTAL	2,739	3,089	200,943	484	802	4,036	8,468	(4,900)	215,661
Investments ^(a)	189	234	(525)	28	31	244	985		1,186
LIABILITIES									
Shareholders' equity							8,850		8,850
Bonds and other financial debt (current and non-current)	304	785	3	27		1,654	7,309	(3,010)	7,071
Other non-current liabilities	829	223	295	25	550	49	67		2,038
Other current liabilities	2,148	810	194,076	178	675	339	927	(1,451)	197,702
TOTAL	3,280	1,818	194,374	229	1,225	2,042	17,153	(4,461)	215,661

(a) Purchase of intangible and tangible assets, and impact of changes in the scope of consolidation.

5.3 Geographical information

Revenues are broken down on the basis of paying customers' location.

Le Groupe La Poste's net non-current assets have been broken down by geographical area based on the location of the legal entities that own the assets.

2014

<i>(€ million)</i>	France	European Union (excluding France)	Other	Total
Revenues from commercial activities	12,538	3,535	430	16,503
Net banking income	5,660	-	-	5,660
OPERATING REVENUE	18,198	3,535	430	22,163
Segment assets	225,392	865	107	226,364
Investments	942	300	20	1,263

2013

<i>(€ million)</i>	France	European Union (excluding France)	Other	Total
Revenues from commercial activities	12,544	3,155	459	16,158
Net banking income	5,557	-	-	5,557
OPERATING REVENUE	18,101	3,155	459	21,715
Segment assets	215,077	482	101	
Investments	1,051	127	9	1,186

NOTES TO THE INCOME STATEMENT

NOTE 6 REVENUES

Le Groupe La Poste's revenues from commercial activities broke down as follows:

(€ million)	2014	2013
Services-Mail-Parcels revenues	11,131	11,356
Correspondence and other La Poste products and services	6,683	6,689
Advertising mail	1,286	1,401
Press ^(a)	581	679
Products and services of the subsidiaries (domestic mail)	428	447
International mail	595	570
Parcels	1,558	1,570
GeoPost revenue	4,847	4,271
Express France	1,273	1,074
Express Rest of World	3,574	3,196
Digital Services revenue	487	495
La Poste Network revenue ^(b)	27	27
Real Estate revenue ^(c)	11	9
TOTAL	16,503	16,158

(a) "Press" revenues include contractual compensation paid in consideration for the reduced tariffs granted to press organisations as well as the compensation of press operators.

(b) La Poste Network revenues include commissions received on third-party sales (excluding Mail, Parcels and Financial Services) carried out at post office counters (such as telephone card sales) and on sales of miscellaneous products.

(c) Real Estate revenues correspond to the rentals agreed with non-Group tenants.

NOTE 7 NET BANKING INCOME

The Group's Net Banking Income broke down as follows:

(€ million)	2014	2013
Interest and similar income	5,245	5,657
Interest and similar income on treasury and inter-bank transactions	1,668	2,037
Interest and similar income on customer transactions	2,203	2,096
Interest on available-for-sale financial assets held to maturity, and on hedging transactions	1,374	1,524
Interest and similar expenses	(2,052)	(2,346)
Interest and similar expenses on treasury and inter-bank transactions	(22)	(35)
Interest and similar expenses on customer transactions	(1,814)	(2,084)
Interest on debt evidenced by a certificate and hedging transactions	(217)	(226)
Commission income	2,384	2,230
Commission expenses	(280)	(250)
Net gains and losses on financial instruments at fair value through profit or loss	19	26
Net gains and losses on available-for-sale assets	169	117
Margin on insurance activities	212	160
Income and expenses from other activities	(38)	(38)
TOTAL	5,660	5,557

NOTE 8 PURCHASES AND OTHER EXTERNAL EXPENSES

Purchases and other expenses broke down as follows:

<i>(€ million)</i>	2014	2013
External services and general sub-contracting	1,552	1,533
Purchases	550	583
Outsourced transport	3,338	3,024
International mail delivery services	178	160
Rental expenses	754	735
Maintenance and repair costs	408	399
Telecommunications expenses	148	137
Travel and assignments	187	187
Other expenses	332	334
TOTAL	7,448	7,091

NOTE 9 PERSONNEL EXPENSES AND HEADCOUNT

- 9.1 Personnel expenses
- 9.2 Headcount

9.1 Personnel expenses

A breakdown of personnel expenses by type of cost is provided below:

<i>(€ million)</i>	2014	2013
Wages and salaries, bonuses and allowances	8,673	8,592
Pension contributions	1,311	1,398
Other social security contributions	1,808	1,782
Employee welfare costs	218	209
CICE revenue	(349)	(255)
Change in post-employment provisions	13	1
Change in provisions for social security contingencies and staff litigation	18	21
Change in other employee provisions	74	(96)
Compensation-based taxes and duties	790	794
TOTAL	12,556	12,447

The "Pension contributions" line item corresponds to contributions paid in to post-employment defined benefits plans. Following the implementation of the new funding arrangements for the pensions of government

employees, this line item primarily includes the full discharge contribution provided for by law.

The "CICE revenue" line item corresponds to the Tax Credit to promote Competitiveness and Employment (CICE).

9.2 Headcount

The Group's average headcount has changed as follows:

<i>(full-time employee equivalent per year)</i>	2014	2013
Average headcount	257,890	263,155

NOTE 10 TAXES AND LEVIES

Taxes and levies consist of the following items:

(€ million)	2014	2013
Local taxes	150	152
Other taxes and levies	85	84
TOTAL	235	236

La Poste benefits from favourable local tax treatment in consideration for La Poste's obligation to serve the entire French territory, and its contribution to regional development (Law of 2 July 1990, as rearranged by the Law of 9 February 2010).

In this regard, La Poste enjoyed an 85% reduction in its corporate tax base in the property tax base for its business premises, as well as a 83% reduction on the

added value used for the purposes of calculating the Corporate Value-Added Contribution (CVAE) (Article 1635 sexies of the French General Tax Code and Decree No. 2014-1552 of 19 December 2014).

Local business tax (CET) is recognised under "Local taxes".

NOTE 11 DEPRECIATION, AMORTISATION, PROVISIONS AND IMPAIRMENT

Changes in depreciation, amortisation, provisions and impairment that had an impact on operating profit/(loss) broke down as follows:

(€ million)	2014	2013
Net depreciation and amortisation	983	987
Intangible assets	261	264
Tangible assets	722	723
Net provisions and impairment	217	152
Goodwill	8	
Other non-current assets	28	11
Inventories	1	1
Accounts receivable	19	6
Losses on unrecoverable receivables	18	19
Provisions for contingencies and losses	144	116
Cost of risk (Banking activities)	163	154
Cost of risk and other impairments, charges and risks (Banking activities)	(15)	50
Banking activities cost of risk – unrecoverable receivables	178	105
TOTAL	1,363	1,293

The impairment of goodwill is broken down in Note 15.3.

A description of the changes in the depreciation, amortisation and impairment of non-current assets is provided in Notes 16 and 17.

A breakdown of changes in the impairment of inventories and accounts receivable is provided in Notes 21 and 22.

Changes in provisions for contingencies and losses are detailed in Note 26.

NOTE 12 OTHER OPERATING REVENUE AND EXPENSES

Other operating revenue and expenses broke down as follows:

Income/(expenses) (€ million)	2014	2013
Capitalised production	127	102
Royalties	(19)	(31)
Accretive effect of the CNP Assurances capital increase ^(a)		8
Other current operating revenue and expenses	50	53
TOTAL	158	132

(a) See Note 18.1.

Capitalised production primarily consists of IT development costs recognised as intangible assets.

NOTE 13 FINANCIAL PROFIT/(LOSS)

- 13.1 Cost of net financial debt
- 13.2 Other financial items

13.1 Cost of net financial debt

(€ million)	2014	2013
Interest expense on financing transactions ^(a)	(181)	(194)
Change in the fair value of borrowings and debt-related swaps ^(b)	(4)	(24)
Income from cash and cash equivalents ^(c)	28	20
TOTAL	(157)	(197)

(a) Including interest and proceeds from the termination of debt-related derivatives.

(b) Including fair value hedges on borrowings.

(c) Including changes in the fair value of cash or financial assets.

The measurement of the bonds recognised at fair value through profit or loss using the fair value option as at 31 December 2014 takes into account the decrease in the cost of credit risk experienced in 2014. This change resulted in an increase in the fair value of the bonds recognised in the financial statements according to the

fair value through profit or loss method and, had a negative €25 million impact on 2014 financial profit/(loss).

The decrease in the cost of credit risk in 2013 had a negative €51 million impact on financial profit/(loss) in that year.

13.2 Other financial items

Discounting expenses (€ million)	2014	2013
Provisions for employee benefits and return on plan assets	(44)	(37)
Other provisions	(1)	(0)
TOTAL	(44)	(37)

Other financial income and expenses (€ million)	2014	2013
Net foreign exchange gains	1	4
Additions to and reversals of provisions	3	5
Other financial income and expenses	(1)	3
TOTAL	3	12

NOTE 14 INCOME TAX

- 14.1 Income tax expense recognised in income
- 14.2 Tax on other comprehensive income
- 14.3 Tax proof
- 14.4 Deferred tax recognised on the balance sheet
- 14.5 Breakdown of deferred tax by type
- 14.6 Unrecognised deferred tax assets

14.1 Income tax expense recognised in income

(€ million)	2014	2013
Current tax (expense)	(261)	(145)
Deferred tax income/(expense)	79	20
TOTAL TAX INCOME/(EXPENSE)	(182)	(125)

The current tax expense represents the amount paid or payable in the short-term to the tax authorities in respect of the financial year, based on the rules prevailing in the various countries and on specific tax conventions.

14.2 Tax on other comprehensive income

(€ million)	2014	2013
Change in unrealised gains and losses on financial instruments		
Amount before tax	122	40
Tax impact	(43)	(8)
AMOUNT NET OF TAX	79	32
Translation adjustments		
Amount before tax	29	(27)
Tax impact		
AMOUNT NET OF TAX	29	(27)

14.3 Tax proof

The explanation of the tax reconciliation is as follows:

(€ million)	2014	2013
Current tax (expense)	(286)	(145)
Deferred tax income/(expense)	104	20
TOTAL TAX INCOME/(EXPENSE)	(182)	(125)

(€ million)	2014	2013
Net profit/(loss), Group share	513	624
Share in profits of equity associates and joint ventures	(218)	(228)
Income tax	182	125
Non-controlling interests	27	23
Consolidated profit (loss) before tax and share in profits of equity associates and joint ventures	503	544
Theoretical tax expense at 38% ^(a)	(191)	(207)
Prior tax-loss carry forwards deducted during the financial year	3	3
Unused tax losses created during the financial year	(11)	(9)
Limitation and creation of deferred tax assets	(51)	0
Limitation and creation of deferred tax assets on the Home Loan Savings provision	(45)	4
Tax rate differential for foreign subsidiaries	37	28
Tax benefits, tax credits and foreign tax allowances	8	12
Tax on distributed revenues	(8)	(5)
Permanent differences	81	50
Other items	(4)	(1)
Tax restatements	10	81
ACTUAL TAX CHARGE	(182)	(125)

(a) Including the 3.3% social solidarity contribution and the one-off contribution of 10.7%.

14.4 Deferred tax recognised on the balance sheet

(€ million)	Deferred tax assets	Deferred tax liabilities	Total
31/12/2012	111	224	(113)
Impact on net profit/(loss)	30	10	20
Reclassifications	(3)	(3)	0
Impact on equity	7	0	7
Change in consolidation scope	4	7	(3)
31/12/2013	149	238	(89)
Impact on net profit/(loss)	81	1	80
Reclassifications	61	61	0
Impact on equity	(40)		(40)
Change in consolidation scope	12	8	4
31/12/2014	264	309	(44)

Net tax assets are limited to each tax entity's ability to recover its assets in the near future.

14.5 Breakdown of deferred tax by type

(€ million)	31/12/2014	31/12/2013
Deferred tax assets		
Employee benefits	409	394
Other non-deductible provisions	81	45
Other timing differences	103	92
Swaps and similar	15	20
Tax loss carry-forwards	7	3
Other tax timing differences	27	14
Asset/liability offsets ^(a)	(378)	(419)
TOTAL ASSETS	264	149
Deferred tax liabilities		
Regulated provisions	129	117
Revaluation of contributions to Poste Immo	146	162
IAS 32-39 Financial instruments	211	93
Deductible goodwill	139	129
Other tax timing differences	61	156
Asset/liability offsets ^(a)	(378)	(419)
TOTAL LIABILITIES	309	238

(a) Deferred tax assets and liabilities are offset for each tax entity or tax consolidation group.

14.6 Unrecognised deferred tax assets

(€ million)	31/12/2014			Total
	French companies in the tax consolidation group	Non-consolidated French companies	Foreign companies	
Home Loan Savings Provision	419			419
Employee benefits	1,042	4		1,046
Other timing differences	13		22	35
Ordinary tax losses		143	76	218
TOTAL	1,474	147	98	1,718

Unrecognised deferred tax asset bases amounted to €1,370 million as at 31 December 2013.

NOTES TO THE BALANCE SHEET

NOTE 15 GOODWILL

- 15.1 Breakdown of goodwill
- 15.2 Change in the net book value of goodwill
- 15.3 Impairment

15.1 Breakdown of goodwill

(€ million) CGU	Segment	31/12/2014	31/12/2013
GeoPost Central Europe	GeoPost	460	460
Exapaq	GeoPost	334	334
GeoPost Espagne	GeoPost	262	248
GeoPost UK	GeoPost	139	130
Digital Services	Digital Services	146	146
Siodemka ^(a)	GeoPost	119	
La Banque Postale Prévoyance ^(b)	La Banque Postale	94	94
Mediapost	Services-Mail-Parcels	53	52
DPD Laser Finance	GeoPost	40	39
Viapost	Services-Mail-Parcels	39	39
Tigers	GeoPost	34	23
Groupe Tocqueville	La Banque Postale	28	27
WnDirect	GeoPost	22	
Other GeoPost companies	GeoPost	27	25
Other banking companies	La Banque Postale	8	8
TOTAL		1,805	1,626
Services-Mail-Parcels		92	91
GeoPost		1,437	1,259
La Banque Postale		130	130
Digital Services		146	146

(a) See Note 4.1

(b) See Note 3.1

15.2 Change in the net book value of goodwill

(€ million)	2014	2013
Opening balance	1,626	1,619
of which : Gross amount	1,761	1,755
Impairment	(134)	(136)
Acquisitions ^(a)	174	33
Disposals	0	0
Reclassifications and other	2	(9)
Translation adjustments	11	(17)
Impairment	(8)	0
CLOSING BALANCE	1,805	1,626
of which : Gross amount	1,948	1,761
Impairment	(143)	(134)

(a) Of which mainly Siodemka for €119 million, WnDirect for €22 million and Seur franchises in Spain for €15 million (see Note 4.1).

15.3 Impairment

15.3.1 Impairment of goodwill

Le Groupe La Poste tests goodwill for impairment annually or more frequently if events or changes indicate that it may be impaired. This annual impairment test is carried out in the last quarter of each year.

Goodwill is allocated to Cash Generating Units as follows:

- Services-Mail-Parcels segment: one CGU for each business unit;
- GeoPost segment: one CGU per geographical area, and one CGU for the Exapaq group;
- La Banque Postale segment: one CGU per business unit;
- Digital Services segment: one CGU.

The impairment test involves comparing the net book value of the CGUs, including any goodwill, to their recoverable value, calculated according to the method explained in note 2.12.

If the CGU's recoverable value falls below its net book value, an impairment is recognised and initially charged to goodwill.

The main assumptions used for the Group's impairment tests are as follows:

Segment	Discount rate		Standard growth rate	Number of projected years
	Euro zone	Other		
2014				
Services-Mail-Parcels	6.2% to 7.7%	5.6%	2%	5
GeoPost	7.3% to 8.2%	7.8% to 15%	2%	5
La Banque Postale	6.7%	-	1%	5
Digital Services	7.7%	-	2%	5
2013				
Services-Mail-Parcels	7% to 7.8%	7.0%	2%	5
GeoPost	6.4% to 9%	7.1% to 10.9%	2%	5
La Banque Postale	7.7%	-	1%	5

The tests performed on the Group's goodwill in 2014 led to the full depreciation of IBC's goodwill, for an amount of €8 million.

No impairment was recorded in 2013.

Sensitivity analysis

A one point increase in the discount rate or a half point decrease in the growth rate in perpetuity would not have had a material impact on the results of the impairment tests as at 31 December 2014.

15.3.2 Impairment of intangible and tangible assets

La Poste's Mail CGU did not show any indication of impairment as at 31 December 2014.

NOTE 16 INTANGIBLE ASSETS

<i>(€ million)</i>	Software, patents and licences	Intangible assets in progress	Other intangible assets	TOTAL
GROSS AMOUNT				
Balance as at 31/12/2012	1,411	198	791	2,400
Acquisitions	49	147	39	235
Disposals	(310)	(26)	(9)	(344)
Change in consolidation scope	5	(0)	14	19
Transfers	102	(140)	56	18
Balance as at 31/12/2013	1,257	179	890	2,326
Acquisitions	96	190	42	327
Disposals	(42)	(16)	(12)	(71)
Change in consolidation scope	4	0	4	7
Transfers	107	(146)	38	(1)
BALANCE AS AT 31/12/2014	1,422	208	961	2,590
DEPRECIATION AND IMPAIRMENT				
Balance as at 31/12/2012	(1,115)	-	(469)	(1,584)
Depreciation for the year	(169)		(94)	(263)
Impairment	0		0	0
Reversals on disposals	322		9	331
Change in consolidation scope	(3)		1	(2)
Balance as at 31/12/2013	(964)	-	(555)	(1,519)
Depreciation for the year	(160)		(100)	(261)
Impairment	(3)		(5)	(7)
Reversals on disposals	44		12	56
Change in consolidation scope	(4)		(3)	(7)
BALANCE AS AT 31/12/2014	(1,088)	-	(652)	(1,740)
NET AMOUNT				
As at 31/12/2013	293	179	335	807
AS AT 31/12/2014	334	208	309	850

The "transfer" lines relate to the commissioning of assets.

NOTE 17 TANGIBLE ASSETS

<i>(€ million)</i>	Land and buildings	Machinery and equipment	Vehicles	Other	Assets under construction	TOTAL
GROSS AMOUNT						
Balance as at 31/12/2012	4,850	2,309	836	2,911	245	11,151
Acquisitions	17	106	167	156	321	766
Disposals	(88)	(64)	(126)	(173)	(1)	(451)
Change in consolidation scope	11	9	1	8	0	29
Transfers	90	144	2	89	(382)	(57)
Translation adjustments	(4)	(1)	(4)	(1)	(0)	(11)
Balance as at 31/12/2013	4,876	2,502	876	2,990	183	11,427
Acquisitions	14	95	126	145	326	706
Disposals	(62)	(38)	(151)	(148)	(6)	(405)
Change in consolidation scope	71	(61)	3	12	0	25
Transfers	193	8	1	82	(218)	65
Translation adjustments	9	3	2	4	6	23
BALANCE AS AT 31/12/2014	5,100	2,509	856	3,085	291	11,842
DEPRECIATION AND IMPAIRMENT						
Balance as at 31/12/2012	(1,117)	(1,571)	(382)	(2,029)	-	(5,099)
Depreciation for the year	(197)	(180)	(91)	(255)		(724)
Impairment	(23)		(5)			(28)
Reversals of impairment	18	(0)	0	0		18
Reversals on disposals	30	62	91	164		347
Change in consolidation scope	(3)	(17)	(1)	(1)		(22)
Transfers	25	(17)	0	(1)		7
Translation adjustments	1	1	2	1		5
Balance as at 31/12/2013	(1,265)	(1,722)	(386)	(2,121)	-	(5,495)
Depreciation for the year	(198)	(181)	(103)	(240)		(722)
Impairment	(24)		(6)			(30)
Reversals of impairment	9	(0)	0	0		9
Reversals on disposals	24	36	110	143		313
Change in consolidation scope	(2)	(7)	(1)	(9)		(19)
Transfers	(13)	(16)	0	18		(10)
Translation adjustments	(3)	(3)	(1)	(2)		(9)
BALANCE AS AT 31/12/2014	(1,471)	(1,892)	(386)	(2,212)	-	(5,962)
NET AMOUNT						
As at 31/12/2013	3,611	780	489	869	183	5,931
AS AT 31/12/2014	3,629	617	470	874	291	5,880
<i>Of which finance leases</i>						
As at 31/12/2013	48	27	12	5		92
AS AT 31/12/2014	45	22	8	4		79

The transfer lines correspond to the commissioning of assets and to the reclassification of certain tangible assets to "assets held for sale" (see Note 24).

NOTE 18 EQUITY ASSOCIATES

18.1 Change in investments in associates
18.2 Information on CNP Assurances

18.1 Change in investments in associates

Nature of control	CNP Assurances	OPCI Akatea	Yurtici Kargo	ASENDIA	Other	TOTAL	Companies with negative net assets ^(a)
							La Poste Mobile
(€ million)	Associate	Associate	Associate	Joint control			Joint control
Balance as at 31/12/2012	2,327	34	41	47	74	2,522	(27)
Group share in the profits of equity associates	200	2	4	2	27	235	(7)
Dividend payments ^(b)		(4)	(4)		(1)	(9)	
Net change in the fair value of financial instruments and AFS securities	26				(4)	22	
Change in consolidation scope				0	25	25	
Capital increase					(11)	(11)	
Transfers and reclassifications			0			0	
Translation adjustments	(36)		(8)		(5)	(49)	
Accretive effect of the capital increase	8					8	
Other	(2)			(0)		(3)	
Balance as at 31/12/2013	2,522	32	33	48	106	2,741	(34)
Group share in the profits of equity associates	199	2	1	2	17	221	(3)
Dividend payments	(106)	(4)	(4)	(1)	(14)	(129)	
Net change in the fair value of financial instruments and AFS securities	217				0	217	
Change in consolidation scope				0	26	26	
Capital increase		0			7	7	
Transfers and reclassifications	(4)			1	(3)	(5)	
Translation adjustments	2		2		(5)	(1)	
BALANCE AS AT 31/12/2014	2,830	30	32	51	133	3,075	(37)

(a) Recorded in "Other provisions for contingencies and loss" (see Note 26.2).

(b) The Group chose to receive the stock dividend from CNP Assurances in 2013 (as in 2012), which resulted in the acquisition of 17,504,455 new shares of CNP Assurances, thus causing its interest to rise to 20.15% (compared to 19.98% as of 31 December 2012). This transaction resulted in a profit of €8 million being recognised in income (see Note 12).

The significant associate investment in the Group is CNP Assurances, which represents 96% of the total value of the investments in associates. No joint venture is significant.

18.2 Information on CNP Assurances

(€ million)	31/12/2014	31/12/2013
Control and interest percentage ^(a)	20.15%	20.15%
Fair value of the Group's investment based on the market price	2,037	2,060

(a) See note 2.3.3.

Detailed information on CNP Assurances is presented in its registration document, available at: <http://www.cnp.fr/en/The-Group/Publications/Registration-Documents>

Reconciliation of the financial information with the investment value on the balance sheet –CNP ASSURANCES GROUP

(€ million)	31/12/2014	31/12/2013
Equity attributable to owners of the parent	16,680	14,627
Restatements (deeply-subordinated notes)	(2,658)	(2,132)
Equity at percentage of interest held by Le Groupe La Poste	2,826	2,518
Net goodwill	4	4
INVESTMENT VALUE ON LE GROUPE LA POSTE BALANCE SHEET	2,830	2,522

NOTE 19 OTHER FINANCIAL ASSETS

(€ million)	31/12/2014		31/12/2013	
	Current	Non-current	Current	Non-current
Unconsolidated investments		184		185
<i>Provisions for unconsolidated investments</i>		(33)		(30)
Deposits and guarantees paid	30	17	39	15
Financial derivatives	64	325	129	290
Loans for local authority housing	3	71	4	76
<i>Provisions for loans for local authority housing</i>		(31)		(33)
Financial assets held for investment purposes	273	290	252	404
Other financial assets	12	15	10	40
<i>Provisions for other financial assets</i>	(0)	(6)		(8)
TOTAL	383	831	433	938

Unconsolidated equity investments

(€ million)	31/12/2014		31/12/2013	
	Percentage held	Gross amount	Net amount	Net amount
Crédit Logement	6%	94	94	98
Xange Capital 2	40%	12	12	12
Asset Management LAB	100%	0	0	5
Seur Portugal ^(a)	100%	7	7	0
Other - French companies		35	32	33
Other - foreign companies (see details in note n°42)		36	6	6
TOTAL		184	151	155

(a) Company acquired in December 2014, to be consolidated in 2015.

The wholly-owned unconsolidated investments comprise wholly-owned dormant companies, companies in the process of being liquidated or companies with non-material balance sheets and income statements.

Deposits and guarantees

This line primarily corresponds to the security deposits paid in respect of financial instruments put in place to manage bond debt (€25 million as at 31 December 2014, compared with €35 million as at 31 December 2013).

Financial derivatives

The financial derivatives line represents instruments put in place to manage the interest rate and currency risks on debt. They must therefore be looked at together with "Bonds and other financial debt". A breakdown of these derivatives can be found in Note 27.4.

Financial assets held for investment purposes

These are assets acquired as part of the cash management process, where the original maturity is greater than three months. These financial assets consist primarily of bonds (€413 million as at 31 December 2014, and €555 million as at 31 December 2013), and negotiable debt securities where the maturities usually range between three and 12 months (€150 million as at 31 December 2014 and €100 million as at 31 December 2013).

Loans for local authority housing

These loans primarily consist of loans to construction entities with very long-term maturities.

NOTE 20 BANKING ACTIVITIES FINANCIAL ASSETS

- 20.1 Customer loans and receivables
- 20.2 Receivables from credit institutions
- 20.3 Securities portfolio
- 20.4 Other banking financial assets
- 20.5 Banking accruals

20.1 Customer loans and receivables

(€ million)	31/12/2014	31/12/2013
Ordinary customer receivables	861	806
Other customer receivables	122	94
Provisions	(146)	(138)
Customer sight loans and receivables	838	763
Short-term credit facilities	4,043	3,404
Home loans	53,631	49,984
Loans to legal entities	5,511	3,373
Securities received under repurchase agreements	1,748	350
Provisions	(234)	(172)
Term customer loans and receivables	64,699	56,939
Finance lease transactions	951	561
Securities equivalent to customer loans and receivables	1,369	942
TOTAL	67,857	59,204

This line primarily consists of home loans, which are continuing to expand.

Short-term credit facilities primarily include:

- €3,827 million in consumer loans;
- deferred amounts on customers' *carte bleue* cards.

An assessment of the risk exposure of customer loans

(primarily home loans) and of impairments is shown in Note 33.7.1.

The "Securities equivalent to customer receivables and loans" line primarily corresponds to certain financial assets classified in the "available for sale" category, which were reclassified to "loans and receivables" on 1 July 2008 pursuant to the IAS 39 amendment published in October 2008 (see Note 34.5).

20.2 Receivables from credit institutions

(€ million)	31/12/2014	31/12/2013
Ordinary accounts receivable	188	136
Overnight deposits and loans	12	12
Sight loans and receivables – credit institutions	200	148
Term accounts and loans	79,477	78,560
Securities received under repurchase agreements	1,507	1,654
Subordinated and participating loans	190	191
Term deposits and loans – credit institutions	81,174	80,404
Securities equivalent to loans and receivables due from credit institutions	1,941	2,342
TOTAL	83,315	82,894

Term accounts and loans primarily include accounts opened at Caisse des Dépôts in connection with the centralisation of regulated products, primarily Livret A passbook savings accounts, Sustainable Development, and Popular savings accounts.

An assessment of credit risks on receivables due from credit institutions (Banking activities) is set out in Note 33.7.2.

20.3 Securities portfolio

(€ million)	31/12/2014	31/12/2013
Government securities and similar	25,921	28,889
Bonds and other fixed-income securities	2,375	3,377
Financial assets held to maturity	28,297	32,266
Government securities and similar	2,213	2,086
Bonds and other fixed-income securities	9,427	9,405
Equities and other variable-income securities	1,345	1,176
Available-for-sale financial assets	12,984	12,666
Government securities and similar	783	105
Bonds and other fixed-income securities	8,549	5,097
Equities and other variable-income securities	45	51
Financial assets held for transaction purposes	9,377	5,253
Interest-rate derivatives	1,635	241
Foreign exchange derivatives	11	3
Equity and index derivatives	6	7
Derivatives/Positive Fair Value	1,652	250
Financial assets at fair value through profit or loss	11,029	5,504
Revaluation adjustment on hedged portfolios (fair value hedges)	231	130
TOTAL	52,541	50,566

The general principles governing the recognition of securities and derivatives for the Banking activities are set out in Notes 2.14.2 to 2.14.5.

The fair value calculation methods for banking activities financial instruments are set out in Note 34.2.

An assessment of credit risks for the main items in the Banking activities securities portfolio can be found in Note 33.7.

20.4 Other banking financial assets

(€ million)	31/12/2014	31/12/2013
Deposits and guarantees paid	579	490
Other miscellaneous receivables ^(a)	592	575
Accrued income	350	369
TOTAL	1,521	1,435

(a) Other receivables primarily consist of ongoing transactions with customers. The change in this line should be considered together with that of liability accruals.

20.5 Banking accruals

Banking activities accruals primarily consist of accounts pending settlement of transactions with retail customers.

Accruals - Assets

<i>(€ million)</i>	31/12/2014	31/12/2013
Prepaid expenses	33	30
Collection accounts	6	93
Settlement accounts for securities transactions	3	10
Other insurance assets	341	248
Other accruals - Assets	615	838
TOTAL	998	1,220

Accruals - Liabilities

<i>(€ million)</i>	31/12/2014	31/12/2013
Settlement accounts for securities transactions	9	11
Other accruals - Liabilities	1,986	2,011
TOTAL	1,995	2,022

NOTE 21 Inventories and work-in-progress

<i>(€ million)</i>	31/12/2014			31/12/2013
	Gross amount	Provisions	Net amount	Net amount
Raw materials, supplies inventories and goods inventories	95	(5)	90	101
Finished and semi-finished product inventories and work in progress	29	(1)	29	31
TOTAL	124	(5)	119	132

Inventories primarily consist of spare parts for technical facilities and finished products sold in the post office network (primarily stamp-collecting products).

NOTE 22 Trade and other receivables

<i>(€ million)</i>	31/12/2014	31/12/2013
Advances and deposits paid	56	32
Trade receivables and related accounts	2,018	1,836
<i>Provisions on trade receivables and related accounts</i>	<i>(100)</i>	<i>(81)</i>
International mail receivables	518	503
CICE tax credit receivable	543	255
Other receivables	301	295
<i>Provisions on other receivables</i>	<i>(33)</i>	<i>(29)</i>
TOTAL	3,303	2,810

International Mail receivables (€518 million) are primarily owed by foreign post offices for the delivery of the mail that they have passed on in France.

Likewise, trade and other payables include an international mail service liability (see Note 31) of €468

million owed to foreign postal operators for mail to be delivered outside of France passed on by La Poste to these post operators for delivery.

NOTE 23 Cash and cash equivalents**23.1 Cash and cash equivalents****23.2 Cash and central bank deposits (Banking activities)****23.1 Cash and cash equivalents**

Cash and cash equivalents consist of cash on hand, bank balances and short-term investments in monetary instruments. These investments, which were initially due to mature in less than three months, are readily convertible into a known amount of cash and are exposed to a negligible risk of a change in value.

<i>(€ million)</i>	31/12/2014	31/12/2013
Cash equivalents	1,166	1,964
Cash at bank	217	133
Cash on hand	7	7
TOTAL	1,389	2,104

Cash and cash equivalents consisted mainly of term deposits accessible at any time, or within three months, for an amount of €1,125 million (€875 million as at 31 December 2013). As at 31 December 2013, they also included units in money-market units for an amount of €1,045 million.

23.2 Cash and central bank deposits (Banking activities)

<i>(€ million)</i>	31/12/2014	31/12/2013
Cash on hand (including cash held at post offices reclassified as at 31 December 2013)	1,006	885
Central banks	944	1,296
TOTAL	1,950	2,182

Cash held at post offices

Until 2013, cash held at post offices belonged to La Poste and was excluded from the "Cash and cash equivalents" line item. Because of the low availability of cash held at post offices, which is needed for the running of the post offices, and because it bears no interest, the Group treated it as a current banking use.

As at 30 November 2014, this cash was transferred to La Banque Postale for its nominal value, i.e. €632 million. It is now included in the "Cash on hand" line item presented above. The amount of cash held at post offices as at 31 December 2013 (i.e. €612 million) has been reclassified on the same line.

In the cash flow statement, before the transfer, cash held at post offices was excluded from cash at the beginning and end of the period and its changes were shown under non-banking "Cash flows from operating activities".

The change in cash held at post offices between 1 January and 30 November 2014 (i.e. + €21 million) is thus included on the same line as in 2013. The changes after 30 November 2014 are now included in the "Cash from banking activities" line item.

NOTE 24 Assets and liabilities held for sale

The assets held-for-sale as at 31 December 2014 and 2013 corresponded to properties under promise of sale.

NOTE 25 SHARE CAPITAL

As at 31 December 2014, the share capital amounted to €3.8 billion, divided into 950 million ordinary shares with a par value of €4 each. As at that date, 73.7% of the capital was owned by the French government and 26.3% was owned by Caisse des Dépôts.

Background

On 1 March 2010, La Poste became a Société Anonyme (French public limited company), with a share capital set at €1 billion, split into 500 million fully paid-up shares with a par value of €2 each. This share capital is, by law, wholly-owned by the French government or government-owned entities, except for any portion reserved for La Poste employees.

Prior to that date, La Poste was an independent government-owned company, with no share capital within the legal meaning of the term.

April 2011 capital increase

At its 10 February 2011 meeting, the Board of Directors approved the planned €2.7 billion capital increase, to which the French government was to subscribe €1.2 billion and Caisse des Dépôts €1.5 billion.

The Extraordinary General Meeting of 6 April 2011 approved the following resolutions:

- share capital increase of €1 billion through an increase of the par amount of the existing shares from €2 to €4, via the incorporation of reserves;

- issue of 350 million new shares with equity warrants (ABSA) with a unit price of €6, including a par value of €4 and an issue premium of €2, i.e. a total of €2.1 billion including €1.4 billion in capital and €700 million in issue premiums;
- an equity warrant (BSA) is attached to each new share. The BSAs will entitle their holders to subscribe to 100 million new shares between 1 March and 30 April 2013 for a total amount of €600 million, including €400 million in capital and €200 million in issue premiums. The government and Caisse des Dépôts have made an irrevocable commitment to exercise all of their BSAs no later than the last day of the exercise period (i.e. 30 April 2013);
- inclusion of Caisse des Dépôts in the Group's governing bodies, with three representatives on the Board of Directors.

A first payment of €1.05 billion for the capital issued was made in April 2011, and included €467 million from the government and €583 million from Caisse des Dépôts.

The second payment of €1.05 billion, which was identical to the first, was paid in April 2012.

In April 2013, the French government and Caisse des Dépôts exercised the 350 million in equity warrants they were holding, which resulted in the issuance of 100 million new shares at a unit price of €6, €2 of which was an issue premium.

NOTE 26 PROVISIONS FOR CONTINGENCIES AND LOSSES

- 26.1 Specific provisions for the Insurance and Banking activities
26.2 Other provisions for contingencies and losses

26.1 Specific provisions for the Insurance and Banking activities

As at 31 December 2014, underwriting provisions for the Insurance and Banking activities, classified as current provisions for contingencies and losses, broke down as follows:

<i>(€ million)</i>	Home Loan Savings risk	Insurance underwritin g provisions	TOTAL
Balance as at 31/12/2012	331	1,283	1,614
Addition for the year	0	1,393	1,393
Reversal for use	(23)	(1,172)	(1,195)
Other movements	0	(10)	(10)
Balance as at 31/12/2013	309	1,494	1,802
Addition for the year	132	1,533	1,664
Reversal for use		(1,297)	(1,297)
Other movements		59	59
BALANCE AS AT 31/12/2014	440	1,787	2,228

The provision for Home Loan Savings risk is intended to cover the negative impact of Home Loan Savings deposits for lending institutions authorised to accept them, given the commitments that they imply (see Note 2.19).

This provision was subject to a net increase of €132 million over the financial year, which broke down as follows:

<i>(€ million)</i>	Amounts collected	PEL and CEL amounts granted	2014 provisions	2013 provisions	Net movements 2013/2014
Age					
Over 10 years	5,809		93	96	(3)
4 to 10 years	7,714		110	100	10
Under 4 years	9,531		203	39	164
Total Home Loan Savings Plans (PEL)	23,054	118	407	235	172
Total Home Loan Savings Accounts (CEL)	5,157	735	34	73	(39)
TOTAL	28,211	853	441	309	132

26.2 Other provisions for contingencies and losses

As at 31 December 2014, the other provisions for contingencies and losses broke down as follows:

<i>(€ million)</i>	Employee- related disputes	Other disputes	Other	TOTAL
Non-current provisions	26	30	34	90
Current provisions	49	52	285	385
Balance as at 31/12/2012	75	81	319	475
Addition for the year	75	55	179	310
Reversal for use	(26)	(18)	(48)	(92)
Reversal of provisions no longer required	(29)	(38)	(11)	(79)
Discounting	(0)	0	(1)	(1)
Other movements	2	(1)	38	39
Non-current provisions	44	6	64	114
Current provisions	53	73	413	538
Balance as at 31/12/2013	97	79	476	652
Addition for the year	54	71	172	297
Reversal for use	(23)	(10)	(97)	(130)
Reversal of provisions no longer required	(13)	(35)	(20)	(68)
Discounting	0	0	1	1
Other movements	0	1	3	4
Non-current provisions	63	19	90	172
Current provisions	53	86	446	585
BALANCE AS AT 31/12/2014	115	105	536	757

Provisions for employee disputes cover all employee disputes (industrial tribunal, etc.) and ongoing disputes with social security bodies.

Provisions for other disputes relate to disputes brought before administrative, civil or commercial courts.

As at 31 December 2014, **other provisions** included a €37 million provision covering the negative net asset value of equity associates and joint ventures, compared to €34 million as at 31 December 2013 (see note 18.1).

NOTE 27 BONDS AND OTHER FINANCIAL DEBT

- 27.1 Breakdown of financial debt
- 27.2 Breakdown of debt by maturity
- 27.3 Bonds
- 27.4 Bond derivatives
- 27.5 Other financial debt

27.1 Breakdown of financial debt

(€ million)	31/12/2014		31/12/2013	
	Short-term	Medium-and long-term	Short-term	Medium-and long-term
Financial debt at amortised cost	730	3,482	635	3,467
Bonds		3,380		3,380
Finance leases	12	46	21	44
La Poste savings bonds	61		63	
Commercial paper	285		150	
Current bank facilities	13		30	
Deposits and guarantees received	353	26	368	25
Other borrowings at amortised cost	7	30	4	17
Borrowings designated at fair value		2,096	207	2,015
Borrowings subject to fair value hedging		518		530
Financial derivative liabilities relating to bonds	22	15	42	27
Other derivatives	4	8	7	9
Interest accrued not due on borrowings	128		131	
Medium and long-term bonds and other financial debt (non-current)		6,120		6,048
Short-term bonds and other financial debt (current)	885		1,023	
TOTAL CURRENT AND NON-CURRENT		7,005		7,071

27.2 Breakdown of debt by maturity

(€ million)	Maturity of < 1 year		Maturity of 1 to 5 years		Maturity of > 5 years		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
Financial debt at amortised cost								
Bonds			961	163	2,419	3,217	3,380	3,380
Finance leases	12	21	32	2	14	42	57	65
La Poste savings bonds	61	63					61	63
Commercial paper	285	150					285	150
Current bank facilities	13	30					13	30
Deposits and guarantees received	353	368	24	24	2	1	379	393
Other borrowings at amortised cost	7	4	30	17			37	21
Borrowings at fair value								
Bonds		207	1,343	1,341	753	674	2,096	2,222
Borrowings subject to fair value hedging								
Bonds			518	530			518	530
Financial derivative liabilities relating to bonds	22	42	15	27			37	69
Other derivatives	4	7	8	9			13	16
Accrued interest not due	128	131					128	131
TOTAL	885	1,023	2,932	2,114	3,188	3,934	7,005	7,071

27.3 Bonds

Bond debt, excluding accrued interest, changed as follows:

<i>(€ million)</i>	Borrowings at amortised cost	Borrowings at fair value	Hedged borrowings	Total
Balance as at 31/12/2012	3,853	2,294	546	6,694
New borrowings	250			250
Redemptions	(726)			(726)
Issue premium	3			3
Change in credit risk		51		51
Other changes		(123)	(16)	(139)
Balance as at 31/12/2013	3,380	2,222	530	6,133
New borrowings				
Redemptions		(207)		(207)
Issue premium				
Change in credit risk		25		25
Other changes		57	(12)	45
BALANCE AS AT 31/12/2014	3,380	2,096	518	5,995

Debt repayment

The bond issued in 2007 with a nominal value of CHF250 million was redeemed in July 2014. This bond was backed by a swap that allowed the currency risk to be fully hedged. The net cash outflow from the redemption amounted to €151 million.

Change in credit risk

The fair value measurement of the borrowings designated at fair value through profit or loss (see Note 2.15.1) reflects the decrease in the cost of credit risk over the year. This change had a €25 million positive

impact on the fair value of the bonds as at 31 December 2014, compared with 31 December 2013 (as opposed to a €51 million positive impact in 2013).

The other changes primarily related to:

- the increase in the fair value of borrowings designated at fair value through profit or loss at inception mainly due to the decrease in long-term interest rates in 2014;
- the change in the fair value of hedged loans. See below.

A loan with a nominal value of €500 million has been hedged at fair value since February 2009. The effect of this hedge on the income statement is as follows:

<i>(€ million)</i>	31/12/2014	31/12/2013
Revaluation of hedged borrowings through profit or loss	(12)	(16)
Revaluation of hedges on borrowings through profit or loss	12	16
NET IMPACT ON PROFIT OR LOSS	-	-

As at 31 December 2014, the Group bonds, which have a nominal value of over €500 million, broke down as follows:

Issue date	Maturity	Currency	Nominal rate	Nominal value (millions of currency units)	Accounting treatment
2003	2023	Euro	4.375%	580	Fair value
2008	2018	Euro	4.500%	500	Fair value
				<i>Other bonds at fair value</i>	697
TOTAL BONDS AT FAIR VALUE				1,777	
2004	2019	Euro	4.750%	580	Amortised cost
2006	2021	Euro	4.250%	1,000	Amortised cost
2012-2013	2024	Euro	2.750%	1,000	Amortised cost
				<i>Other bonds at amortised cost</i>	800
TOTAL BONDS AT AMORTISED COST				3,380	
2009	2016	Euro	4.750%	500	Fair value hedge
TOTAL BONDS SUBJECT TO FAIR VALUE HEDGING				500	

The breakdown of the bond-rate by type of rate as at 31 December 2014 was as follows:

(<i>€ million</i>)	Debt breakdown before fixed-for-floating swaps		Impact of fixed-for-floating transactions	Debt breakdown after fixed-for-floating swaps	
	Amount	%	Amount	Amount	%
Fixed-rate borrowings	5,995	100%	(2,615)	3,380	56%
Floating-rate borrowings			2,615	2,615	44%
<i>Of which borrowings covered by partial or total rate-refixing swaps (see note below)</i>			984		
TOTAL BORROWINGS	5,995	100%		5,995	100%

The fixed-for-floating-rate swaps mentioned above are used at any time after issuance, in order to turn the fixed rate into a floating rate up until the maturity of the borrowings in question.

Furthermore, swaps allow the refixing of a portion of these borrowings at fixed rates with short maturities ranging from one to five years.

As at 31 December 2014, the portion of floating-rate borrowings covered by these "rate refixing" swaps amounted to €984 million, i.e. 16% of total borrowings. These borrowings are still shown on the "Floating-rate borrowings" line.

"Rate-refixing" swaps represent a nominal amount of €840 million.

As at 31 December 2014, the breakdown of bond debt by currency was as follows:

(<i>€ million</i>)	Debt structure before currency swaps		Impact of currency swaps	Debt structure after currency swaps	
	Amount	%	Amount	Amount	%
Euro	5,714	96%	280	5,995	100%
Pound Sterling	280	5%	(280)		
TOTAL	5,995	100%	-	5,995	100%

Bonds denominated in foreign currencies are backed by swaps that allow the currency risk to be fully hedged.

27.4 Non-banking activities derivatives

<i>(€ million)</i>	Fair value as at 31/12/2014		Fair value as at 31/12/2013	
	Assets	Liabilities	Assets	Liabilities
Trading derivatives at fair value through profit or loss				
Fixed-for-floating derivatives	350	15	362	27
Floating-for-fixed derivatives		22		42
TOTAL	350	37	362	69
Hedging derivatives				
Fair value hedges	38		50	
TOTAL DERIVATIVES RELATING TO BONDS	388	37	412	69
Other				
Currency swaps			6	
Cash management funds derivatives		13		16
TOTAL NON-BANKING ACTIVITIES DERIVATIVES	388	50	419	85
Amortisable balance on interrupted hedging derivatives				
Cash flow hedging derivatives		8		10

27.5 Other financial debt

Finance leases

Liabilities relating to assets held under finance leases primarily involve properties and sorting machines.

La Poste savings bonds

This line represents La Poste's savings bond liabilities. All of the bonds had matured by the end of 2014.

Commercial paper

Commercial paper issued by La Poste and not matured as at 31 December 2014 have maturities of three to six months and represent €285 million (€150 million as at 31 December 2013).

Deposits and guarantees paid

This line primarily relates to security deposits received in respect of financial instruments put in place to manage bonds.

NOTE 28 GROUP NET DEBT

28.1 Group net debt position 28.2 Changes to Group net debt

28.1 Group net debt position

(€ million)	Note	31/12/2014	31/12/2013
Cash and cash equivalents (balance sheet line)	23	1,389	2,104
Debt-related derivative assets	19	388	419
Investment securities with initial maturities of over 3 months	19	563	655
Security deposits paid in connection with derivatives, recognised as assets	19	25	35
Net financial receivable against La Banque Postale		634	53
Cash and other asset items (1)		2,999	3,266
Medium and long-term bonds and other financial debt	27	6,120	6,048
Short-term bonds and other financial debt	27	885	1,023
Gross debt (2)		7,005	7,071
NET DEBT (2)-(1)		4,005	3,805
Increase (Decrease) in net debt as at 31 December 2014		200	

28.2 Changes to Group net debt

(€ million)	Cross-references	2014	2013
Cash flows from operating activities	CFS^(a)	1,030	1,018
Cash flows from investing activities	CFS	(794)	(1,391)
Cancellation of the change in cash management financial assets	CFS	(86)	(157)
Cash flow from investing activities excluding the acquisitions and disposals of cash management financial assets^(b)		(880)	(1,548)
Capital increase	CFS		600
Dividends paid to the government	CFS	(171)	(171)
Purchase of non-controlling interests	CFS	(3)	(9)
Net financial interest expense		(149)	(163)
Change in the fair value of financial instruments		(6)	(28)
Impact of changes in consolidation scope on gross debt		(14)	(14)
Increase in finance lease liabilities		(7)	(17)
Other items ^(c)		0	(5)
Cash flows and change in debt from financing activities		(350)	193
DECREASE (INCREASE) IN NET DEBT SINCE 1 JANUARY		(200)	(337)
Net debt at the beginning of the period		(3,805)	(3,468)
Net debt at the end of the period		(4,005)	(3,805)

(a) "CFS" refers to the non-banking column of the Cash Flow Statement in the consolidated financial statements.

(b) The cash flows from investing activities stand out from CFS due to the exclusion of the "change in cash management financial assets", assets deducted from the net debt calculation.

(c) The "Other items" line includes the impact of currency fluctuations on net debt and dividends paid to non-controlling interests.

NOTE 29 EMPLOYEE BENEFITS

- 29.1 Change in provisions for employee benefits
- 29.2 Description of employee benefits
- 29.3 Actuarial assumptions
- 29.4 Change in post-employment benefit commitments
- 29.5 Analysis of post-employment benefit expenses
- 29.6 Expected cash outflows

29.1 Change in provisions for employee benefits

Provisions for employee benefits have changed as follows during 2014:

(<i>€ million</i>)	31/12/2013						31/12/2014	
	Current	Non-current	Increase	Decrease for use	Interest cost	Other changes	Current	Non-current
Post-employment benefits for La Poste's government employees	17	433	7	(12)	14	51	17	493
Retirement benefits for the Group's contract staff	6	224	27	(4)	5	55	8	306
Pension plans for employees of foreign subsidiaries		55	2	(6)	3	11		64
Post-employment benefits	24	712	36	(23)	22	116	25	863
End-of-career arrangements	382	775	423	(366)	19		387	846
Severance payments	81	32	3				86	29
Long-term sick leave/long-term paid leave	61	45	1	(1)			61	46
Accrued leave	114	101	20	(4)	3		123	110
Other long-term benefits	2	21		(3)			2	18
Other benefits	258	199	25	(9)	3		272	203
TOTAL	663	1,685	484	(397)	44	116	683	1,912

29.2 Description of employee benefits

Post-employment and long-term benefits resulting from defined benefit plans, together with their related costs, are measured using the projected unit credit method, in accordance with IAS 19. Annual actuarial appraisals are carried out.

The appraisal calculations involve taking third-party actuarial economic assumptions into account (discount rates, inflation rates, and the rate of increase in pensions, etc.), as well as assumptions that are specific to Le Groupe La Poste (employee turnover rates, mortality rates, and the rate of increase in salaries, etc.).

29.2.1 Pension commitments for government employees at La Poste

Article 150 of the 2006 Amending Finance Act, published in the *Journal Officiel* of 31 December 2006, implemented an employer contribution made in full discharge of the obligation regarding the pensions of government employees working at La Poste.

As a result, no provision is recorded in La Poste's financial statements in respect of government employees' retirement benefits.

29.2.2 Post-employment benefits granted to retired government employees attached to La Poste

Other commitments for post-employment benefits include:

- employee welfare services provided to government employees, primarily including home help and holiday vouchers;
- a loyalty bonus granted to retired state employees who hold their pension in a current account at La Banque Postale;
- granting assistance to voluntary organisations that provide services to retired government employees.

29.2.3 Retirement benefits for the contract staff of La Poste and the Group's French subsidiaries

Employees retiring from the Company and eligible for a pension receive retirement benefits, the amount of which is based on length of service and final salary.

29.2.4 Pension plans for employees of the Group's foreign subsidiaries

Pension commitments for the Group's foreign subsidiaries primarily relate to the GeoPost sub-group

and the GeoPost UK subsidiary. GeoPost UK's commitments are partially covered by a pension fund.

29.2.5 End-of-career arrangements

La Poste employees may benefit, under certain conditions, from early end-of-career arrangement plans. These arrangements are offered to people who meet a minimum-age requirement from 53 to 59 years of age and according to certain conditions (position that is physically demanding or not, active or office roles, number of years of service...). During the term of the plan, the beneficiaries receive 70% of a full time remuneration while working in an operational activity for a smaller portion of the time.

The provisions relating to early end-of-career arrangement plans recognised as at 31 December 2014 factor in the expected enrolments to the plan available in 2015, as well as enrolments to the plans operating previously.

29.2.6 Other long-term benefits

These are paid leave schemes:

- **Accrued leave:** Accrued leave is a scheme that allows employees to accrue part of their unused earned leave beyond the period for using earned paid leave. The provision for Accrued Leave corresponds to the value of the leave rights included in this scheme.
- **Supplementary leave:** Government employees from the overseas departments or who work in the overseas departments benefit from paid supplementary leave, as well as from paid travel expenses. The provision covers these supplementary leave and travel rights.
- **Long-term sick leave/long-term paid leave:** the provision for long-term sick leave and long-term paid leave is designed to cover the costs relating to future leave incurred as at the balance-sheet date. This provision is measured at every balance-sheet date for every employee concerned, on the basis of future entitlements, as expressed by a number of payable index points.

29.3 Actuarial assumptions

The actuarial assumptions used to measure employee benefits are reviewed and updated once a year at the annual balance-sheet date.

The main assumptions selected as at 31 December 2014 were as follows:

- likelihood of retaining working staff within the Group, life expectancy and estimates of future salary increases;
- retirement age assumptions for employees of foreign companies and employees governed by foreign collective bargaining agreements, which take account of local economic and demographic factors;
- an assumed average benefit increase of 2% (no change compared with 2013);
- provisions for retirement commitments relating to end-of-career arrangements that form part of agreements are calculated on the basis of the definite enrolments in these plans as at the balance-sheet date, as well as of Management's best estimate of likely future enrolments up until the expiry date of these agreements. A one-point increase in the expected rate of enrolment would have increased the provision by €25 million as at 31 December 2014;
- the discount rates used for actuarial appraisals as at the balance-sheet date, determined with reference to a basket of AA-rated corporate bonds published by *Reuters*, were as follows:

Maturity	5 years	10 years	15 years	20 years
2014				
Euro zone	0.6%	1.2%	1.5%	1.8%
UK zone	1.9%	2.4%	3.0%	3.2%
2013				
Euro zone	1.4%	2.5%	2.8%	3.1%
UK zone	2.3%	3.5%	3.9%	4.2%

29.4 Change in post-employment benefit commitments

The tables below show the change in the commitment and in the plan assets for the Group's post-employment benefit plans as at 31 December 2014 and 31 December 2013.

29.4.1 Change in commitments

(€ million)	2014	2013
Commitment at the beginning of the period	886	887
Cost of services provided	37	25
Discount unwinding costs	29	23
Change in consolidation scope	1	2
Curtailement and settlement of plans		
Benefits paid	(23)	(26)
Employee contributions	1	
Actuarial (gain) loss relating to changes in assumptions ⁽¹⁾	144	(12)
Actuarial (gain) loss due to experience adjustments	(23)	(11)
Translation adjustments	14	(4)
COMMITMENT AT THE END OF THE PERIOD	1,066	886

(a) Mainly due to changes in the discount rate

There was no change in the post-employment plans in 2014 and 2013.

29.4.2 Change in plan assets

(€ million)	2014	2013
Plan assets at the beginning of the period	150	141
Expected return on assets	6	5
Employer contributions	7	6
Employee contributions	1	1
Benefits paid	(9)	(7)
Change in consolidation scope		2
Actuarial differences	12	4
Translation adjustments	11	(2)
PLAN ASSETS AT THE END OF THE PERIOD	178	150

The plan assets primarily relate to GeoPost UK's pension commitments.

29.4.3 Net commitment

(€ million)	31/12/2014	31/12/2013
Commitments	1,066	886
Plan assets	(178)	(150)
NET COMMITMENT	888	736
<i>of which non-current provision</i>	<i>863</i>	<i>712</i>
<i>of which current provision</i>	<i>25</i>	<i>24</i>

29.4.4 Change in actuarial differences (recognized in "other comprehensive income")

(€ million)	2014	2013
Actuarial (gain) loss at the beginning of the period	80	110
Actuarial (gain) loss relating to changes in assumptions ^(a)	144	(12)
Actuarial (gain) loss due to experience adjustments	(23)	(11)
Actuarial differences on plan assets	(12)	(4)
Curtailment and settlement of plans		
Other		(2)
ACTUARIAL (GAIN) LOSS AT THE END OF THE PERIOD	189	80

(a) Mainly due to changes in the discount rate

29.4.5 Breakdown of plan assets

	31/12/2014	31/12/2013
Equities	17%	34%
Diversified investment funds	46%	32%
LDI funds (Liability-Driven Investment)	15%	10%
Insurance contracts	23%	24%

29.4.6 Discount rate sensitivity

A 50 basis point reduction in the discount rate would increase the Group's net post-employment benefit commitment by around €80 million.

29.5 Analysis of post-employment benefit expenses

(€ million)	2014	2013
Cost of services provided	37	25
Discount unwinding costs	29	23
Expected return on assets	(6)	(5)
Curtailment and settlement of plans		
EXPENSE (INCOME) FOR THE PERIOD	60	43

29.6 Expected cash outflows

The table below presents an estimate of the benefits payable over the next five years in respect of defined-benefit post-employment benefits:

(€ million)	Benefits paid
2015	32
2016	29
2017	30
2018	30
2019	30

Benefits paid correspond to Group cash outflows, except for the GeoPost UK and DPD Schweiz pension plans, which are covered by an assets fund (benefits of approximately €9 million paid per year).

NOTE 30 BANKING ACTIVITIES FINANCIAL LIABILITIES

30.1 Liabilities to credit institutions

30.2 Liabilities to customers

30.3 Debt evidenced by a certificate and other banking financial liabilities

30.1 Liabilities to credit institutions

(€ million)	31/12/2014	31/12/2013
Ordinary accounts payable	262	82
Other amounts due	24	29
Sight liabilities to credit institutions	286	110
Securities given under repurchase agreements	13,343	12,080
Term deposits and loans	1,527	2,567
Term liabilities to credit institutions	14,870	14,647
TOTAL	15,157	14,757

Securities given under repurchase agreements correspond to inter-bank and similar transactions.

The subordinated debt corresponds to La Banque Postale's bond issues.

The maturity schedule for liabilities to credit institutions is as follows:

(€ million)	Maturity of < 1 year		Maturity of 1 to 5 years		Maturity of > 5 years		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
Sight liabilities to credit institutions	286	110					286	110
Term liabilities to credit institutions	13,704	12,194	965	2,084	202	369	14,870	14,647
TOTAL	13,990	12,304	965	2,084	202	369	15,157	14,757

30.2 Liabilities to customers

This item primarily represents deposits by customers of the Banking activities plus accrued interest not due on these deposits.

(€ million)	31/12/2014	31/12/2013
Livret A passbook savings accounts	62,696	64,314
Home Loan Savings Plans (PEL)	23,055	21,287
Home Loan Savings Accounts (CEL)	5,157	5,699
PSP accounts	289	340
LEP savings accounts	8,095	8,681
Sustainable Development (LDD) accounts	7,326	7,191
Youth passbook savings accounts	703	753
Livret B (savings passbook) accounts	2,008	2,514
Stock Savings Plan Liquidity Accounts	464	404
Other special accounts	3,180	2,684
Special savings accounts	112,974	113,866
Ordinary trade payables	50,041	47,670
Customer borrowings	1	1
Other amounts due to customers	563	231
Sight liabilities to customers	50,604	47,901
Customer borrowings	216	259
Term deposits	422	548
Equities and securities given under repurchase agreements	3,035	4,008
Term liabilities to customers	3,672	4,815
TOTAL	167,251	166,583

Since 1 January 2009, the funds in La Banque Postale's Livret A passbook savings accounts, which were previously held by Caisse Nationale d'Épargne, have been taken over directly by La Banque Postale. This is

pursuant to the deregulation of the distribution of Livret A passbook savings accounts, which resulted in the winding up of Caisse Nationale d'Épargne.

30.3 Debt evidenced by a certificate and other banking financial liabilities

(€ million)	31/12/2014	31/12/2013
Subordinated debt	1,658	829
Bonds	3,620	1,536
Certificates of deposit	5,770	2,763
Debt evidenced by a certificate	11,048	5,129
Guarantee deposits received	1,591	478
Financial liabilities at fair value through profit or loss	332	118
Hedging derivatives	432	372
Other financial liabilities	1,739	705
TOTAL	15,143	6,801

The "financial liabilities at fair value through profit or loss" primarily correspond to interest rate derivatives.

The maturity schedule for debt evidenced by a certificate is as follows:

(€ million)	Maturity of < 1 year		Maturity of 1 to 5 years		Maturity of > 5 years		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
Debt evidenced by a certificate	6,044	2,999	872	150	4,132	1,980	11,048	5,129

NOTE 31 TRADE AND OTHER PAYABLES

<i>(€ million)</i>	31/12/2014	31/12/2013
Trade payables and related accounts	1,391	1,421
Tax and social security liabilities	1,868	1,822
Payable to suppliers of non-current assets	230	240
International mail payables	468	489
Customer advances and deposits	184	212
Other operating payables	179	172
TOTAL	4,321	4,357

ADDITIONAL INFORMATION

NOTE 32 INFORMATION ON RISKS EXCLUDING BANKING ACTIVITIES

- 32.1 Credit risk
- 32.2 Liquidity risk
- 32.3 Interest-rate risk
- 32.4 Currency risk

La Poste takes a prudent approach to risk management, which is based on a system of notional limits for each financial risk to which it is exposed as part of its financial activities. This system of limits is set out in a "Limits Handbook" that is updated regularly, according to the changes in the Treasury and Financing Department's activities, and is presented to the La Poste Audit Committee every year.

An execution report for the Limits Handbook is also presented to La Poste's Audit Committee every year.

32.1 Credit risk

In the course of its non-banking financial activities, La Poste is primarily exposed to two types of credit risk:

- the risk of its issuers defaulting on their investment securities;
- the risk of its market counterparties defaulting.

La Poste's cash is invested in money-market UCITS, term deposits and Negotiable Debt Securities (NDS) with a minimum short-term rating of A2/P2. The credit risks are controlled by a system of limits representing the maximum nominal amount not to exceed for each UCITS or issuer.

Moreover, in view of its operations in derivative markets, La Poste is exposed to the risk of its market counterparties defaulting. This risk is also controlled via a system of limits, which constitute absolute upper limits for risks arising from the derivative portfolio.

The exposure relating to these instruments is assessed through the net market value of the derivatives for each counterparty, after taking into account guarantees received or given under collateralisation agreements.

The commitments to La Poste's counterparties are subject to systematic collateralisation agreements that enable the risk of default to be reduced at the franchise level.

Considering the high amount of its investments, in 2013 La Poste implemented an indicator designed to assess the maximum statistical risk of financial loss on its investment securities portfolio, with a 97.5% confidence interval. This indicator is based on one year CDS for each of the issuers in its portfolio, weighted with the investment's current amount and residual maturity.

32.2 Liquidity risk

Liquidity risk is assessed through forecast cash flows, calculated as a moving average every day during the first month and then monthly for the rest of the year.

Any liquidity gaps are refinanced through the issue of French commercial paper or Euro Commercial Paper (ECP).

In addition, La Poste has negotiated confirmed credit facilities with financial institutions and has access to a €650 million syndicated credit facility, as well as to an additional €75 million credit facility granted by BNPP (see Note 36.4.2).

A liquidity warning is sounded when the one-month forecast cash flow statement reveals that total short-term financial resources used exceed 50% of all available financial resources (confirmed credit facilities).

The table below shows the contractual cash flows relating to non-derivative financial liabilities, as well as the contractual flows relating to debt management derivatives, regardless of whether they are shown as liabilities or assets. These flows are not discounted and their total may therefore differ from the amount recognised on the balance sheet.

As at 31/12/2014 (€ million)	Balance sheet amount	2015 flows		2016 flows		2017-2019 flows		2020 flows and beyond	
		Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal
Bonds	5,995	245		245	757	533	1,900	397	3,000
Borrowings at amortised cost	3,380	135		135		388	960	296	2,420
Borrowings at fair value	2,096	86		86	257	145	940	101	580
Borrowings subject to fair value hedging	518	24		24	500				
Other financial debt	832		731		21		55		26
Finance leases	57		12		9		11		26
La Poste savings bonds	61		61						
Commercial paper	285		285						
Current bank facilities	13		13						
Deposits and guarantees received	379		353		6		20		
Other borrowings at amortised cost	37		7		6		24		
Derivatives	(338)	(81)		(99)	35	(134)		(79)	
Derivative liabilities	50	7		(7)	35	1			
Derivative assets	(388)	(88)		(92)		(135)		(79)	
TOTAL	6,488	164	731	146	813	399	1,955	318	3,026

32.3 Interest-rate risk

La Poste has pursued an active management strategy for its bond debt since 1999, based on the use of derivatives to reduce the coupon rate of its bonds.

This hands-on management generates a unidirectional interest-rate risk linked to an unfavourable change in the yield curve. The interest-rate risk is controlled by a percentage limit representing the maximum cost of the bond debt according to a four-year horizon. This limit, which is reviewed every year based on the residual maturity of the bond debt, is monitored on a weekly basis.

The forecast cost of debt is determined on the basis of projected cash flows for all instruments used to manage the debt, i.e. borrowings and derivatives.

The cash flows from floating-rate coupons are assessed using an industry tool that enables expected future coupons to be determined based on the yield curve.

In order to anticipate the impact of a rise in interest rates, the cost of debt is simulated every week based on a parallel shift of 50 basis points in the yield curve. If the result of this test exceeds the authorised interest rate limit, preventive transactions are carried out to re-price the cost of the debt.

Sensitivity analysis

A uniform sudden 50-basis point increase in the market yield curve would result in a €6.8 million increase in the Group's annual financial expense, after taking into account debt management derivatives (compared with €5.9 million as at 31 December 2013).

A uniform sudden 50-basis point increase in the market yield curve would result in a €4.4 million profit in income (compared with €3.2 million as at 31 December 2013), resulting from the change in the fair value of the debt recognised at fair value through profit or loss and of the debt management swaps.

32.4 Currency risk

La Poste cautiously assesses currency risk by systematically hedging borrowings and investment securities denominated in foreign currencies via the setting up of currency swaps or forward purchases and sales.

As at 31 December 2014, there were no significant foreign currency-denominated investment securities. Some bonds are denominated in pounds sterling. These borrowings are fully protected by a foreign exchange hedge, as detailed in Note 27.

NOTE 33 INFORMATION ON RISKS RELATING TO BANKING ACTIVITIES

- 33.1 Structural risk factors
- 33.2 La Banque Postale's risk exposure
- 33.3 Credit risk
- 33.4 Liquidity risk
- 33.5 Interest-rate risk
- 33.6 Market risk

33.1 Structural risk factors

La Banque Postale has reviewed the risks that could have a material adverse effect on its business, its financial position and its results (or its ability to achieve its targets), and considers that there are no significant risks other than those shown.

The structural risk factors that affect La Banque Postale are primarily related to its retail banking business, i.e. liquidity and interest-rate risk linked to converting short-term customer deposits to longer-term use, credit risk on the loans granted to its customers, and the operational risk relating to the banking activities.

Market risk also represents a structural risk factor, which La Banque Postale monitors closely.

33.2 La Banque Postale's risk exposure

(€ million)

	31/12/2014	31/12/2013
Financial assets at fair value through profit or loss	9,376	5,253
Trading derivatives	297	128
Hedging derivatives	1,532	221
Available-for-sale financial assets	13,102	12,793
Loans and receivables – Credit institutions	83,315	82,894
Customer loans and receivables	67,857	59,212
Financial assets held to maturity	28,297	32,266
Balance sheet exposure net of impairment	203,776	192,767
Financing commitments given	17,948	20,501
Guarantee commitments given	3,436	3,690
Off-balance sheet exposure	21,384	24,191
TOTAL NET EXPOSURE	225,160	216,958

The following risks are described below:

- 33.3. Credit risk
- 33.4. Liquidity risk
- 33.5. Interest-rate risk
- 33.6. Market risk

33.3 Credit risk

The Risk Department reports to the Risk Committee on the drafting and implementation of the system for monitoring and managing credit risk relating to the retail and corporate banking businesses.

In terms of risk monitoring procedures, the Risk Department defines the monthly credit risk monitoring indicators approved by the Risk Committee.

The Risk Department covers credit risk, as defined in Article 4 of Regulation 97-02 (amended), namely the risk incurred in the event that a counterparty or counterparties considered as a single beneficiary within the meaning of Regulation (EU) No 575/2013 of the European Parliament and of the Council.

33.3.1. Credit risk on transactions with retail customers

In terms of retail customers lending, La Banque Postale Group activities that give rise to a credit risk include:

- home loans to individuals and SCI property investment companies (La Banque Postale and its subsidiaries BPE and SOFIAP)
- overdrafts and means of payment extended to individuals (La Banque Postale and its subsidiary BPE)
- consumer loans (La Banque Postale Financement, BPE, as well as La Banque Postale for previous loans granted to Le Groupe La Poste staff)
- personal micro-loans (La Banque Postale)

Risk management

Within the La Banque Postale Group, the Group Risk Department is in charge of defining the risk-taking rules and the tools used for managing the generated risks, of overseeing the effective application of the rules and the proper functioning of the tools for the Group, i.e. La Banque Postale SA, La Banque Postale Financement, BPE and SOFIAP.

It amends the rules for granting and committing to loans.

The Group Retail Risk Department runs La Banque Postale's Group Retail Customers Lending Committee, which is the highest delegating body within the La Banque Postale Group for granting retail loans.

Where management of inherent risk is concerned, the Group Risk Department is responsible for the rules on recovery, working together with the Legal Department and the Operations Department, and with the Accounting Department for the rules governing provisions for accounts receivable.

Beyond the scope of its own remit, the Group Risk Department has the credit risk "game plan" approved by the Group Risk Committee (chaired by a member of the Executive Board), or by the Executive Board, if requested by the Chairman of the Group Risk Committee.

After they are approved, the Group Retail Risk Department makes sure these rules are implemented and correctly applied during all the lending process.

As part of the credit risk organisation deployment, the Risk Managers of BPE and LBPF report to the Group Risk

Manager since respectively January 2015 and July 2014.

In accordance with regulations, the Retail Credit Risk Department ensures that the risks surveillance and monitoring rules are implemented and it coordinates all the control mechanisms involved.

A follow-up is performed at Group Risk Committee level, with specific follow-ups on each subsidiary.

La Banque Postale's loan guarantee system

General principle

The general principle is that any financing must be 100% hedged by an "eligible" guarantee, i.e. offering a sufficient hedging level:

- Asset-backed mortgage of the first rank or equivalent, privilege of the money-lender, mortgage, pledge of mortgage assets granted by a third party guaranteeing the borrower's debt
- pledge of financial products (life insurance contracts, securities accounts, REIT units), in accordance with the hedging ratio of the loan by the pledged savings, as specified in the issuance conditions, depending of the nature of the pledged assets (securities, bonds, currency...)
- guarantees provided by a guarantee body, authorised by the Guarantee Providers Referencing Committee of La Banque Postale

By exception to the above principles

Some low amount house works loans are granted without a guarantee.

Bridging loans can be granted without an "eligible" guarantee, when the sale agreement or the promise of sale for the asset that is the subject of the loan has been signed and the conditions precedent in favour of the buyer of the asset have been lifted. In that case, the bank can settle for a simple promise to pledge the sold asset.

If the quality of the application file justifies it, La Banque Postale can accept the guarantee provided by a private individual as principal guarantee, within the limits set in the issue conditions.

Exposure to credit risk on transactions with retail customers

2014

	Gross book value as at 31/12/2014		Gross off-balance sheet amount as at 31/12/2014		Total exposure as at 31/12/2014	
	Amounts outstanding	As a % of total exposure	Amounts outstanding	As a % of total exposure	Amounts outstanding	% total
(€ million)						
Home loans	53,631	96%	2,389	4%	56,020	81%
Consumer loans	4,043	88%	529	12%	4,572	7%
Ordinary accounts receivable	724	8%	8,108	92%	8,832	13%
TOTAL	58,397	84%	11,027	16%	69,424	100%

2013

	Gross book value as at 31/12/2013		Gross off-balance sheet amount as at 31/12/2013		Total exposure as at 31/12/2013	
	Amounts outstanding	As a % of total exposure	Amounts outstanding	As a % of total exposure	Amounts outstanding	% total
<i>(€ million)</i>						
Home loans	49,985	96%	2,280	4%	52,265	76%
Consumer loans	3,404	92%	310	8%	3,714	5%
Ordinary accounts receivable	687	5%	12,069	95%	12,756	19%
TOTAL	54,076	79%	14,659	21%	68,735	100%

The exposure position was relatively stable compared with the previous financial year.

The relative value of the "home loans" exposure increases at 81%. Conversely, La Banque Postale Financement's consumer loans business continued its expansion, and rose from 5% to 7% of total exposure, whereas the exposure of ordinary accounts receivable decreased by 6 points.

Guarantees obtained

2014

		Asset-backed guarantee		Guarantee from a legal entity		Guarantee from an individual		Unguaranteed		Gross book value as at 31/12/2014	
		Amounts outstanding	%	Amounts outstanding	%	Amounts outstanding	%	Amounts outstanding	%	Amounts outstanding	%
<i>(€ million)</i>											
Home loans	Performing	15,667	29%	36,644	69%	27	0.1%	856	2%	53,195	99%
	Doubtful	258	59%	153	35%			25	6%		
TOTAL		15,925		36,797		27		881		53,631	
Consumer loans	Performing	4	0.1%	4	0.1%	1	0%	3,847	100%	3,857	95%
	Doubtful			1	0.3%			186	100%		
TOTAL		4		5		1		4,033		4,043	

2013

		Asset-backed guarantee		Guarantee from a legal entity		Guarantee from an individual		Unguaranteed		Gross book value as at 31/12/2013	
		Amounts outstanding	%	Amounts outstanding	%	Amounts outstanding	%	Amounts outstanding	%	Amounts outstanding	%
<i>(€ million)</i>											
Home loans	Performing	12,552	25%	35,623	72%	765	2%	707	1%	49,647	99%
	Doubtful	194	58%	132	39%			11	3%		
TOTAL		12,746		35,755		765		718		49,984	
Consumer loans	Performing	5	0%	8	0%	1	0%	3,257	100%	3,271	96%
	Doubtful			1	1%			132	99%		
TOTAL		5		9		1		3,389		3,404	

Credit quality of assets that are neither in arrears nor impaired on an individual basis

2014

		Amounts outstanding	%
<i>(€ million)</i>			
Performing home loans	not in arrears	52,951	99.5%
	in arrears	243	0.5%
TOTAL PERFORMING LOANS		53,195	100%
Performing consumer loans	not in arrears	3,814	99%
	in arrears	43	1%
TOTAL PERFORMING LOANS		3,857	100%

2013

		Amounts outstanding	%
<i>(€ million)</i>			
Performing home loans	not in arrears	49,474	100%
	in arrears	173	
TOTAL PERFORMING LOANS		49,647	
Performing consumer loans	not in arrears	3,243	99%
	in arrears	28	1%
TOTAL PERFORMING LOANS		3,271	

The percentage of performing home loans with no arrears remained stable (99.5%). The percentage of consumer loans in arrears remains at 1% of performing loans outstanding.

Financial assets in arrears

2014

<i>(€ million)</i>	Unimpaired amounts outstanding in arrears					Total	Doubtful loans	Guarantees			
	<30 d	30 d to 60 d	60 d to 90 d	90 d to 180 d	>180 j			Asset- backed guaran- tees	Guaran- teed by a legal entity	Individuals	Unguaran- teed
Home loans	112	56	37	39		243	436	330	320	1	30
Consumer loans	21	22				43	186		1	42	186
TOTAL	133	78	37	39		287	623	330	320	43	216

2013

<i>(€ million)</i>	Unimpaired amounts outstanding in arrears					Total	Doubtful loans	Guarantees			
	<30 d	30 d to 60 d	60 d to 90 d	90 d to 180 d	>180 j			Asset- backed guaran- tees	Guaran- teed by a legal entity	Individuals	Unguaran- teed
Home loans	69	45	27	22	10	173	338	287	206	5	13
Consumer loans	17	11				28	133		1		160
TOTAL	86	56	27	22	10	201	471	287	207	5	173

Analysis of assets impaired on an individual basis

2014

<i>(€ million)</i>	Type of guarantee	Accounts receivable	Applied guaranteed amount	Discounted provisions	Discounted provisioning rate
Doubtful home loans	Asset-backed guarantee	218	154	71	33%
	Guarantee from a legal entity	87	87	8	9%
	Guarantee from an individual				
	Unguaranteed	23		20	87%
	Doubtful by contagion not in arrears	108	95	12	11%
TOTAL		436	336	112	26%
Consumer loans		186	1	107	58%
Doubtful ordinary accounts receivable		139		119	85%

2013

<i>(€ million)</i>	Type of guarantee	Accounts receivable	Applied guaranteed amount	Discounted provisions	Discounted provisioning rate
Doubtful home loans	Asset-backed guarantee	163	110	56	35%
	Guarantee from a legal entity	80	73	7	10%
	Guarantee from an individual				
	Unguaranteed	14	2	12	86%
	Doubtful by contagion not in arrears	80	70	10	12%
TOTAL		337	255	85	25%
Consumer loans		133	1	68	51%
Doubtful ordinary accounts receivable		127		110	87%

33.3.2. Credit risk on transactions with non-retail customers

La Banque Postale's activities that give rise to a credit risk are on two levels:

- as part of its commercial activity aimed at financing the economy, La Banque Postale was granted a licence to offer financing to Legal Entities from the French Prudential Control Authority in September 2011. The main customer segments served by the range of products offered are currently: Companies, Local Authorities, Public Health Companies, social housing associations and Non-profit Associations;
- as part of its intervention on the financial markets, La Banque Postale is also required to manage the credit risk arising on inter-bank cash transactions, like deposits, loans, repos (which therefore relates to financial institutions) and the issuer risk arising on the debt securities traded in the trading room (Companies, financial institutions, sovereign entities, and Local Authorities).

These risks take the form of balance sheet, and off-balance sheet commitments (guarantees, collateral, investments made by La Banque Postale's insurance subsidiaries, and the undrawn portion of loans granted, etc.).

La Banque Postale has opted for a prudent approach and gradual expansion.

The range of financing offered by La Banque Postale currently includes: cash facilities, equipment leases, medium-term loans for setting up and buying out companies, bilateral or syndicated loans for Key Accounts, property leases and factoring.

Since 2012, La Banque Postale offers financing aimed for customers in the Social and Local Economy (social housing associations, cooperative companies, local and regional authorities, management voluntary organisations, and local organisations): cash facilities, and medium/long-term financing.

In the 2014 financial year, the short term and medium/long-term financing product offering was extended to social housing operators and semi-public companies.

Counterparty risk management

General provisions

La Banque Postale's rules for granting and committing to loans have been drawn up in compliance with Articles 111 and 112 of the Order of 3 November 2014 on internal controls in credit institutions, payment service providers and investment firms under supervision by the French Prudential Control Authority.

The review and decision-making process is based on: eligibility conditions, a review, and determining a financial rating, as well as obtaining guarantees in some cases.

The aim of the risk management system selected for the activity involving the financing of legal entities is to make it possible to detect risks at all levels for each of the activity's processes (granting, management, collection and provisioning). It is based on the following factors:

- setting up a comprehensive credit committee system at various levels within the Bank;
- individual risk monitoring procedures and a management platform for global risk.

For SMEs, micro-businesses and voluntary organisations, the general review and decision-making process is supplemented by a specific banking behaviour score.

For the Local Public Sector, La Banque Postale has the ability to refinance with the Caisse Française de Financement Local its production of medium and long term loans granted to Local Authorities and Public Health Companies.

For all markets, transactions in an amount equal to or in excess of €10 million must be approved by a member of the Executive Board. The same applies of overruns of individual limits.

In terms of investment

In terms of investment, third parties are systematically rated and assigned an individual limit designed to cap the total amount of the commitment. Where applicable, these individual limits are supplemented by so-called group limits, which govern exposure to a group of third parties that are considered as a single beneficiary within the meaning of Article 3 of CRBF Regulation 93-05 (amended).

La Banque Postale's universe is usually restricted to investment grade counterparties and issuers, which therefore have an internal rating of at least BBB-.

The minimum rating limit is lowered to BB- (according to the ACP cross-reference tables, BB- corresponds to the 4: BB- to BB+ grade at Fitch and S&P; to the Ba1 to Ba3 grade at Moody's; to the 4 to 5 grade at COFACE; and to the 4 to 5+ grade at FIBEN) in certain specific cases, primarily as part of the expansion of the Major Corporate Customers financing business, as long as the Bank maintains an ongoing commercial relationship, or with approval by the Executive Board.

La Banque Postale can only perform repo, or stock or fixed derivative lending transactions that expose it to a counterparty risk, if there is a prior ISDA or FBF Framework Agreement in place that includes collateralisation clauses. The quantitative factors included in such agreements (instruments concerned, threshold and frequency of margin calls, and exemptions, etc.) are subject to approval by the Group Risk Department.

In case of a significant deterioration of the risk, the concerned issuers and counterparties are closely monitored by the Watch Committee, and information is provided to the Group Risk Committee.

The individual limits are supplemented by a set of limits designed to control the risks of concentration on groups of counterparties, which are classified in accordance with their geographic area, their business type or their internal rating. The Group Risk Committee may review these diversification limits on a monthly basis. This Committee also issues a list of authorised countries and currencies.

Exposure to credit risk on market transactions with legal entities

2014

Category (€ million)	Sovereign	Bank	Corporate	Public authority	Securitisa- tion	TOTAL
Financial assets at fair value through profit or loss	783	7,556	1,038			9,377
Available-for-sale financial assets	2,873	7,999	2,132	88	8	13,101
Loans and receivables – Credit institutions	79,223	4,092				83,314
Customer loans and receivables	162	400	4,906	3,890	499	9,857
Assets held to maturity	26,463	1,823		11		28,297
BALANCE SHEET EXPOSURE NET OF IMPAIRMENT	109,504	21,870	8,076	3,990	507	143,946

Rating (€ million)	AAA	AA	A	Other	TOTAL
Financial assets at fair value through profit or loss		978	5,875	2,524	9,377
Available-for-sale financial assets	1,562	2,822	4,538	4,180	13,101
Loans and receivables – Credit institutions		80,826	1,446	1,042	83,314
Customer loans and receivables	290	578	1,610	7,379	9,857
Assets held to maturity	1,210	24,684	849	1,552	28,297
BALANCE SHEET EXPOSURE NET OF IMPAIRMENT	3,063	109,888	14,318	16,676	143,946

Geographical area (€ million)	France	Euro zone	Non-euro zone	TOTAL
Financial assets at fair value through profit or loss	5,561	2,712	1,104	9,377
Available-for-sale financial assets	5,998	4,728	2,375	13,101
Loans and receivables – Credit institutions	82,340	947	26	83,314
Customer loans and receivables	9,487	351	19	9,857
Assets held to maturity	21,510	5,921	866	28,297
BALANCE SHEET EXPOSURE NET OF IMPAIRMENT	124,896	14,659	4,390	143,946

2013

Category (€ million)	Sovereign	Bank	Corporate	Public authority	Securitisa- tion	TOTAL
Financial assets at fair value through profit or loss	157	4,698	384			5,239
Available-for-sale financial assets	3,022	7,098	1,644	74	5	11,843
Loans and receivables – Credit institutions	558	81,912	12		400	82,882
Customer loans and receivables	655	225	2,763	1,489	227	5,361
Assets held to maturity	30,345	1,921				32,266
BALANCE SHEET EXPOSURE NET OF IMPAIRMENT	34,737	95,854	4,803	1,563	632	137,591

Rating (€ million)	AAA	AA	A	Other	TOTAL
Financial assets at fair value through profit or loss	61	1,383	2,981	814	5,239
Available-for-sale financial assets	1,847	2,601	4,324	3,071	11,843
Loans and receivables – Credit institutions	77,424	3,284	1,151	1,023	82,882
Customer loans and receivables	837	478	648	3,396	5,361
Assets held to maturity	2,791	27,307	549	1,619	32,266
BALANCE SHEET EXPOSURE NET OF IMPAIRMENT	82,960	35,053	9,653	9,923	137,591

Geographical area (€ million)	France	Euro zone	Non-euro zone	TOTAL
Financial assets at fair value through profit or loss	2,827	1,677	735	5,239
Available-for-sale financial assets	6,311	4,015	1,517	11,843
Loans and receivables – Credit institutions	82,565	215	102	82,882
Customer loans and receivables	4,721	640		5,361
Assets held to maturity	24,797	6,606	863	32,266
BALANCE SHEET EXPOSURE NET OF IMPAIRMENT	121,221	13,153	3,217	137,591

Financial assets held to maturity

These are high-quality assets that consist mainly of loans issued or guaranteed by euro zone Member States, as shown in the tables above. Sovereign issuers amount to 94% of the portfolio. Furthermore, issuers with a Tier 1 rating (AAA to A-) account for 92% of the positions in the portfolio.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include both securities and derivatives. Bank issuers account for the bulk of financial assets at fair value through profit or loss (81% of the positions in the portfolio).

These are high quality assets, mainly located in France.

Loans and receivables – Credit institutions

La Banque Postale enters into inter-bank transactions (both deposits and securities borrowing/lending) in the normal course of its business.

The counterparty risk relating to inter-bank deposits is managed in the same way as issuer risk (these transactions are included in individual, group and diversification limits).

As at the end of December 2014, La Banque Postale's inter-bank deposits amounted to €4.1 billion. This amount decreased significantly compared to 2013, due to the reclassification of Caisse des Dépôts in the "Sovereign" category, in accordance with CRDIV regulation. Deposits with the Caisse des Dépôts as backing for the funds gathered on Sustainable Development, Livret A passbook savings accounts and LEP savings accounts, amount to €78.1 billion.

The counterparty risk relating to securities lending and repurchase is limited by the fact that La Banque Postale

only works with these instruments after it has finalised a framework agreement requiring the arrangement of collateral. As a result, the credit risk on repo and reverse repo transactions as at 31 December 2014 was extremely low.

Risk relating to Local Public Sector

The risks concern primarily Local Public Authorities, as La Banque Postale made them a priority when it launched this financing activity in June 2012. The financing activity aimed at social housing associations was progressively launched during the year 2013.

As at 31 December 2014, loans amounting to €7.8 billion had been authorised for the local public sector, of which €3.6 billion had been drawn down.

Nearly €1.7 billion euros in medium and long term loans have been sold to CAFFIL in 2014, and thus do not appear in these figures.

Risk relating to companies

As at 31 December 2014, La Banque Postale's exposure to the Corporate segment had greatly increased due to the growth of La Banque Postale in legal entities financing and to the voluntary diversification of issuers in which La Banque Postale is investing.

A strong growth of investments in property transactions can be noted, as well as an increase in investments in corporate bonds and in assets financing.

Most companies invested in are rated at least BBB+. For companies rated lowest in the portfolio, a strong vigilance is exercised on conditions allowing to mitigate the risk: guarantees, counterparties credit risk-mitigation clauses, financial covenants, seniority ranks.

La Banque Postale's exposure to companies consists mainly of exposure to large French corporates.

Credit risk on transactions with legal entities

2014

(€ million)	Gross book value as at 31/12/2014		Gross off-balance sheet amount as at 31/12/2014		Total exposure as at 31/12/2014	
	Amounts outstanding	As a % of total exposure	Amounts outstanding	As a % of total exposure	Amounts outstanding	% total
Finance lease operations	953	87%	137	13%	1,090	8%
Local public sector loans	3,597	46%	4,185	54%	7,782	58%
Loans to other legal entities	1,915	51%	1,844	49%	3,758	28%
Factoring	38	100%			38	
Ordinary accounts receivable	137	21%	502	79%	640	
Other						
TOTAL	6,640		6,668		13,308	95%

2013

	Gross book value as at 31/12/2013		Gross off-balance sheet amount as at 31/12/2013		Total exposure as at 31/12/2013	
	Amounts outstanding	As a % of total exposure	Amounts outstanding	As a % of total exposure	Amounts outstanding	% total
(€ million)						
Finance lease operations	562	89%	67	11%	629	21%
Local public sector loans	2,185	37%	3,676	63%	5,861	192%
Loans to other legal entities	1,185	45%	1,427	55%	2,612	85%
Factoring	9	100%			9	0%
Ordinary accounts receivable	128	26%	363	74%	491	16%
Other			52	100%	52	2%
TOTAL	4,069	42%	5,585	58%	9,654	100%

Guarantees obtained on the loans granted to legal entities

2014

		Asset-backed guarantee		Guarantee from a legal entity		Guarantee from an individual		Unguaranteed		Gross book value as at 31/12/2014	
		Amounts out- standing	%	Amounts out- standing	%	Amounts out- standing	%	Amounts out- standing	%	Amounts out- standing	%
(€ million)											
Finance leases	Performing			177	19%	15	2%	756	80%	948	100%
	Doubtful							4	94%	5	
TOTAL				177		15		761		953	
Local public sector loans	Performing			17				3,579	100%	3,597	100%
	Doubtful										
TOTAL				17				3,579		3,597	
Other legal entities loans	Performing	288	15%	467	24%			1,160	61%	1,915	100%
	Doubtful										
TOTAL		288		467				1,160		1,915	
Factoring	Performing			12	31%			26	69%	38	100%
	Doubtful										
TOTAL				12				26		38	

2013

		Asset-backed guarantee		Guarantee from a legal entity		Guarantee from an individual		Unguaranteed		Gross book value as at 31/12/2013	
		Amounts out- standing	%	Amounts out- standing	%	Amounts out- standing	%	Amounts out- standing	%	Amounts out- standing	%
(€ million)											
Finance leases	Performing	25	4%	142	25%	3	1%	390	70%	560	100%
	Doubtful							1	100%	1	
TOTAL		25		142		3		391		561	
Local public sector loans	Performing							2,185	100%	2,185	100%
	Doubtful										
TOTAL								2,185		2,185	
Other legal entities loans	Performing	117	10%	228	19%			838	71%	1,183	100%
	Doubtful							2	100%	2	
TOTAL		117		228				840		1,185	
Factoring	Performing							9	100%	9	100%
	Doubtful										
TOTAL								9		9	

Credit quality of financial assets that are neither in arrears nor impaired on an individual basis

		31/12/2014		31/12/2013	
		Amounts outstanding	%	Amounts outstanding	%
<i>(€ million)</i>					
Loans to legal entities	not in arrears	948	100%	560	100%
	in arrears			1	
TOTAL		948		561	
Local public sector loans	not in arrears	3,594	100%	2,132	98%
	in arrears	3		53	2%
TOTAL		3,597		2,185	
Local public sector loans	not in arrears	1,915	100%	1,183	100%
	in arrears				
TOTAL		1,915		1,183	
Local public sector loans	not in arrears	29	76%	9	100%
	in arrears	9	24%		
TOTAL		38		9	

Financial assets in arrears

2014

<i>(€ million)</i>	Unimpaired amounts outstanding in arrears					Total	Doubtful loans	Guarantees		
	<30 d	30 d to 60 d	60 d to 90 d	90 d to 180 d	>180 j			Asset-backed guarantees	Guaranteed by a legal entity	Individuals
Finance lease operations							5			5
Local public sector loans	3					3				
Factoring	6	3				9				
Loans to other legal entities							1			1
TOTAL	9	3				12	6			6

2013

<i>(€ million)</i>	Unimpaired amounts outstanding in arrears					Total	Doubtful loans	Guarantees		
	<30 d	30 d to 60 d	60 d to 90 d	90 d to 180 d	>180 j			Asset-backed guarantees	Guaranteed by a legal entity	Individuals
Finance lease operations		1				1				2
Local public sector loans	20	22	8	3		53				53
Factoring										
Loans to other legal entities						2				2
TOTAL	20	23	8	3		56				57

Analysis of assets impaired on an individual basis

2014

<i>(€ million)</i>	Type of guarantee	Accounts receivable	Applied guaranteed amount	Discounted provisions	Discounted provisioning rate
Finance leases	Asset-backed guarantee				
	Guarantee from a legal entity	1			
	Guarantee from an individual				
	Unguaranteed	3		2	53%
	Doubtful by contagion not in arrears				
TOTAL		5		2	37%

As at 31 December 2013, depreciated finance lease operations amounted to €1.2 million, and provisions amounted to €0.6 million.

Securitisations

La Banque Postale's securitisation exposure amounted to €507 million, which broke down between customer loans and receivables (€499 million), and financial assets available for sale (€8 million).

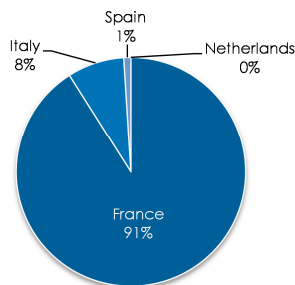
An investment was made with Oséo Financement in 2011, in order to back Livret A passbook savings accounts and Sustainable Development (LDD) accounts. Three further investments were agreed by La Banque Postale's trading room, the first one where the underlying assets are receivables due from the Ile de France Transport Association, the second one where the underlying assets are receivables due from Italian drugstores, and the third one where the underlying assets are receivables from EDF.

Lastly, the other investments in this asset class were transferred to La Banque Postale when it was founded in 2006 and are gradually phased out since that date. These other investments represent a marginal exposure of approximately 1% of the total exposure on this class of issuers.

For these reasons, the securitisation portfolio is of a high quality: all the tranches in which La Banque Postale has invested are of a rank 1 rating, and nearly 91% of the positions are held in France.

The geographical breakdown of La Banque Postale's securitisations are as follows:

Breakdown of outstanding deposits as of 31/12/2014

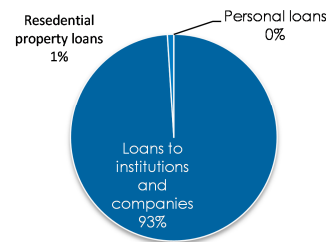


As at 31 December 2014, La Banque Postale was not aware of any significant deterioration in the credit quality of the underlying assets in its securitisation portfolio. These underlying assets consist mainly of receivables due from French institutions and companies.

The bulk of the securitisation portfolio balances consists of receivables due from institutions and companies linked to the Oséo Financement securitisation process.

The breakdown of La Banque Postale's securitisation portfolio by type of underlying asset was as follows:

Breakdown of outstanding deposits as of 31/12/2014



Exposure to counterparty risk

In the terminology used at La Banque Postale, counterparty risk stems primarily from transactions involving futures. Exposure is assessed via the present value method.

These transactions take place primarily with banking counterparties. In this context, they are systematically performed as part of agreements that provide for the netting of exposure and the putting up of collateral with regular margin calls.

The residual risk, which is subject to limits and is periodically monitored by the Corporate Credit, Public Sector and Institutional Risk Department, is not material.

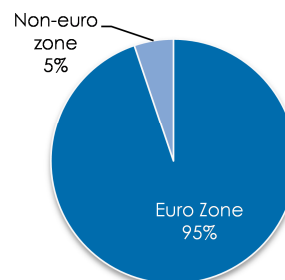
La Banque Postale is exposed to counterparty risk primarily in connection with transactions using fixed derivatives.

This risk is limited by the fact that La Banque Postale only works with top-tier institutions, with which it has signed a netting and collateral agreement. In addition, the instruments used are mainly "plain-vanilla" interest rate swaps.

As at the end of 2014, net exposure to those counterparties, after taking any collateral in place into account, was €38.6 million. These counterparties are all rated A or above.

(€ million)	31/12/2014	31/12/2013
Geographical area		
Euro Zone	36.6	19.0
Non-euro zone	2.0	0.7
TOTAL	38.6	19.7

Breakdown of outstanding deposits as of 31/12/2014



Concentration risk for each beneficiary

The regulations on major risks are applied in accordance with prudential regulation applicable for

financial institutions and investments companies, published in the Official Journal of the European Union on 26 June 2013 (Directive 2013/36/EU and Regulation (UE) No 575/2013 of the European Parliament and of the Council), implemented as at 1 January 2014, which specifies that institutions must comply with the

following limit: the total amount of risks incurred in respect of a single beneficiary must not exceed 25% of the Group net shareholders' equity.

No beneficiary exceeded this limit as at 31 December 2014.

33.3.3 Additional information on sovereign exposure

The list of sovereign exposures was prepared in accordance with the scope defined by the European Banking Authority (EBA), in other words by including the exposure data relative to regional authorities,

central authorities and businesses guaranteed by the French government.

The exposure shown below summarises the exposure for subsidiaries in which La Banque Postale owns an interest of 50% or more.

SOVEREIGN EXPOSURES

La Banque Postale does not have any exposure to Cyprus, Hungary and Egypt.

(€ million)	Bank portfolio	Assets at fair value through profit or loss	Total direct exposure ^(a)	Off-balance sheet	Total direct and indirect exposure ^(b)	Exposure (as a %)
Greece						
Ireland	2		2		2	0.0%
Italy	1,170		1,170		1,170	3.9%
Portugal						
Spain	849		849		849	2.8%
TOTAL GIIPES	2,022		2,022		2,022	6.7%
Germany	2,715		2,715		2,715	9.0%
Austria	23		23		23	0.1%
Belgium	1,559		1,559		1,559	5.1%
France	20,915	783	21,698		21,698	71.6%
United Kingdom						
Luxembourg	18		18		18	0.1%
Netherlands	200		200		200	0.7%
Poland	24		24		24	0.1%
Slovakia	1		1		1	0.0%
Slovenia	6		6		6	0.0%
Switzerland	6		6		6	0.0%
Supra-national	1,142		1,142		1,142	3.8%
TOTAL EUROPE	26,610	783	27,393		27,393	90.4%
Rest of the World	878		878		878	2.9%
TOTAL	29,510	783	30,293		30,293	100%

(a) Direct exposure: net book value (including impairment) of the Bank's proprietary exposure.

(b) Direct and indirect exposure: direct exposure, plus indirect exposure through the guarantees granted to some of the Group's UCITS.

CHANGE IN EXPOSURE TO GIIPS ^(a)

(<i>€ million</i>)	December 2013					December 2014			
	Nominal value	Book value	Impairment	Maturity	Disposals	Acquisitions ^(b)	Transfer ^(c)	Nominal value	Book value
Greece									
Ireland	2	2						2	2
Italy	105	110		(1)			(50)	54	63
Portugal									
Spain	716	753		(10)	(310)			396	416
AVAILABLE-FOR-SALE FINANCIAL ASSETS	823	865		(11)	(310)		(50)	451	481
Greece									
Ireland									
Italy	1,162	1,195		(80)				1,082	1,107
Portugal									
Spain	431	433						431	434
FINANCIAL ASSETS HELD TO MATURITY	1,593	1,629		(80)				1,513	1,541
Greece									
Ireland									
Italy									
Portugal									
Spain									
LOANS AND RECEIVABLES									
Greece									
Ireland									
Italy	2	2					(2)		
Portugal									
Spain									
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	2	2					(2)		

(a) Direct exposure: outstanding balances (including impairment) of proprietary exposure, not including the indirect exposure represented by the guarantees granted to Group UCITS.

(b) Amounts representing the initial fair value on acquisition.

(c) Transfer of ENEL shares

ADDITIONAL INFORMATION ON EXPOSURE TO CERTAIN EUROPEAN COUNTRIES

As the Insurance sector exposures were immaterial, they have not been detailed below.

Breakdown by category

(<i>€ million</i>)	Loans and receivables	Available-for-sale assets	Assets held to maturity	Bank portfolio ^(a)	Assets at fair value through profit or loss	Balance sheet total after impairment	Off-balance sheet	TOTAL
Greece								
Ireland		2		2		2		2
Italy		63	1,107	1,170		1,170		1,170
Portugal								
Spain		416	434	849		849		849
TOTAL		481	1,541	2,022		2,022		2,022

(a) The amounts shown are expressed at their net book value on the balance sheet.

Breakdown of unrealised gains and losses recorded in reserves

(€ million)	Available-for-sale assets	Losses and gains recorded in reserves	FV ranking
Greece			
Ireland	2		L1
Italy	63	9	L1
Portugal			
Spain	416	13	L1
TOTAL	481	21	

Impact of impairment

(€ million)	Total	Of which impairment	Total before impairment
Greece			
Ireland	2		2
Italy	1,170		1,170
Portugal			
Spain	849		849
TOTAL	2,022		2,022

Breakdown by maturity

(€ million)	Total	Remaining life in years						
		1	2	3	4	5	<10	>10
Greece								
Ireland	2		2					
Italy	1,170	597	186		277	70	26	14
Portugal								
Spain	849	373	445		24			7
TOTAL	2,022	970	633		301	70	26	21

NON-SOVEREIGN EXPOSURE TO CERTAIN COUNTRIES OF THE EUROPEAN UNION

(€ million)	Bank	Corporate	Public authority	Securiti-sation	TOTAL
Greece					
Ireland	50	101			151
Italy	252	243			495
Portugal					
Spain	1,050	97			1,146
AVAILABLE-FOR-SALE FINANCIAL ASSETS	1,351	441			1,792
Greece					
Ireland					
Italy					
Portugal					
Spain					
FINANCIAL ASSETS HELD TO MATURITY					
Greece					
Ireland	30				30
Italy					
Portugal					
Spain					
LOANS AND RECEIVABLES	30				30
Greece					
Ireland		35			35
Italy	584	181			765
Portugal					
Spain	562	71			634
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	1,146	287			1,433

33.4 Liquidity risk

The ALM Committee is primarily responsible for monitoring liquidity risk. Chaired by a member of the Executive Board, the Committee consists of the Head of Retail Banking, the Head of Risk, and the Head of Management Control, along with the Head of Financial Transactions, who runs it.

The ALM Committee reviews customer deposit models on a regular basis, and formally validates the outflow assumptions produced.

It monitors the liquidity risk performance indicators, and anticipates their future development, in light of the Bank's commercial policy, and of observations on customer behaviour.

Assessment of risk

As at 31 December 2014, La Banque Postale continued to show excess customer resources compared with its uses. However, the proportion of loans to customers has increased, and now represents 38% of customers' deposits, due to the development of loans to legal entities.

La Banque Postale is primarily exposed to liquidity risk arising from putting its sources of funding, which consist mainly of overnight deposits, to longer-term use, either in the form of home loans to private individuals or loans to legal entities, or in the form of debt securities.

The portion of resources not used for held-to-maturity investments or consumer loans can be used to build the portfolio of available-for-sale financial assets. These securities are effectively marketable and can be sold quickly if needed.

Risk management and limits

La Banque Postale's risk management policy defines two kinds of liquidity risk with two different monitoring approaches:

Cash liquidity risk

- Relating to the institution's cash management.
- Operational limit that enables cash management funding requirements to be capped.
- The amount and observation period are set by the Risk Committee.

The short-term liquidity limit is set in accordance with the future Basel III guidelines. It involves a 30-day limit that compares liquidity requirements over 30 days with a cushion of liquid assets. This liquidity requirement must not exceed the liquid asset cushion available.

Structural liquidity risk

- Relating to changes in the structure of the Bank's balance sheet.
- Takes the outflow agreements approved by the ALM Committee into account.
- Management of this risk is assigned to the ALM Committee in accordance with the principles and limits laid down by the Risk Committee.

This risk is currently measured through the medium-to-long-term liquidity gap, which corresponds to a static outflow of liabilities (through outflow agreements) and assets. The Bank has a guarantee that the liquidity represented by the gap will be made available to it, based on an almost certain confidence interval.

The net liquidity gap (sources – uses) is zero for the 1, 3 and 5-year segments. The Bank sets itself an excess liability obligation.

The outflow assumptions used to measure structural liquidity risk involve modelling the outflow of undated liabilities, loans extended and recognised off-balance sheet, and taking the potential conversion of the sovereign debt portfolio into account.

The assumptions used for the medium and long-term liquidity gap are:

Shareholders' equity net of non-current assets	<i>In fine</i>
Debt	Contractual date or call date
Sight deposits, savings accounts, CEL and CAT	Outflow agreement
Home loan savings plan	Certain outflow (see Home Loan Savings provision)
Term deposits	Contractual date
Home loans	Contractual schedule + early structural repayments
Home loan savings loan options	Likely generation over the average maturity observed
Bond securities and Deposits	Contractual payment schedule that is not eligible for ECB refinancing, net of the cash repo limit
Off-balance sheet commitments	Outflow agreement

Standard outflow agreements for liabilities with no fixed maturity are reviewed on a regular basis, in order to reset them at the minimum levels required by changes in the deposit volatility trend (behavioural changes, etc.).

Off-balance sheet loans are subject to a liquidation process based on a behavioural model that takes account of the rate of product changes, payment periods, and the effective life of the new loans generated (early redemption).

Risk exposure

La Banque Postale continued to manage its liquidity on a prudent basis in 2014. This was reflected in surpluses throughout the year, underpinned by the quality of the financial assets owned.

La Banque Postale's one-month liquidity ratio was 207% as at 31 December 2014, which is once again at a level that is significantly higher than the minimum regulatory requirement of 100%.

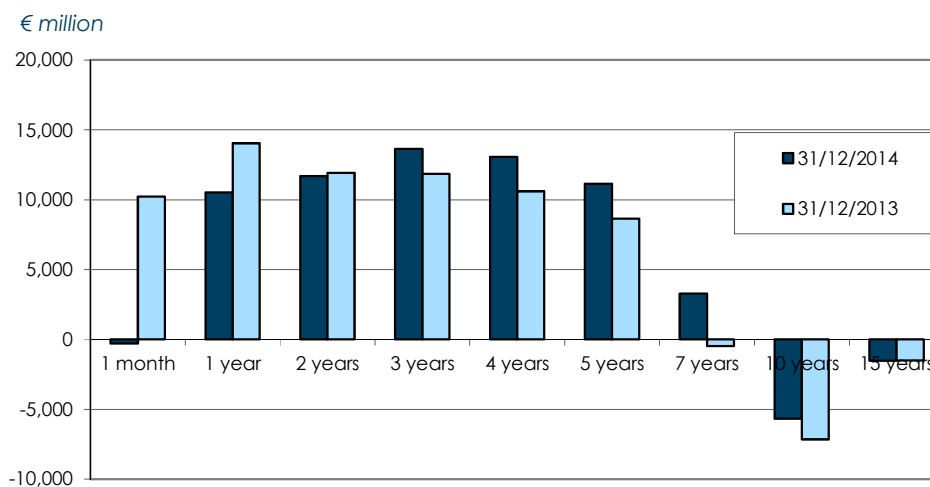
The short term liquidity risk is measured by an internal indicator, which confirmed the Bank's excess short-term liquidity position. It relies on new Basel indicators (LCR). Further stress tests were performed in 2014 in

order to check the Bank's strength in terms of liquidity risk.

Structural liquidity risk is measured via the medium and long-term liquidity gap resulting from the difference between stressed static liability outflows (outflow agreement) and assets. The structural liquidity limit was complied with at all times in 2014.

The maturities covered by the calculation are as follows: 1 month, 3 months, 6 months, 1 year, 2 years, 3 years, 4 years, 5 years, 7 years, 10 years, and 15 years. The gap is measured monthly and presented at Risk Committee and ALM Committee meetings.

Liquidity gap at 31 December 2014 and 31 December 2013



A positive gap for a given maturity indicates that the Bank has more resources than uses with a greater maturity.

The positive liquidity gap for maturities of under five years reflects La Banque Postale's surplus liquidity. Furthermore, this surplus liquidity is strengthened by the quality of the financial assets held and their accounting classification, which is taken into account in order to manage the Bank's structural liquidity.

The decline in structural liquidity on the 5-year segment is explained by the increase in customer uses, notably by legal entities.

The liquidity limit system is supplemented by stress tests, which include a drying-up of the securities repo market.

The aging of resources and uses by residual maturity is presented in note 37.2.

Short term liquidity risk

The short-term liquidity limit is set in accordance with the future Basel III guidelines. It involves a 30-day limit that compares liquidity requirements over 30 days with a cushion of liquid assets available after LCR type stress on deposits mass withdrawals. The liquidity requirement must not exceed the liquid asset cushion available. As at 31 December 2014, La Banque Postale holds an excess in liquid securities of around €19.7 billion.

Risk mitigation techniques

In addition to the prudent liquidity risk management guidelines implemented by the ALM Committee and the Risk Committee, La Banque Postale has established diversified sources of funding:

- a €20 billion certificates-of-deposit programme, of which the amount of securities issued varies between 15% and 40% of the programme, with the goal of maintaining La Banque Postale's presence in the short-term market, and to satisfy institutional clients;
- a €10 billion EMTN programme set up in late 2006, and updated in the summer of 2012. Less than 10% of this programme had been used as at the end of 2014;
- a €10 billion EMTN programme set up to issue Home Lending Bonds (OFH). Up to 11% of this programme had been used as at the end of 2014;
- a portfolio of held-to-maturity securities, which mainly consists of high-quality government bonds, which are rapidly convertible. As at the end of 2014, this liquidity reserve amounted to €35 billion, and provided a permanent source of eligible securities granting access to the ECB's refinancing transactions or to the repo market;
- access to the inter-bank market.

33.5 Interest-rate risk

The ALM Committee is primarily responsible for monitoring interest-rate risk.

It monitors the interest-rate risk performance indicators, and anticipates their future development, in light of the Bank's commercial policy, and of observations on customer behaviour.

Assessment of risk

Interest rate risk represents the likelihood of seeing the Bank's future margins or economic value affected by fluctuations in interest rates.

La Banque Postale has two different types of indicators for monitoring interest rate risk:

- indicators that support the hedging decision-making process;
- indicators aimed at assessing the institution's ability to withstand external stress.

Sensitivity indicators form part of the first category

They involve both future income schedules (sensitivity to future margins) and the net present value of future cash flows (NPV sensitivity).

These sensitivities are established using deterministic interest rate scenarios. In fact, it is always necessary to model customer behaviour, and in the present case to model that behaviour in light of changes to the interest rate environment. Among the implicit options available to customers, the most important, both in terms of their impact on the balance sheet and on margins, are:

- the risk of early redemption of outstanding loans in the event that interest rates fall;
- the risks relating to home loan savings, where deposits are collected at a higher fixed rate than expected if market interest rates fall, and take-up of the entitlement to low fixed-rate home loans is higher than expected, if market interest rates rise. These risks are actually covered by a special provision, the amount of which is determined on the basis of the same behavioural model for home loan savings account customers as the model used in future margin simulations.

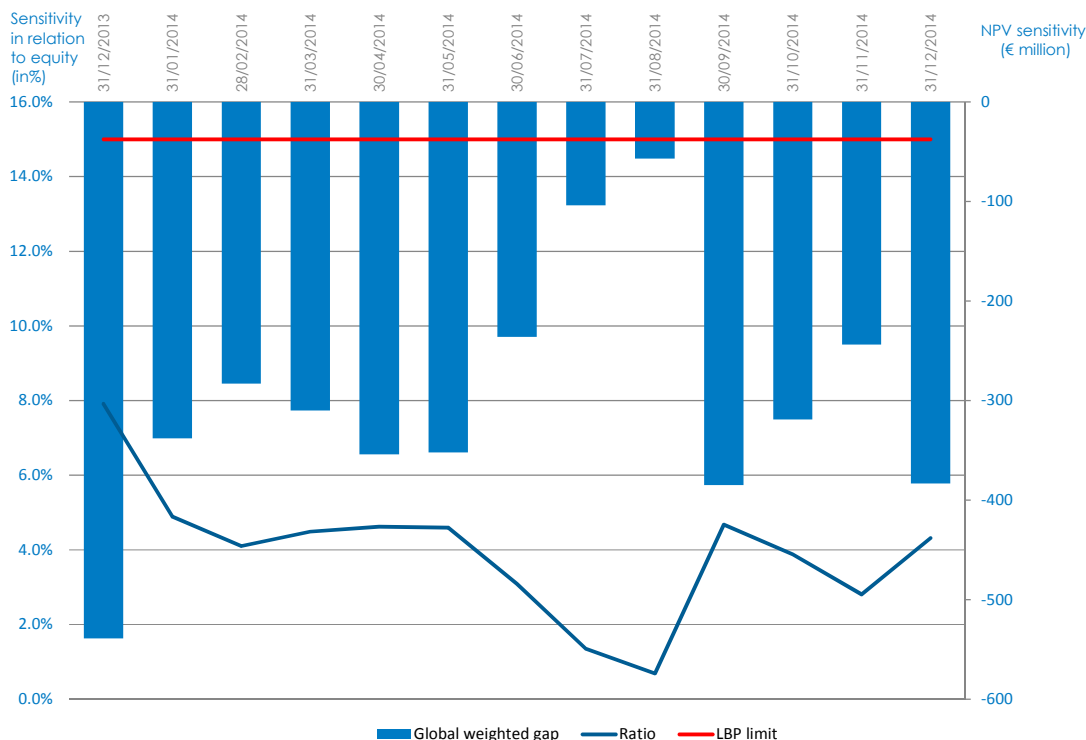
The second family of indicators includes the measurement of economic equity capital (EEC) linked to global interest-rate risk

- Measuring EEC enables an institution to demonstrate its capacity to withstand adverse market developments within a given confidence interval provided on the basis of its equity capital.
- Stress scenarios, based on historical or hypothetical situations, provide a clearer understanding of the institution's risk profile, and are especially useful for anticipating the measures that would need to be adopted if such a scenario were to materialise.

Risk management

Interest-rate risk is managed either through the investing in financial assets, by selecting maturity dates and coupon indexation terms for those assets, or via fixed or optional derivatives.

Risk exposure



In accordance with the recommendations of the Basel Committee, a sudden and parallel 200-basis point increase in interest rates was used to calculate the economic value sensitivity of the balance sheet. This indicator is calculated on a static balance sheet, without taking new generation into account. Assets and liabilities with no contractual maturity date are liquidated in accordance with the scenarios approved by the Bank's ALM Committee.

33.6 Market risk

La Banque Postale is exposed to market risk via its Cash Management and Asset and Liability Management activities (portfolio of available-for-sale assets and hedging transactions).

The market portfolio, which includes all transactions that are subject to market risk, not only covers the transaction portfolio, as defined in Articles 102 to 104 of Regulation (UE) No 575/2013 of the European Parliament and of the Council of 26 June 2013 regarding shareholders' equity requirements for credit institutions and investment firms, but also covers bank portfolio transactions, including securities held for sale and certain lending and borrowing transactions.

In terms of market risk management, La Banque Postale is first and foremost exposed to interest-rate risk. Its credit spread and equity market risk is lower, and its currency risk, primarily the risk linked to international mandates and financial activities, and commodities risk, is low.

Assessment of risk

The Bank has decided to apply a Value at Risk indicator (1-day, 99%) to all its marked-to-market positions as a cautionary measure. The limit of the indicator is reviewed by the Risk Committee on a monthly basis.

VaR is a risk indicator that is widely used in the banking and financial sector, in order to assess a portfolio of financial instruments' level of exposure to market risk.

La Banque Postale's VaR indicator not only covers the transaction portfolio (impact on fair value through profit or loss), but also covers positions recognised as assets available for sale (impact on shareholders' equity).

Sensitivity to global interest rate risk peaked in January 2014, when the interest rate liquidity gap reached 4.7% compared with an internal limit of 15% (this limit is set at 20% in the Basel Regulations).

The level of volatility displayed by this indicator is due first to the size of the Group's shareholders' equity, and second to the significant movements in the yield curve during the year, which had a significant impact on outflow models and on the amounts invested in 2014.

The VaR implemented at La Banque Postale is a parametric VaR, which is calculated based on a variance-covariance matrix covering interest-rate risk, spread risk, currency risk and the risk of fluctuations in the equity indices to which the bank is exposed. In terms of risk factors, the main approximation concerns the "specific interest-rate risk": the credit spread risk (to which bonds are sensitive) is taken into account via a sector-rating approach which only captures a portion of this type of risk.

This matrix is calculated with a scaling factor designed to overweight recent changes compared with earlier ones. Therefore, La Banque Postale's implementation does not cover second tier risks (convexity), which are actually a rare occurrence for the Bank.

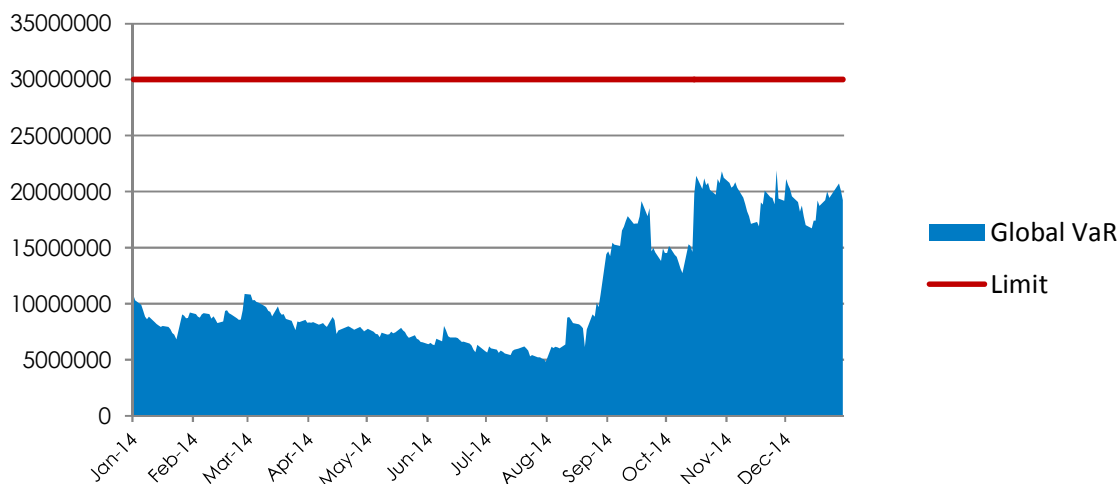
The VaR calculated in this way partially covers option risk, although second-tier risks are not taken into account. The development of option positions, which are currently not material, could result in the Risk Department using a more appropriate method.

The Risk Department back-tests the results of the model used to calculate the VaR, in order to assess its quality. This analysis is based not just on counting the number of over-runs, but also assesses compliance with certain assumptions, primarily the normality and Markovian character of the distributions.

The VaR measurements are supplemented by monthly stress tests designed to measure the Bank's exposure to market situations outside the confidence interval used to calculate the VaR.

Risk exposure

Change in Global VaR



La Banque Postale reclassified Portuguese and Spanish investments in September 2013 from its held-to-maturity investment portfolio to its available-for-sale portfolio, in order to be able to actively manage its positions.

As of today, the Portuguese investments have all been sold. The exposure to Spanish investments is now managed by the trading room as part of its usual interest rate and credit delegate management activity.

Simultaneously, the market risks limits were increased by the Executive Board in order to account for this additional exposure.

(€ million)	31/12/2014	31/12/2013
Global VaR	19.3	11.6
VaR of transactions recorded in the trading portfolio	7.9	3.4

Risk factor contribution to global VaR (€ million)	31/12/2014	31/12/2013
Interest rates	16.9	7.3
Credit spreads	(0.1)	1.4
Currency	(0.5)	0.7
Equity markets	3.2	2.3
Volatility	(0.2)	(0.1)
TOTAL	19.3	11.6

Statistics for the 2014 financial year (€ million)	Moyenne	Minimum	Maximum
Global VaR	11.2	4.8	21.9
VaR of trading portfolio transactions	3.9	1.5	10.0

La Banque Postale’s global VaR follows an upward trend, which is mainly due to the growth of the balance sheet interest rate hedging positions of the ALM desk.

NOTE 34 ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS

- 34.1 Fair value of financial instruments by category
- 34.2 Methods for calculating the fair value of financial instruments
- 34.3 Impact of financial instrument on net profit/(loss) and equity
- 34.4 Financial hedging instruments
- 34.5 Reclassification of financial assets

34.1 Fair value of financial instruments by category

The tables below show the fair value of the financial instruments on the balance sheet, and their breakdown according to the IAS 39 categories:

As at 31 December 2014

	31/12/2014		Book value according to the IAS 39 categories						
	Book value	Fair value	Fair value through profit or loss Trading	Designated as fair value through profit or loss	Available-for-sale assets	Loans and receivables	Assets held to maturity	Borrowings at amortised cost	Hedge
ASSETS									
Bank assets									
Customer loans and receivables	67,857	71,508				67,857			
Receivables from credit institutions	83,315	83,564				83,315			
Securities portfolio	52,541	56,120	9,673		12,985		28,297		1,587
Other current financial assets	1,521	1,521				1,345			177
Non-bank assets									
Other non-current financial assets	831	831	472		262	66			31
Trade and other receivables	3,303	3,303				3,303			
Other current financial assets	383	383	163		154	46			20
Cash and cash equivalents	1,389	1,389	514			875			
LIABILITIES									
Bank liabilities									
Liabilities to credit institutions	15,157	15,735						15,157	
Customer transactions	167,251	170,492						167,251	
Debt evidenced by a certificate and other	15,143	14,864	327	5		1,591		10,903	2,316
Non-banking liabilities									
Bonds and other financial debt	7,005	7,800	50	2,096				4,858	
Trade and other payables	4,321	4,321						4,321	

As at 31 December 2013

	31/12/2013		Book value according to the IAS 39 categories						
	Book value	Fair value	Fair value through profit or loss Trading	Designated as fair value through profit or loss	Available-for-sale assets	Loans and receivables	Assets held to maturity	Borrowings at amortised cost	Hedge
ASSETS									
Bank assets									
Customer loans and receivables	59,204	61,633				59,204			
Receivables from credit institutions	82,894	83,102				82,894			
Securities portfolio	50,566	53,892	5,382		12,793		32,261		130
Other current financial assets	1,435	1,435				1,336			99
Non-bank assets									
Other non-current financial assets	938	938	548		265	94			31
Trade and other receivables	2,810	2,810				2,810			
Other current financial assets	433	433	252		112	49			20
Cash and cash equivalents	2,104	2,104	1,229			875			
LIABILITIES									
Bank liabilities									
Liabilities to credit institutions	14,757	14,840						14,757	
Customer transactions	166,583	166,602						166,583	
Debt evidenced by a certificate and other	6,801	6,856	112	6				6,301	372
Non-banking liabilities									
Bonds and other financial debt	7,071	7,587	85	2,222				4,764	
Trade and other payables	4,357	4,357						4,357	

34.2 Methods for calculating the fair value of financial instruments

34.2.1 Financial instruments excluding banking activities

The fair value of the bond debt and of the related swaps is measured using a calculation method based on observable data, which corresponds to Level 2 of the fair value ranking established in IFRS 7. Details of this calculation method are provided below.

Every financial product is assessed as a series of future cash flows regardless of whether they are determined at the calculation date. The fair value calculation is based on discounting these future cash flows. The discounting factors are deduced from a zero coupon curve, which is itself determined based on a benchmark of interest-rate products spread over more than 40 due dates. To calculate the fair value of the bond debt, La Poste's credit spread is added to the zero coupon curve. La Poste's implied credit spread is determined based on price brackets supplied by various market participants (brokers), which are adjusted for data observed in the market (price and bracket dispersion).

In the case of cash flows dependent on a floating-rate not yet determined at the calculation date, future rates are estimated based on the future structure of interest rates.

In the case of financial products with cash flows in different currencies, the cash flows are discounted for each currency based on discounting factors specific to each currency. The currency market values obtained

are then translated into euros at the ECB exchange rate on the day of the calculation.

Option products are determined by factoring in implied market volatility, in view of the option exercise dates.

The fair value of current financial assets and liabilities is deemed equivalent to their book value, in view of their short-term maturity.

The fair value of bonds and UCITS units is determined according to listed prices.

34.2.2 Financial instruments used in banking activities

Fair value is the amount for which an asset could be exchanged, or a liability extinguished between knowledgeable and willing parties operating under normal competition conditions. When an instrument is first recognised, its fair value is usually the transaction price.

IAS 39 recommends initially using a listed price on an active market to determine the fair value of a financial asset or liability. A market is considered to be active if prices are easily and regularly available from a stock exchange, a broker, a trader or a regulatory agency, and if these prices represent actual transactions carried out at arm's length. In the absence of an active market, fair value must be determined using valuation techniques.

These techniques include the use of recent arm's length transactions. They are based on market data, the fair values of substantially identical instruments, discounted cash flow models or option pricing models, and use recognised valuation methods. The aim of a valuation technique is to establish what the instrument's price would have been in a normal market.

For example, the fair value of bonds, variable-income securities and futures is determined according to listed prices. Valuation techniques are used for over-the-counter derivatives, discount securities (e.g. commercial paper, and certificates of deposit, etc.) and repo deposits.

The market value of unlisted equity investments classified as available-for-sale financial assets is determined with reference to certain criteria such as net assets, the earnings outlook and discounted future cash flows.

Unconsolidated investments where the fair value cannot be measured reliably are valued at cost, and are deemed Level 3.

The listed price for an asset held or a debt to be issued is usually the bid price, and the ask price for a debt held or an asset to be acquired.

Fair value of loans

The scope applied is that of all loans drawn down and included on La Banque Postale's balance sheet. Loans that have been granted but not yet released are not taken into account, as it is assumed that, since their rate has just been fixed, their value will not be different from the amount advanced.

For the types of loans sold by the Bank, the main assumptions underlying the calculation are as follows:

- The fair value of overdrafts on sight accounts is assumed to correspond to the accounting value.

This seems a conservative assumption given the interest rate charged to customers (12%) and the very short length of the loans (less than one month).

- The fair value of loans is determined on the basis of internal models, which consist in discounting future recoverable capital and interest flows over the residual maturity, which are discounted based on opportunity interest rates.

Fair value of deposits

The main underlying assumptions for the calculation are as follows:

- For deposits where the remuneration rate is regulated, Livret B (savings passbook) accounts, Youth passbook savings accounts, National Savings Accounts and term deposits accounts, fair value is assumed to correspond to the net book value of the amount outstanding.
- The fair value of sight deposits is assumed to correspond to the net book value of the amount outstanding, net of the fair cost value of the swaps used to hedge overnight deposits (via the carve-out option).

Fair value of held or issued debt instruments

The fair value of listed financial instruments corresponds to the closing market price. The fair value of unlisted financial instruments is determined by discounting future cash flows at the market rate in effect at the closing date.

All of these instruments are deemed level 2, and the most significant parameters with regard to the market value of these instruments are considered indirectly observable.

34.2.3 Ranking of fair value assessments recognised on the balance sheet

The fair value ranking levels defined in IFRS 7 are as follows:

- Level 1: valuation determined by prices listed on an active market
- Level 2: valuation determined by techniques using observable data;
- Level 3: valuation determined by techniques using unobservable data.

As at 31 December 2014

(€ million)

	Level 1	Level 2	Level 3
BANKING ACTIVITIES ASSETS			
Government securities and similar	783		
Bonds and other fixed-income securities	2,803	5,746	
Equities and other variable-income securities	45		
Financial assets at fair value through profit or loss	3,631	5,746	
Interest-rate derivatives		279	
Foreign exchange derivatives		11	
Equity and index derivatives		6	
Trading derivatives		297	
Interest-rate derivatives		1,359	
Fair value hedging derivatives		1,359	
Interest-rate derivatives	96	77	
Cash flow hedging derivatives	96	77	
Government securities and similar	2,177	36	
Bonds and other fixed-income securities	8,766	661	
Equities and other variable-income securities	963	265	116
Unconsolidated investments			118
Available-for-sale financial assets	11,905	962	234
NON-BANKING ACTIVITIES ASSETS			
Other non-current financial assets	190	491	33
Trade and other receivables		3,303	
Other current financial assets	273	110	
Cash and cash equivalents	3	1,386	
BANKING ACTIVITIES LIABILITIES			
Debt evidenced by a certificate		5	
Financial liabilities designated at fair value through profit or loss		5	
Interest-rate derivatives		282	
Foreign exchange derivatives		1	
Other derivative instruments		27	
Equity and index derivatives		18	
Trading derivatives		327	
Interest-rate derivatives		432	
Fair value hedging derivatives		432	
NON-BANKING ACTIVITIES LIABILITIES			
Bonds and other financial debt		7,005	
Trade and other payables		4,321	

Reclassifications from Level 1 to Level 2 : Assets: €491.7 million, Liabilities: none

Reclassifications from Level 1 to Level 3 : Assets: €104.4 million, Liabilities: none

Reclassifications from Level 2 to Level 1 : Assets: €6.9 million, Liabilities: none

As at 31 December 2013

(€ million)

BANKING ACTIVITIES ASSETS	Level 1	Level 2	Level 3
Government securities and similar	105		
Bonds and other fixed-income securities	1,719	3,378	
Equities and other variable-income securities	51		
Financial assets at fair value through profit or loss	1,875	3,378	
Interest-rate derivatives		118	
Foreign exchange derivatives		3	
Equity and index derivatives		7	
Trading derivatives		128	
Interest-rate derivatives		129	
Fair value hedging derivatives		129	
Interest-rate derivatives		92	
Cash flow hedging derivatives		92	
Government securities and similar	2,049	36	
Bonds and other fixed-income securities	9,283	121	
Equities and other variable-income securities	1,176		
Unconsolidated investments			127
Available-for-sale financial assets	12,509	157	127
NON-BANKING ACTIVITIES ASSETS			
Other non-current financial assets	304	638	
Trade and other receivables		2,936	
Other current financial assets	252	179	
Cash and cash equivalents	1,061	1,102	
BANKING ACTIVITIES LIABILITIES			
Debt evidenced by a certificate		6	
Financial liabilities designated at fair value through profit or loss		6	
Interest-rate derivatives		73	
Foreign exchange derivatives		6	
Other derivative instruments		20	
Equity and index derivatives		12	
Trading derivatives		112	
Interest-rate derivatives		372	
Fair value hedging derivatives		372	
NON-BANKING ACTIVITIES LIABILITIES			
Bonds and other financial debt		7,103	
Trade and other payables		4,424	

Level 3 fair values: reconciliation of opening and closing balances (banking activities)

(€ million)	Assets at fair value through profit or loss	Assets designated at fair value through profit and loss	Trading derivatives	Hedging derivatives	Available-for-sale assets	TOTAL
Opening balance					127	127
Gains and losses recorded in income					(2)	(2)
Gains and losses recorded in equity					1	1
Purchases					30	30
Sales					(11)	(11)
Other movements					(5)	(5)
Reclassifications to or from Level 3					95	95
Closing balance					234	234

Level 3 fair values: profits and losses for the period recognised in income

None

34.3 Impact of financial instrument on net profit/(loss) and equity

Non-banking activities

The impact of the Group's financial instruments on income (excluding Banking activities) is described in Note 13 "financial profit / (loss)".

Banking activities

The table below details the impact of the Banking activities financial instruments on income and equity.

2014	Changes in fair value					Net gain (loss)
	Interest income (expense)	Fair value through profit or loss	Fair value through equity	Impairment	Deconsolidation and dividends	
(€ million)						
Loans, receivables and payables	2,027			(163)		1,864
Assets held to maturity	1,003					1,003
Available-for-sale assets	160		58		169	387
Financial instruments at fair value through profit or		19				19
TOTAL	3,190	19	58	(163)	169	3,273
	(a)	(b)	(c)	(d)	(e)	

2013	Changes in fair value					Net gain (loss)
	Interest income (expense)	Fair value through profit or loss	Fair value through equity	Impairment	Deconsolidation and dividends	
(€ million)						
Loans, receivables and payables	1,932			(154)		1,778
Assets held to maturity	1,129					1,129
Available-for-sale assets	246		28		117	391
Financial instruments at fair value through profit or		26				26
TOTAL	3,307	26	28	(154)	117	3,324
	(a)	(b)	(c)	(d)	(e)	

- (a) Corresponds to the net difference between "Interest and similar income" and "Interest and similar expenses" included in NBI (see Note 7).
(b) Corresponds to the "Net gains and losses on financial instrument transactions at fair value through profit or loss" line in NBI.
(c) Corresponds to the amount recognised in the change in equity for the year.
(d) + (e) Corresponds to the "Net gains or losses on available-for-sale assets" line in NBI.

34.4 Financial hedging instruments

Non-banking activities

The effects of hedging the fair value of the bonds on the consolidated financial statements are shown in Note 30.

Banking activities

Hedging derivatives used in the Banking activities (see Note 3.L.6) broke down as follows:

(€ million)	Fair value hedges		Cash flow hedges		Hedging of net investments in foreign currencies		TOTAL	
	Positive fair value	Negative fair value	Positive fair value	Negative fair value	Positive fair value	Negative fair value	Positive fair value	Negative fair value
Interest rate derivatives								
31/12/2013	129	372	92				221	372
31/12/2014	1,359	432	174				1,533	432

The table below presents a breakdown of the impact of Banking activities hedging transactions on income:

(<i>€ million</i>)	2014			2013		
	Fair value hedges	Cash flow hedges	Hedging of net investments in foreign currencies	Fair value hedges	Cash flow hedges	Hedging of net investments in foreign currencies
Interest income on hedging transactions	182	29		149		
Interest expense on hedging transactions	(111)	-		(176)		
Net interest income (expense) on hedging transactions	71	29		(27)		
Net change in the fair value of hedged and hedging instruments	-	-		(12)		
Inefficiency	-	-				
NET CHANGE IN FAIR VALUE ON HEDGING TRANSACTIONS				(12)		

34.5 Reclassification of financial assets

In 2008, La Banque Postale chose the option provided by the 13 October 2008 amendment to IAS 39 and IFRS 7 to reclassify certain available-for-sale financial assets under "loans and receivables".

The transfer of part of the securities in the available-for-sale financial assets portfolio that no longer had the expected liquidity to the loans and receivables category enables the financial statements to provide a better view of La Banque Postale's allocation of resources.

The reclassifications were carried out at fair value on 1 July 2008.

There were no further reclassifications in 2014 and 2013.

The reclassified securities represent an amount of €4.3 million as at 31 December 2014 compared to €5.2 million as at 31 December 2013. The fair value of those securities amounts to €4.2 million. Interests recorded during the year and in 2013 were not significant.

34.6 Offsetting of financial instruments

The following disclosures present the information required by IFRS 7 on financial instruments that are offset on the balance sheet, as well as on financial instruments that are not offset on the balance sheet, but are subject to an enforceable master netting arrangement or a similar agreement.

34.6.1 Non-banking derivative instruments

2014

(<i>€ million</i>)	Gross amount	Offset amount on balance sheet	Net amount on balance sheet	Amounts not offset on balance sheet		Net amounts
	A	B	C=A-B	Derivative instruments D	Collateral cash E	F=C-D-E
Derivative assets	388		388	28	353	7
Derivative liabilities	37		37	28	12	(0)
Derivative assets on cash management funds						
Derivative liabilities on cash management funds	13		13		12	0

2013

(<i>€ million</i>)	Gross amount	Offset amount on balance sheet	Net amount on balance sheet	Amounts not offset on balance sheet		Net amounts
	A	B	C=A-B	Derivative instruments D	Collateral cash E	F=C-D-E
Derivative assets	419		419	52	365	1
Derivative liabilities	69		69	52	17	0
Derivative assets on cash management funds	3		3	3	0	0
Derivative liabilities on cash management funds	14		14	3	9	2

La Poste has put framework agreements in place with all of its market counterparties in order to reduce its exposure if its market counterparties default. These agreements result in the losing counterparty paying a guarantee deposit to the winning counterparty in cash, equivalent to the net position of the derivatives. Margin

calls occur weekly or daily, according to the counterparties. These agreements do not comply with the criteria in IAS 32 governing the offset of derivative assets and liabilities on the balance sheet. They do, however, fall within the scope of disclosures under the IFRS 7 standard on offsetting.

34.6.2 Banking financial instruments

2014

	Gross amount	Offset amount on balance sheet	Net amount on balance sheet	Amounts not offset on balance sheet		Securities received/ given as guarantees	Net amounts
(€ million)	A	B	C=A-B	Financial instruments D	Collateral cash D	E	F=C-D-E
ASSETS							
Financial instruments at fair value through profit or loss	9,674		9,674	587	1,201		7,886
Of which derivatives (including hedging derivatives)	1,829		1,829	587	1,201		42
Customer and credit institutions loans and receivables	155,359	4,188	151,171	532		2,716	147,923
Of which securities under repurchase agreements	7,436	4,188	3,248	532		2,716	0
Accruals and other assets	2,287		2,287	3			2,284
Of which deposits and guarantees paid	5		5	3			2
Other assets not offset	49,707		49,707				49,707
TOTAL ASSETS	217,027	4,188	212,839	1,123	1,201	2,716	207,800
LIABILITIES							
Financial instruments at fair value through profit or loss	764		764	587	130		47
Of which portfolio designated at fair value	5		5				5
Of which derivatives (including hedging derivatives)	736		736	587	130		19
Customer and credit institutions liabilities	187,256	4,188	183,067	532	91	15,645	166,798
Of which securities under repurchase agreements	20,562	4,188	16,374	532	91	15,645	105
Other liabilities not offset (excluding equity)	20,400		20,400				20,400
TOTAL LIABILITIES	208,420	4,188	204,232	1,119	221	15,645	187,246

2013

	Gross amount	Offset amount on balance sheet	Net amount on balance sheet	Amounts not offset on balance sheet		Securities received / given as guarantees	Net amounts
(€ million)	A	B	C=A-B	Financial instruments D	Collateral cash D	E	F=C-D-E
ASSETS							
Financial instruments at fair value through profit or loss	5,602		5,602	145	148		5,309
Of which trading portfolio	5,250		5,250				5,250
Of which other financial assets	2		2	1	1		0
Of which derivatives (including hedging derivatives)	349		349	145	147		57
Customer and credit institutions loans and receivables	144,938	2,832	142,106		6	1,985	140,115
Of which securities under repurchase agreements	4,828	2,832	1,996		6	1,985	5
Other assets not offset	53,669		53,669				53,669
TOTAL ASSETS	204,208	2,832	201,377	145	154	1,985	199,092
LIABILITIES							
Financial instruments at fair value through profit or loss	489		489	145	229		115
Of which portfolio designated at fair value	6		6				6
Of which derivatives (including hedging derivatives)	484		484	145	229		109
Customer and credit institutions liabilities	184,475	2,832	181,643		111	15,765	165,767
Of which securities under repurchase agreements	18,914	2,832	16,082		111	15,765	206
Other liabilities not offset (excluding equity)	11,915		11,915				11,915
TOTAL LIABILITIES	196,879	2,832	194,047	145	341	15,765	177,796

NOTE 35 RELATED PARTY TRANSACTIONS

- 35.1 Relations with the French government and public sector companies
- 35.2 Relations with consolidated companies
- 35.3 Remuneration of administration and management bodies

35.1 Relations with the French government and public sector companies

35.1.1 Relations with the French government

Since the 10 February 2010 Act reaffirming the provisions of the July 1990 Act on the restructuring of the postal and telecommunications public service, La Poste has been a société anonyme (public limited company) overseen by the Minister for Industry under the Minister for the Economy, Industry and Employment, and subject to economic and financial control by the French government, and to the control procedures of the French Court of Auditors and the French Parliament.

A new business contract was signed on 1 July 2013 between La Poste and the French government for the 2013-2017 period. This contract updates the respective commitments of La Poste and the French government for the next five years, in particular:

- Maintaining the public service missions that have been entrusted to La Poste: Universal Postal Service, Press transportation and delivery, Banking Accessibility and Regional Planning, maintaining the cost compensation principle for these three latter missions.
- A reinforcement of quality of service commitment.
- Missions adapted to users' expectations and technological advancements.
- The introduction of citizen commitments to promote the development of corporations and territories, act in favour of disadvantaged people, develop a digital society and engage in corporate social responsibility.

The French Postal Regulation Act of 20 May 2005 provided Arcep with the power to regulate pricing for the Universal Postal Service on a multi-year basis, after reviewing La Poste's proposals. The Act also confirmed and clarified La Poste's regional development responsibilities.

In the case of the Group's banking activities, the French government sets the commission rates on regulated savings products, i.e. Livret A passbook savings accounts, Sustainable Development Savings Accounts and Popular Savings accounts. The change in these

rates has a direct impact on La Banque Postale's Net Banking Income.

35.1.2 Relations with public sector companies

Le Groupe La Poste enters into transactions, under market conditions, with public sector companies in the normal course of its business.

35.2 Relations with consolidated companies

Transactions performed between fully consolidated Group companies are eliminated on consolidation and are therefore not discussed in this Note.

Transactions with equity associates primarily relate to CNP Assurances, with which La Banque Postale has signed a commercial partnership agreement, resulting in the payment of commissions. The impact on the Group's financial statements of transactions with CNP Assurances of transactions are summarised in the table below:

<i>(€ million)</i>	31/12/2014	31/12/2013
Income	591	524
Expenses		
Accounts receivable	146	116
Liabilities	122	131

Transactions with other equity associates and joint ventures are not material.

35.3 Remuneration of administration and management bodies

The remuneration of Le Groupe La Poste senior executives amounted to €5.1 million in total for the year ended 31 December 2014 (€5.8 million in 2013). Senior executives do not benefit from any specific post-employment benefits.

The Group's main senior executives are the members of the Board of Directors and of the Executive Committee.

NOTE 36 OFF-BALANCE SHEET COMMITMENTS AND CONTINGENT LIABILITIES

- 36.1 Lease commitments
- 36.2 Banking activities commitments
- 36.3 Other commitments given
- 36.4 Other commitments received
- 36.5 Other commitments
- 36.6 Contingent liabilities

36.1 Lease commitments

The minimum future payments for operating leases where the Group is the lessee broke down as follows:

(€ million)	31/12/2014	31/12/2013
Less than 1 year	533	520
1 to 5 years	993	915
Over 5 years	459	423
TOTAL	1,986	1,858

Operating lease payments amounted to €677 million in 2014 (€659 million in 2013).

36.2 Banking activities commitments

The contractual value of commitments given and received as part of La Banque Postale's business activities is as follows:

(€ million)	31/12/2014	31/12/2013
Financing and guarantee commitments and commitments on securities given		
Financing commitments		
to credit institutions	200	305
to customers	17,747	20,197
Guarantee commitments		
to credit institutions	370	412
to customers ^(a)	3,066	3,278
Commitments on securities to be delivered	1,040	2,075
Financing and guarantee commitments and commitments on securities received		
Financing commitments		
from credit institutions ^(b)	2,552	3,317
from customers	740	970
Guarantee commitments		
from credit institutions	29,352	29,516
from customers	8,687	8,543
Commitments on securities to be received	108	236
Other commitments given ^{(b)(c)}	6,659	5,029

(a) Includes capital and performance guarantees granted to holders of shares of UCITS managed by Group entities.

(b) Of which commitments given (€2,437 million) and received (€2,301 million) as part of the "3 G" guarantee management arrangement with the Banque de France, which allows banks to jointly manage all collateral relating to their refinancing transactions with Banque de France.

(c) In 2014, this includes commitments of €3,995 million (€2,370 million in 2013) relating to home loans given in guarantees of bonds issued by La Banque Postale Home Loan SFH, the housing financing company of the Group.

Commitments related to Cr dit Logement

- Le Groupe La Poste has undertaken to maintain Cr dit Logement's basic equity, in proportion to its 6% interest, so that Cr dit Logement can meet its solvency ratio.
- The Group has undertaken, where applicable, to replenish Cr dit Logement's mutual guarantee fund, which covers borrower default on the loans held on Cr dit Logement's books. This commitment, which corresponds to the proportion of loans distributed by La Poste's network, amounted to €369 million as at 31 December 2014.

Fair value of assets received as guarantee which the Group can dispose of

The fair value of securities received under repurchase agreements amounts to €3,255 million as at 31 December 2014. Margin calls on securities under repurchase agreements and derivatives represent an amount of €1,672 million as at 31 December 2014.

Commitment received from the European Investment Bank

La Banque Postale has been granted a commitment from the European Investment Bank to refinance several investment projects (high schools, hospitals, fiber optics) for a total amount of €300 million.

36.3 Other commitments given**36.3.1 Guarantees and endorsements**

Total guarantees and endorsements given amounted to €14 million as at 31 December 2014.

36.3.2 Commitments relating to the acquisition of Seur

Under the shareholders' agreement signed on 10 March 2008 with Seur franchisees who were shareholders in Seur SA, GeoPost granted each shareholder an individual put option with the following terms and conditions:

- sale of all the shares in Seur SA to GeoPost. The Group recorded the corresponding debt;
- sale of the shares in the franchises owned;
- the option exercisable over a period of 20 years as from 10 March 2008, subject to the acquisition of a franchise by GeoPost subsequent to this agreement;
- the purchase obligation guaranteed by GeoPost is subject to an annual ceiling of €100 million.

These options have been in place since the acquisition of the Teruel franchise by GeoPost in March 2009.

36.3.3 Commitment related to the acquisition of DPD Bulgaria and DPD Romania

In relation to the acquisition of DPD Bulgaria and DPD Romania, GeoPost SA provided a set of guarantees to the acquirer, including:

- guarantees of ownership of the securities and tax and social guarantees, for a period of 60 months
- guarantees regarding the compliance of the financial statements published as at 31 December 2013 and

as of 30 March 2014 or regarding any other administrative area for a period of 18 months

Potential compensation will be equal to 100% of damages and up to

- for the acquisition of DPD Bulgaria: €417,400, except for the ownership of securities for which the guarantee is up to the sale price of 100% of the shares, i.e. €4.2 million.
- for the acquisition of DPD Romania: €891,800, except for the ownership of securities for which the guarantee is up to the sale price of 100% of the shares, i.e. €8.8 million and the tax and social guarantees granted for a maximum amount of €2 million.

To be admissible, a claim must be for more than €10,000 or the sum of claims must be for more than €50,000.

36.3.4 Commitment to acquire non-current assets

In 2011, La Poste made a commitment to Renault to order 10,000 electrical vehicles by 2015. As at 31 December 2014, this commitment represented an amount of €128 million.

36.3.5 Social housing fund

On 7 April 2014, La Poste and the unions signed an agreement regarding La Poste's social housing policy, pertaining to social housing orders for postal workers under construction programmes of affordable housing (HLM) companies. The amount allocated to the fund for the 2014-2016 period is €20 million. As of 31 December 2014, this commitment totalled €14 million.

36.3.6 Sponsorship

La Poste committed to finance several sponsorship projects for a total amount of €12 million as at 31 December 2014.

36.4 Other commitments received**36.4.1 Guarantees and endorsements**

Total guarantees and endorsements received amounted to €51 million as at 31 December 2014, including €42 million for La Poste.

36.4.2 Credit facilities

- La Poste has a five-year, €650 million revolving credit facility expiring in October 2018, under the terms of which it has received commitments from the nine banks in the banking pool. This facility had not been used as at 31 December 2014.
- In October 2013, BNPP granted a firm 5-year credit facility to La Poste for an amount of €75 million. This facility had not been used as at 31 December 2014.

36.4.3 Property sale commitments

La Poste has entered into property sale commitments that are expected to be completed in 2015. As at 31

December 2014, the total amount of commitments received in this respect amounted to €39 million.

36.4.4 Call options on securities

On 21 December 2000, Caisse d'Épargne Group granted Le Groupe La Poste an unreserved irrevocable call option on CNP Assurances shares and additional securities representing 2% of the share capital of CNP Assurances.

36.4.5 Commitments relating to the acquisition of Seur

- As part of the contribution of Guadalpack to GeoPost Spain in July 2012, the contract included guarantees given by the vendor for a period of 18 months as from taking control or until the underlying risk lapses (primarily in respect of tax risks). As at 31 December 2014, only the guarantees relating to the tax risks remained. The sellers will also be required, in the event of violation of the non-compete clause applicable for a period of 5 years, to pay to Seur GeoPost compensation in an amount equivalent to 10% of the acquisition price, i.e. €1.7 million.
- For the acquisition of Transvaleria by GeoPost España Parcel on 2 March 2012, the sellers made a deposit of €80,000 as a liabilities guarantee, decreasing €20,000 each year. This guarantee will end on 2 March 2016. The sellers will also be required, in the event of violation of the non-compete clause applicable for a period of 5 years, to pay to Seur GeoPost compensation in an amount equivalent to 10% of the acquisition price, i.e. €125,000.
- As part of the acquisition of Transportes Urgentes Guadalajara on 10 July 2013, guarantees were granted by the sellers, in accordance with legal time frames and obligations, for a duration of 52 months for tax and social obligations and for a duration of 18 months for other guarantees, starting from the signature date. The sellers also made a deposit of €500,000 as a liabilities guarantee, the amount of which decreases €100,000 each year. This guarantee will end on 10 July 2018. The sellers will also be required, in the event of violation of the non-compete clause applicable for a period of 5 years, to pay to Seur GeoPost compensation in an amount equivalent to 10% of the acquisition price, i.e. €1.1 million.
- Under the acquisition of Transcoba on 26 July 2013, the contract provides for guarantees agreed to by the sellers, in accordance with legal time frames and obligations, for a duration of 52 months for tax and social obligations and for a duration of 18 for other guarantees, starting from the signature date. Additionally, the sellers made a deposit of €600,000 as a liabilities guarantee, decreasing €150,000 each year, which will end on 26 July 2017. The sellers will also be required, in the event of violation of the non-compete clause applicable for a period of 5 years, to pay to Seur GeoPost compensation in an amount equivalent to 10% of the acquisition price, i.e. €584,000.

- Under the acquisition of Tursa Transportes y Servicios 2000 on 19 December 2013, the contract provides for guarantees agreed to by the sellers, in accordance with legal time frames and obligations, for a duration of fifty-two months for tax and social obligations and for a duration of 18 months for other guarantees, starting from the signature date. In addition, the sellers made a deposit of €400,000 as a liabilities guarantee, decreasing by €100,000 every year and ending on 19 December 2017. Furthermore, in the event of violation of the non-compete clause applicable for a period of 5 years, the sellers will be required to pay to Seur GeoPost compensation in the amount of €885,000.
- As part of the acquisition of Logistica Menorca on 8 July 2014, guarantees were granted by the sellers, in accordance with legal time frames and obligations, for a duration of fifty-two months for tax and social obligations and for a duration of 18 months for other guarantees, starting from the signature date. In addition, the sellers made a deposit of €100,000 as a liabilities guarantee, decreasing by €25,000 each year and ending on 8 July 2018. The sellers will also be required, in the event of violation of the non-compete clause applicable for a period of 5 years, to pay to Seur GeoPost compensation in an amount equivalent to 10% of the acquisition price, i.e. €150,000.
- Under the acquisition of Repsa Transportes y Servicios 2000 on 8 July 2014, the contract provides for guarantees agreed to by the sellers, in accordance with legal time frames and obligations, for a duration of fifty-two months for tax and social obligations and for a duration of 18 for other guarantees, starting from the signature date. In addition, the sellers made a deposit of €400,000 as a liabilities guarantee, decreasing by €100 every year and ending on 8 July 2018. Furthermore, in the event of violation of the non-compete clause applicable for a period of 5 years, the sellers will be required to pay to Seur GeoPost compensation in the amount of €867,000.

36.4.6 Commitments relating to the acquisition of Lisespo Transportes

In relation to the acquisition of Lisespo Transportes on 20 November 2014, guarantees were given by the sellers for management acts and omissions prior to the date of signing of the contract giving rise to obligations:

- in terms of tax matters, until 30 November 2018
- in terms of Social Security matters, until 30 November 2024
- in labour law matters for a period of 4 years as from the date of signing of the contract
- for all other matters (administrative, criminal, civil, etc.) for a period of 5 years as from the date of signing of the contract

The sellers made a deposit of €500,000 as a liabilities guarantee, decreasing by €100,000 in the first two years, then €150,000 the third year. The guarantee will end on 20 November 2018. Furthermore, in the event of violation of the non-compete clause applicable for a

period of 5 years, the sellers will be required to pay to GeoPost SA compensation in the amount of €704,000.

36.4.7 Commitments relating to the acquisition of Biocair

When IBC Inc. acquired Biocair in August 2012, guarantees were granted by the vendors for a period that depends on the litigation in question (seven years as from the date of notification of tax litigation, and no later than 31 December 2013 for other litigation). The guarantee can only be triggered if the total amount of the dispute exceeds GBP 100,000, and is capped at 75% of the amounts in dispute.

36.4.8 Commitments relating to the acquisition of Docapost BPO (formerly Extelia)

As part of the acquisition of Extelia in 2008, the vendor granted an unlimited warranty with respect to regulatory compliance risks for a period of 10 years.

36.4.9 Commitments relating to the acquisition of Sogec

As part of the December 2010 acquisition of the Sogec Group, the vendor granted the following warranties, which were limited to a percentage of the €42 million enterprise value as at the acquisition date: 15% in the first year, then 10%, 5% and 1.5%. This warranty runs until 28 February 2015 with respect to social security liabilities and expired on 28 February 2014 with respect to tax liabilities and on 12 June 2012 for all other liabilities.

36.4.10 Commitments relating to the acquisition of Mediaprisme

As part of the acquisition of the Mediaprisme Group in March 2011, a price reduction clause covering potential damages was granted by the vendor, for a maximum amount that decreases every year: €2 million for the first year, then €1.33 million, €660,000, and finally €330,000. This cover runs for the entire duration of the statutory period of limitations plus two months for tax and social security liabilities and for three years for all other liabilities.

36.4.11 Commitments relating to the acquisition of Cabestan

As part of the acquisition of Cabestan in July 2012, a price reduction clause covering potential damages was granted by the vendor, for a maximum amount that decreases every year: €1 million for the first year, then €667,000, and finally €330,000. This cover runs for the entire duration of the statutory period of limitations plus two months for tax and social security liabilities and for three years for all other liabilities.

36.4.12 Commitments relating to the acquisition of Adverline

As part of the acquisition of the Adverline Group in June 2012, a price reduction clause covering potential damages was granted to the buyer by the vendor, for a maximum amount of €1.5 million for general risk and for an amount of €1 million for specific risks relating to employer and employee contributions (Free share

allocations). This clause runs for the entire duration of the statutory period of limitations plus one month for tax and social security liabilities and for two years for all other liabilities.

36.4.13 Commitments relating to the acquisition of Orium

As part of the acquisition of Orium in August 2012, a price reduction clause covering damages arising from an inaccuracy, a breach or an omission in the representations and guarantees given by the vendor, and to a decrease in the asset or an increase in the liability was granted by the vendor, based on the following mechanism:

- 1st year: 20% of the sale price (€8.9 million) and of any potential earn-outs (ceiling 1);
- 2nd year: the higher of the following two amounts: 15% of the sale price and of any potential earn-outs, or the total amount of the claims made by the buyer in connection with the price reduction clause that have not been finally settled during the first year up to the limit of the ceiling (ceiling 2);
- 3rd year: the higher of the following two amounts: 10% of the sale price and of any potential earn-outs, or the total amount of the claims made by the buyer in connection with the price reduction clause that have not been definitively settled during the first two years up to the limit of the ceilings 1 and 2 (ceiling 3);
- 4th year: the higher of the following two amounts: 5% of the sale price and of any potential earn-outs, or the total amount of the claims made by the buyer in connection with the price reduction clause that have not been finally settled during the first three years up to the limit of the ceilings 1, 2 and 3 (ceiling 4).

This cover runs for three years as from the acquisition date, and for the length of the statutory limitation period plus three months for tax and social security issues.

36.4.14 Commitments relating to the acquisition of Morin Logistic

As part of the acquisition of Morin Logistic in December 2012, a price reduction clause covering damages arising from an inaccuracy, a breach or an omission in the representations and guarantees given by the vendor, and to a decrease in the asset or an increase in the liability was granted to the buyer by the vendor up until 31 December 2016, based on the following terms:

- the claims made until 30 April 2014 will be capped at €2.5 million for general risks;
- claims after this date shall only apply to employee-related or tax risks, and shall be capped at €1.5 million.

36.4.15 Commitments relating to the Asendia joint-venture

As part of the foundation of Asendia, a joint-venture with Swiss Post, the Group granted a price reduction clause capped at €5 million (except for pensions, tax and competition law risks, for which there is no limit on

the amount of guarantees provided). In return, Swiss Post granted a similar price reduction clause to Le Groupe La Poste.

These clauses run for a period of three to 10 years starting in July 2012, depending on the nature of the risks covered.

36.4.16 Commitments relating to the acquisition of Worldnet Shipping Express and then relating to the takeover

When GeoPost SA's acquisition of interest in Worldnet Shipping Express took place on 13 June 2012, the sellers gave guarantees of up to GBP 300,000 for a duration of six years, on tax disputes.

At the time of the takeover of Worldnet Direct Limited on 25 April 2014, it was declared that the sellers will remain liable for claims other than those concerning the titles to properties and tax matters until 31 December 2015. For tax claims, they shall remain liable for a period of 7 years.

36.4.17 Commitments relating to the acquisition of DTDC

At the time of the equity investment in DTDC on 4 July 2013, guarantees were given by the sellers for a duration of one year and for up to 5% of the purchase price, i.e. 79 million INR. These guarantees cover any dispute or violation that took place prior to the purchase by GeoPost SA.

36.4.18 Commitments relating to the acquisition of Colizen

When Chronopost SA purchased Colizen securities on 27 February 2013, guarantees were given by the sellers for inaccuracies or breaches in the tax or social security information provided. The compensation will be effective for damages greater than €40,000 and for up to €800,000 for any claim within two years following the transfer, then €400,000 beyond two years.

36.4.19 Commitments relating to the acquisition of Sodiemka

In relation to the acquisition of Siodemka, the buyer, DPD Polska, received a set of guarantees for the securities (10 years), taxes (6 years) and other (18 months). The amount of the guarantee received cannot exceed 100% of the purchase price, i.e. PLN 500 M.

36.4.20 Commitments relating to the acquisition of Speedy

In relation to the acquisition of Speedy securities, GeoPost S.A. received a set of guarantees from the sellers, including:

- guarantees of ownership of the securities and tax and social guarantees, for a period of 60 months
- guarantees regarding the compliance of the financial statements published as of 31 December 2013 and as of 30 March 2014 or regarding any other administrative area for a period of 18 months

Potential compensation will be equal to 100% of damages and up to €1.5 million, except for the ownership of securities for which the guarantee is for

up to the purchase price of 25% of the shares, i.e. €16 million. To be admissible, a claim must be for more than €10,000 or the sum of claims must be for more than €100,000.

36.4.21 Commitments relating to the acquisition of Forwarder Line Logistik Anstalt

In relation to the acquisition of Forwarder Line Logistik Anstalt, DPD Schweiz received from the sellers a set of guarantees pertaining to legal, tax and social matters. The guarantees were granted until 31 July 2016.

36.5 Other commitments

36.5.1 Shareholders' agreement regarding CNP Assurances

The French government, Caisse des Dépôts, Caisse Nationale des Caisses d'Épargne et de Prévoyance (CNCE), Le Groupe La Poste and Sopassure have entered into a shareholders' agreement regarding CNP Assurances. The agreement, which was set to expire on 31 December 2008, was extended to 31 December 2015 as part of the agreements entered into by the partners in June 2006. The commercial agreements between CNP Assurances and Caisses d'Épargne and La Banque Postale have also been extended until the end of 2015. Pursuant to the asset transfer agreement between La Poste and La Banque Postale, La Poste's rights and obligations under this shareholders' agreement were taken over by La Banque Postale.

36.5.2 Commitments relating to the acquisition of a portion of the SAS Carte Bleue shares

As part of SF2's acquisition of an interest in SAS Carte Bleue, La Poste has undertaken to retain a majority interest in its SF2 subsidiary.

In addition, SF2 has granted La Poste a call option over all of the shares and related rights to the SAS Carte Bleue share capital that La Poste could exercise should it become a minority shareholder in SF2. In this event, the purchase price of the SAS Carte Bleue shares shall be jointly agreed upon between La Poste and SF2.

Pursuant to the asset transfer agreement between La Poste and La Banque Postale, La Poste's rights and obligations under this shareholders' agreement were taken over by La Banque Postale.

36.5.3 Individual Training Rights (DIF or Droit individuel à la formation)

Rights earned and not used by Group staff in respect of Individual Training Rights amounted to:

- over 13.4 million hours for contract staff;
- over 12.6 million hours for government employees.

36.6 Contingent liabilities

The Group is not aware of any material risks for which no provision has been recorded in the consolidated financial statements.

NOTE 37 BANKING ACTIVITIES BALANCE SHEET

37.1 La Banque Postale sub-group balance sheet (in banking format)
37.2 Banking assets and liabilities by residual maturity

37.1 La Banque Postale sub-group balance sheet

ASSETS

(€ million)

	31/12/2014	31/12/2013
Cash on hand and at central banks	1,950	1,570
Financial assets at fair value through profit or loss	9,674	5,381
Hedging derivatives	1,532	221
Available-for-sale financial assets	13,840	13,550
Loans and receivables – Credit institutions	83,315	82,894
Customer loans and receivables	67,857	59,204
Revaluation adjustment on interest-rate hedged portfolios	231	130
Financial assets held to maturity	28,297	32,266
Tax assets	170	138
Accruals and other assets	2,349	2,565
Investments in equity associates	2,832	2,522
Tangible and intangible assets, and investment properties	972	970
Net goodwill – Assets	130	130
Elimination of investments	(4,052)	(3,419)
TOTAL	209,095	198,121

LIABILITIES

(€ million)

	31/12/2014	31/12/2013
Financial liabilities at fair value through profit or loss	332	118
Hedging derivatives	432	372
Inter-bank and similar transactions: Liabilities to credit institutions	15,157	14,757
Customer transactions	167,251	166,583
Debt evidenced by a certificate	9,391	4,300
Revaluation adjustment on interest-rate hedged portfolios	919	9
Tax liabilities	144	113
Accruals and sundry liabilities	4,827	3,649
Underwriting reserves of insurance companies	1,787	1,494
Provisions	785	678
Subordinated debt	1,658	829
Non-controlling interests	201	158
Equity, Group share	4,835	4,303
Consolidated reserves and other	4,208	3,735
Net profit/(loss) Group share	627	568
Balance of transactions with the rest of the Group – Impact on income		
Balance of transactions with the rest of the Group – Impact on the balance sheet	1,376	758
TOTAL	209,095	198,121

37.2 Banking assets and liabilities by residual maturity

(€ million)	Maturities of under 1 year	Maturities of over 1 year	Total
Assets by residual maturity			
Cash and central bank deposits	1,950	-	1,950
Securities portfolio	16,448	36,895	53,342
Receivables from credit institutions	80,131	3,183	83,315
Customer loans and receivables	9,560	58,297	67,857
Revaluation adjustment on portfolio interest rate hedging - Assets	4	228	231
Liabilities by residual maturity			
Other financial liabilities	48	716	764
Liabilities to credit institutions	13,990	1,167	15,157
Liabilities to customers	157,868	9,383	167,251
Debt evidenced by a certificate	6,044	3,346	9,391
Subordinated debt		1,658	1,658
Revaluation adjustment on portfolio interest rate hedging - Liabilities	8	911	919

NOTE 38 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

- 38.1 Reconciliation between net profit/(loss) and cash flows from operating activities before the cost of net financial debt and tax
- 38.2 Depreciation, amortisation and impairment
- 38.3 Change in working capital requirement
- 38.4 Change in balance of banking sources and uses
- 38.5 Outflows for acquisitions of tangible and intangible assets
- 38.6 Proceeds from new borrowings
- 38.7 Redemption of borrowings
- 38.8 Other cash flows from financing activities
- 38.9 Change in net cash of banking activities

38.1 Reconciliation between net profit/(loss) and cash flows from operating activities before the cost of net financial debt and tax

(€ million)	2014	2013
Consolidated net profit/(loss)	539	646
Share in profits of equity associates	(218)	(228)
Unrealised gains and losses on fair value adjustments (excluding Banking activities)	6	28
Gains and losses on disposal (including dilution)	14	11
Net changes in provisions	600	284
Depreciation, amortisation and impairment	1,019	995
Other non-cash income and expenses	(0)	(7)
Operating cash flow after the cost of net financial debt and tax	1,961	1,730
Cost of net financial debt ^(a)	149	166
Corporation tax (including deferred taxes)	182	125
CASH FLOWS FROM OPERATING ACTIVITIES BEFORE COST OF NET DEBT AND TAXES	2,292	2,021

(a) Excluding change in unrealised gains and losses on fair value adjustments

38.2 Depreciation, amortisation and impairment

(€ million)	2014	2013
Additions to and reversals of amortisation of operating profit/(loss)	1,011	998
Additions to and reversals of amortisation of financial profit/(loss)	(1)	(3)
Impairment of goodwill	8	
TOTAL	1,019	995

38.3 Change in working capital requirement

(€ million)	2014	2013
Change in inventories and work-in-progress	14	14
Change in operating receivables	(121)	(121)
Change in operating payables and other operating assets and liabilities	95	118
TOTAL	(12)	10

38.4 Change in balance of banking sources and uses

(€ million)	2014	2013
Change in Banking activities securities portfolio	(1,899)	4,427
Change in Banking activities loans and receivables	(7,150)	(6,770)
Change in credit institution receivables (Banking activities)	(1,175)	(1,440)
Change in other Banking activities current financial assets	(85)	58
Change in liabilities to credit institutions (Banking activities)	(1,001)	(3,329)
Change in customer transactions (Banking activities)	667	5,447
Change in other financial liabilities (Banking activities)	7,467	(295)
Change in accruals (Banking activities)	805	(335)
TOTAL	(2,371)	(2,237)

38.5 Outflows for acquisitions of tangible and intangible assets

(€ million)	2014	2013
Acquisitions of intangible assets	(327)	(235)
Acquisitions of tangible assets	(699)	(749)
Change in payables to suppliers of non-current assets	(25)	(6)
TOTAL	(1,052)	(989)

38.6 Proceeds from new borrowings

(€ million)	2014	2013
Bonds		250
Borrowings from credit institutions	1	2
Commercial paper	790	150
Other borrowings and similar debt	751	3
TOTAL	1,541	405

38.7 Redemption of borrowings

(€ million)	2014	2013
Bonds	(151)	(726)
Borrowings from credit institutions	(7)	(8)
La Poste savings bonds	(2)	(2)
Commercial paper	(655)	
Other borrowings and similar debt	1	(1)
Borrowings on finance leases	(16)	(15)
TOTAL	(830)	(752)

38.8 Other cash flows from financing activities

(€ million)	2014	2013
Collection of deposits and guarantees received	2	1
Repayment of deposits and guarantees received	(16)	(120)
Other	5	16
TOTAL	(9)	(103)

38.9 Change in net cash from Banking activities

(€ million)	NOTE	2014	2013
Opening cash and central bank deposits ^(a)		1,570	2,726
Sight loans and receivables - credit institutions (assets)		148	252
Sight loans and receivables - credit institutions (liabilities)		(110)	(77)
Opening		1,607	2,901
Closing cash and central bank deposits ^(a)	23.2	1,950	1,570
Sight loans and receivables - credit institutions (assets)	30.1	200	148
Sight loans and receivables - credit institutions (liabilities)	30.1	(286)	(110)
Closing		1,863	1,607
Net decrease (increase) in cash and cash equivalents from banking activities		256	(1,294)
of which impact of changes in consolidation scope		11	287
of which transfer of cash held at post offices to La Banque Postale segment		633	
Net decrease (increase) in cash and cash equivalents from banking activities before impact of changes in consolidation scope		(388)	(1,580)

(a) "Cash and central bank deposits" after reclassification of cash held at post offices amount to €2,182 million as at 31 December 2013.

NOTE 39 FEES PAID TO THE STATUTORY AUDITORS

Pursuant to Decree No. 2008-1487 of 30 December 2008, the fees paid to the Statutory Auditors recognised by La Poste and its consolidated companies in the income statement are set out below.

2014

<i>(€ million excl. tax)</i>	KPMG	%	MAZARS	%
Statutory audit, certification, review of separate and consolidated financial statements				
- parent company	0.7	24%	0.7	18%
- fully consolidated subsidiaries	1.6	58%	2.4	64%
	2.3	82%	3.1	82%
Other due diligence and services relating directly to the Statutory Auditors' assignment				
- parent company	0.3	10%	0.0	1%
- fully consolidated subsidiaries	0.2	7%	0.4	12%
	0.5	17%	0.5	13%
Other services provided to fully consolidated companies by the partnership	0.0	1%	0.2	5%
TOTAL	2.8	100%	3.8	100%

2013

<i>(€ million excl. tax)</i>	KPMG	%	MAZARS	%
Statutory audit, certification, review of separate and consolidated financial statements				
- parent company	0.6	25%	0.7	18%
- fully consolidated subsidiaries	1.7	70%	2.4	63%
	2.3	95%	3.1	81%
Other due diligence and services relating directly to the Statutory Auditors' assignment				
- parent company	0.0	0%	0.1	2%
- fully consolidated subsidiaries	0.1	4%	0.3	8%
	0.1	4%	0.4	10%
Other services provided to fully consolidated companies by the partnership	0.0	1%	0.4	9%
TOTAL	2.5	100%	3.8	100%

NOTE 40 POST-BALANCE SHEET EVENTS

None.

NOTE 41 SCOPE OF CONSOLIDATION

COMPANY	COUNTRY	% of interest		% of control		Method of consolidation	
		2013	2014	2013	2014	2013 ^(a)	2014
CONSOLIDATING COMPANY							
LA POSTE 44 boulevard de Vaugirard 75 757 PARIS cedex 15							
SERVICES-MAIL-PARCELS SEGMENT							
Sofipost	France	100,00	100,00	100,00	100,00	FC	FC
Somepost	France	100,00	100,00	100,00	100,00	FC	FC
STP	France	100,00	100,00	100,00	100,00	FC	FC
SCI STP Immo	France	100,00	100,00	100,00	100,00	FC	FC
Asendia	Switzerland	50,00	50,00	50,00	50,00	EM	EM
Mediapost sa	France	100,00	100,00	100,00	100,00	FC	FC
Orium	France	100,00	100,00	100,00	100,00	FC	FC
Orium Gmbh	Germany	100,00	100,00	100,00	100,00	FC	FC
SMP	France	100,00	100,00	100,00	100,00	FC	FC
SOGEC Marketing	France	100,00	100,00	100,00	100,00	FC	FC
SOGEC Informatique	France	100,00	100,00	100,00	100,00	FC	FC
SOGEFINAD	France	100,00	100,00	100,00	100,00	FC	FC
SOGEC Gestion	France	100,00	100,00	100,00	100,00	FC	FC
Budget Box	France	40,01	40,01	40,01	40,01	EM	EM
Mediapost SGPS	Portugal	100,00	100,00	100,00	100,00	FC	FC
Mediapost Distribuicao Postal	Portugal	100,00	100,00	100,00	100,00	FC	FC
Mediapost Galex Distribucion y Logistica	Portugal	100,00	100,00	100,00	100,00	FC	FC
Eurobussula LDA	Portugal	100,00	100,00	100,00	100,00	FC	FC
Celeris LDA	Portugal	100,00	100,00	100,00	100,00	FC	FC
Orbitroad LDA	Portugal	100,00	100,00	100,00	100,00	FC	FC
ViaPost	France	100,00	100,00	100,00	100,00	FC	FC
Neolog	France	100,00	100,00	100,00	100,00	FC	FC
Neopress	France	100,00	100,00	100,00	100,00	FC	FC
Média-Pressé	France	100,00	100,00	100,00	100,00	FC	FC
Neopress Direct	France	100,00	100,00	100,00	100,00	FC	FC
Greenovia	France	100,00	100,00	100,00	100,00	FC	FC
Nouvelle Attitude SAS	France	100,00	100,00	100,00	100,00	FC	FC
Morin développement	France	100,00	100,00	100,00	100,00	FC	FC
Morin logistic	France	100,00	100,00	100,00	100,00	FC	FC
Morin GPM	France	100,00	100,00	100,00	100,00	FC	FC
Morin logistic sud	France	100,00	100,00	100,00	100,00	FC	FC
Neopress Routage	France	66,00	66,00	66,00	66,00	FC	FC
La Poste Global Mail	France	100,00	100,00	100,00	100,00	FC	FC
Mobigreen	France	100,00	100,00	100,00	100,00	FC	FC
Mediapost Espagne	Spain	51,00	51,00	51,00	51,00	FC	FC
Mediapost Hit Mail	Romania	60,02	60,02	60,02	60,02	FC	FC
Creat Direct	Romania	60,02	60,02	100,00	100,00	FC	FC
Inbox Marketing	Romania	59,06	59,06	98,40	98,40	FC	FC
Interactions Marketing	Romania	48,01	54,01	80,00	90,00	FC	FC
Hit Mobile Marketing	Romania	54,01	54,01	90,00	90,00	FC	FC
Proximy	France		25,00		25,00		EM
GEOPOST SEGMENT							
GeoPost	France	100,00	100,00	100,00	100,00	FC	FC
GeoPost SI	France	100,00	100,00	100,00	100,00	FC	FC
Sodexi	France	35,00	35,00	35,00	35,00	EM	EM
Télintrans	France	100,00	100,00	100,00	100,00	FC	FC
Pickup Services	France	82,47	82,47	82,47	82,47	FC	FC
La Navette Pickup	France	100,00	100,00	100,00	100,00	FC	FC
Pickup Store	France	100,00	100,00	100,00	100,00	FC	FC
Packcity France	France		25,00		25,00		EM
Packcity Geopost	France		50,50		50,50		EM

(a) The scope of consolidation for 2013 has been restated to account for the first-time application of IFRS10 and IFRS 11 (see Note 3.1)

COMPANY	COUNTRY	% of interest		% of control		Method of consolidation	
		2013	2014	2013	2014	2013 ^(a)	2014
GeoPost Intercontinental sub-group							
Geopost Americas Inc	United States	100,00	100,00	100,00	100,00	FC	FC
Chronopost International Burkina Faso	Burkina Faso	40,00	40,00	40,00	40,00	EM	EM
Chronopost International Côte d'Ivoire	Ivory Coast	50,00	50,00	50,00	50,00	FC	FC
Chronopost International Niger	Niger	50,00	50,00	50,00	50,00	FC	FC
Chronopost International Algérie	Algeria	100,00	100,00	100,00	100,00	FC	FC
IBC Inc	United States	70,00	70,00	70,00	70,00	FC	FC
IBC Trinidad	Trinidad & Tobago	61,60	61,60	88,00	88,00	FC	FC
DPD Laser	South Africa	75,00	75,00	75,00	75,00	FC	FC
DPD Continental India	India	100,00	100,00	100,00	100,00	FC	FC
DTDC	India	42,53	42,53	42,53	42,53	EM	EM
Lenton Group Ltd	Hong Kong	30,00	34,65	30,00	34,65	EM	EM
Chronopost sub-group							
Chronopost	France	100,00	100,00	100,00	100,00	FC	FC
Colizen	France	40,00	100,00	40,00	100,00	EM	FC
Chronopost International Cameroun	Cameroon	100,00	100,00	100,00	100,00	FC	FC
Chronopost International Portugal	Portugal	100,00	100,00	100,00	100,00	FC	FC
Maroc Chrono INTL	Morocco	34,00	34,00	34,00	34,00	EM	EM
Sci Intel immo	France	100,00	100,00	100,00	100,00	FC	FC
Tigers sub-group							
WLG Pty Ltd	Australia		71,92		100,00		FC
Tigers Global Logistics Pty Ltd	Australia		71,92		100,00		FC
Tigers AG	Switzerland		71,92		100,00		FC
Wako Express Co. Ltd	China		71,92		100,00		FC
Tigers Co. Ltd	China		71,92		100,00		FC
Tigers Ltd	Hong Kong		71,92		65,87		FC
Tigers HK Co. Ltd	Hong Kong		71,92		100,00		FC
Wako Air Express Co. Ltd	Hong Kong		71,92		100,00		FC
Tigers Worldwide Logistics Ltd	India		53,58		74,50		FC
Tigers Malaysia	Malaysia		71,92		100,00		FC
LWW South Africa	South Africa		71,92		100,00		FC
Tigers GmbH	Germany		71,92		100,00		FC
Buy Online GmbH	Germany		71,92		100,00		FC
Tigers Intern. Logistics BV	Netherlands		71,92		100,00		FC
Tigers Intern. Transport BV	Netherlands		71,92		100,00		FC
WLG (UK) Ltd	United Kingdom		71,92		100,00		FC
WLG Holdings (UK) Ltd	United Kingdom		71,92		100,00		FC
Tigers Logistics group Ltd	United Kingdom		71,92		100,00		FC
Tigers UK Holding Ltd	United Kingdom		71,92		100,00		FC
Tigers Global Logistics Ltd	United Kingdom		71,92		100,00		FC
Eurosell Ltd	United Kingdom		71,92		100,00		FC
Tigers limited	United States	71,11		65,88		FC	
WLG Inc	United States		71,92		100,00		FC
World Commerce Services LLC	United States		71,92		100,00		FC
Tigers (USA) Global Logistics Inc	United States		71,92		100,00		FC
BIOCAIR sub-group							
Biocair	United States	70,00		100,00		FC	
Biocair Inc	United States		70,00		100,00		FC
Biocair Intern. Ltd	United States		70,00		100,00		FC
Biocair Asia Ltd	Hong Kong		70,00		100,00		FC
Biocair forwarding Intern. Co Ltd	China		70,00		100,00		FC
Biocair Singapore Pte Ltd	Singapore		70,00		100,00		FC
GeoPost Central Europe sub-group							
GeoPost IMDH GmbH	Germany	100,00	100,00	100,00	100,00	FC	FC
GeoPost Service	Germany	100,00		100,00		FC	
Chronopost International Deutschland	Germany	100,00	100,00	100,00	100,00	FC	FC
DPD GeoPost GmbH	Germany	100,00	100,00	100,00	100,00	FC	FC
DPD Aschaffenburg	Germany	84,04	84,04	84,04	84,04	FC	FC
Iloxx AG	Germany	100,00		100,00		FC	
B2C Russia holding GmbH	Germany	24,50	24,50	24,50	24,50	EM	EM
Tiramizoo GmbH	Germany	20,29	20,29	20,29	20,29	EM	EM

(a) The scope of consolidation for 2013 has been restated to account for the first-time application of IFRS10 and IFRS 11 (see Note 3.1)

COMPANY	COUNTRY	% of interest		% of control		Method of consolidation	
		2013	2014	2013	2014	2013 ^(a)	2014
DPD Belgium NV	Belgium	100,00	100,00	100,00	100,00	FC	FC
DPD Luxembourg SA	Luxembourg	100,00	100,00	100,00	100,00	FC	FC
DPD Netherland BV	Netherlands	100,00	100,00	100,00	100,00	FC	FC
DPD Czech Republic	Czech Republic	100,00	100,00	100,00	100,00	FC	FC
DPD Ukraine	Ukraine	25,50	50,00	25,50	50,00	EM	EM
DPD Schweiz AG	Switzerland	100,00	100,00	100,00	100,00	FC	FC
DPD Betriebsgesellschaft	Germany	84,04	84,04	100,00	100,00	FC	FC
DPD Vertriebsgesellschaft	Germany	84,04	84,04	100,00	100,00	FC	FC
DPD Delicom	Germany	84,04	84,04	100,00	100,00	FC	FC
DPD Polska	Poland	100,00	100,00	100,00	100,00	FC	FC
DPD strefa paczki	Poland	100,00	100,00	100,00	100,00	FC	FC
DPD Slovakia Sro	Slovakia	100,00	100,00	100,00	100,00	FC	FC
GeoPost YK Servisi AS	Turkey	51,00	51,00	51,00	51,00	FC	FC
DPD Hungaria	Hungary	100,00	100,00	100,00	100,00	FC	FC
DPD Croatia doo	Croatia	100,00	100,00	100,00	100,00	FC	FC
DPD Estonia	Estonia	100,00	100,00	100,00	100,00	FC	FC
DPD Latvija	Latvia	100,00	100,00	100,00	100,00	FC	FC
DPD Lithuania	Lithuania	100,00	100,00	100,00	100,00	FC	FC
DPD Belarus	Belarus	50,00	50,00	50,00	50,00	EM	EM
Armadillo Bizpak	Russia	50,00	50,00	50,00	50,00	EM	EM
B2C	Russia	24,50	24,50	24,50	24,50	EM	EM
Armadillo Holding Gmbh	Germany	50,00	50,00	50,00	50,00	EM	EM
Geopost Bulgaria ood	Bulgaria	50,51		100,00		FC	
Air Cargo Poland	Poland	100,00	100,00	100,00	100,00	FC	FC
TD Express services SARL	France	100,00	100,00	100,00	100,00	FC	FC
DPD Austria	Austria	25,57	25,57	25,57	25,57	EM	EM
DPD RO SA	Romania	50,99		99,98		FC	
DPD SA (ex-DPD SRL)	Romania	50,00		50,00		EM	
DPD Kazakhstan	Kazakhstan	50,00	50,00	50,00	50,00	EM	EM
DPD Slovenien	Slovenia	100,00	100,00	100,00	100,00	FC	FC
Yurtiçi Kargo Servisi AS	Turkey	25,00	25,00	25,00	25,00	EM	EM
E-Radius Informatikal szolqaltato LLC	Hungary		30,00		30,00		EM
Siodemka	Poland		100,00		100,00		FC
Siodemka Systemi	Poland		100,00		100,00		FC
Speedy AD	Bulgaria		25,00		25,00		EM
Forwarder Line Logistik	Liechtenstein		100,00		100,00		FC
GeoPost Spain sub-group							
GeoPost Espagne	Spain	91,90	92,76	91,90	92,76	FC	FC
Seur GeoPost	Spain	91,90	92,76	100,00	100,00	FC	FC
Menexpres	Spain	91,90	92,76	100,00	100,00	FC	FC
Seur SA	Spain	59,47	65,24	61,18	66,80	FC	FC
Seur Internacional	Spain	91,90	92,76	100,00	100,00	FC	FC
Seur Espana Operaciones	Spain	59,47	65,24	100,00	100,00	FC	FC
Seur Gerencia de Riesgos	Spain	59,47	65,24	100,00	100,00	FC	FC
Seur Integracion Logistica	Spain	59,47	65,24	100,00	100,00	FC	FC
Correduria de Seguros	Spain	59,47		100,00		FC	
Integracion Logistica Valencia	Spain	59,47	65,24	100,00	100,00	FC	FC
Barcino Pack	Spain	26,46	29,03	44,50	44,50	EM	EM
Transjaen	Spain	59,47	65,24	100,00	100,00	FC	FC
Transp, Urgente Guadalajara SL	Spain	91,90		100,00		FC	
Transcoba SL	Spain	91,90		100,00		FC	
Logistica Menorca SA	Spain		92,76		100,00		FC
Repsa Transportes y servicios 2000 SA	Spain		92,76		100,00		FC
GeoPost UK sub-group							
GeoPost Intermediate Holding	United Kingdom	100,00	100,00	100,00	100,00	FC	FC
GeoPost UK Ltd	United Kingdom	100,00	100,00	100,00	100,00	FC	FC
UK Letter Limited	United Kingdom	100,00	100,00	100,00	100,00	FC	FC
DPD Uk Ltd	United Kingdom	100,00	100,00	100,00	100,00	FC	FC
Interlink Express Plc	United Kingdom	100,00	100,00	100,00	100,00	FC	FC
Interlink Express Parcels Ltd	United Kingdom	100,00	100,00	100,00	100,00	FC	FC
Castlegate	United Kingdom	100,00	100,00	100,00	100,00	FC	FC
DPD Ireland Ltd (ex-Interlink Ireland Ltd)	Ireland	100,00	100,00	100,00	100,00	FC	FC
GeoPost Ireland Limited	Ireland	100,00	100,00	100,00	100,00	FC	FC
GeoPost Holding Ltd	United Kingdom	100,00	100,00	100,00	100,00	FC	FC
Parceline Ltd	United Kingdom	100,00	100,00	100,00	100,00	FC	FC
DPD Limited	United Kingdom	100,00	100,00	100,00	100,00	FC	FC
Mail Plus Limited	United Kingdom	100,00	100,00	100,00	100,00	FC	FC
WINDIRECT Ltd	United Kingdom	20,00	63,51	20,00	63,51	EM	FC
WN TPC	United Kingdom		38,11		60,00		EM
Exapaq sub-group							
SCI EXALAB	France	100,00	100,00	100,00	100,00	FC	FC
SCI EXA Immo	France	100,00	100,00	100,00	100,00	FC	FC
SCI EXAMURS PARIS	France	100,00	100,00	100,00	100,00	FC	FC
Exapaq SAS	France	100,00	100,00	100,00	100,00	FC	FC

(a) The scope of consolidation for 2013 has been restated to account for the first-time application of IFRS10 and IFRS 11 (see Note 3.1)

COMPANY	COUNTRY	% of interest		% of control		Method of consolidation	
		2013	2014	2013	2014	2013 ^(a)	2014
LA BANQUE POSTALE SEGMENT							
La Banque Postale	France	100.00	100.00	100.00	100.00	FC	FC
La Banque Postale Gestion privée	France	100.00	100.00	100.00	100.00	FC	FC
Banque Privée Européenne	France	99.99	99.99	99.99	99.99	FC	FC
La Banque Postale Collectivités Locales	France	65.00	65.00	65.00	65.00	FC	FC
LBP Home Loan SFH	France	100.00	100.00	100.00	100.00	FC	FC
SCI Tertiaire Saint Romain	France	100.00	100.00	100.00	100.00	FC	FC
SCI CRSF DOM	France	100.00	100.00	100.00	100.00	FC	FC
SCI CRSF Metropole	France	100.00	100.00	100.00	100.00	FC	FC
SF2	France	100.00	100.00	100.00	100.00	FC	FC
La Banque Postale Prévoyance	France	50.00	50.00	50.00	50.00	FC	FC
La Banque Postale Asset Management	France	100.00	100.00	100.00	100.00	FC	FC
La Banque Postale Structured Asset Management	France	100.00	100.00	100.00	100.00	FC	FC
La Banque Postale Conseil en Assurances	France	100.00	100.00	100.00	100.00	FC	FC
Sopassure	France	50.02	50.02	50.02	50.02	PC	PC
CNP Assurances	France	20.15	20.15	36.25	36.25	EM	EM
La Banque Postale Financement	France	65.00	65.00	65.00	65.00	FC	FC
La Banque Postale Crédit aux entreprises	France	100.00	100.00	100.00	100.00	FC	FC
FCT Elise 2012	France	95.00	95.00	95.00	95.00	FC	FC
La Banque Postale Assurances IARD	France	65.00	65.00	65.00	65.00	FC	FC
Tocqueville Finance Holding	France	92.52	92.52	92.52	92.52	FC	FC
Tocqueville Finance	France	92.42	92.42	99.89	99.89	FC	FC
OFC Finance	France	100.00		100.00		FC	
Easybourse	France	100.00	100.00	100.00	100.00	FC	FC
La Banque Postale Assurance Santé	France	65.00	65.00	65.00	65.00	FC	FC
SOFIAP	France		66.00		66.00		FC
DIGITAL SERVICES SEGMENT							
Docapost DPS	France	100.00	100.00	100.00	100.00	FC	FC
Docapost BPO IS	France	65.00	65.00	65.00	65.00	FC	FC
Sérès	France	66.00	66.00	66.00	66.00	FC	FC
Maileva	France	100.00	100.00	100.00	100.00	FC	FC
Certinomis	France	100.00	100.00	100.00	100.00	FC	FC
Sérès Espagne	Spain	66.00	66.00	100.00	100.00	FC	FC
Xange Capital	France	34.87	34.87	34.87	34.87	EM	EM
Docapost Conseil	France	100.00	100.00	100.00	100.00	FC	FC
Orsid SAS	France	100.00		100.00		FC	
Doc@post	France	100.00	100.00	100.00	100.00	FC	FC
Médiapost holding	France	100.00	100.00	100.00	100.00	FC	FC
Gescomail	France	65.00	65.00	100.00	100.00	FC	FC
Sefas	France	100.00	100.00	100.00	100.00	FC	FC
Sefas Inc	United States	100.00	100.00	100.00	100.00	FC	FC
Sefas Ltd	United Kingdom	100.00	100.00	100.00	100.00	FC	FC
Docapost BPO SAS	France	100.00	100.00	100.00	100.00	FC	FC
Docapost BPO on line	France	100.00	100.00	100.00	100.00	FC	FC
CNPT Docapost BPO	France	66.00	66.00	66.00	66.00	FC	FC
Bretagne Routage	France	100.00	100.00	100.00	100.00	FC	FC
La Vosgienne industrielle de Mailing	France	100.00	100.00	100.00	100.00	FC	FC
T2IS Docapost BPO	Morocco	50.98	50.98	100.00	100.00	FC	FC
CER Docapost BPO SAS	France	50.98	50.98	50.98	50.98	FC	FC
Sofadev Docapost BPO	Morocco	50.98	50.98	100.00	100.00	FC	FC
Médiapost Publicité	France	100.00	100.00	100.00	100.00	FC	FC
SOGEC Datamark Services	France	100.00	100.00	100.00	100.00	FC	FC
SOGEC Deutschland	Germany	100.00	100.00	100.00	100.00	FC	FC
Mediaprisme sas	France	81.68	81.68	81.68	81.68	FC	FC
Matching sas	France	81.67	81.67	81.67	81.67	FC	FC
Media prisme SP	Spain	81.68	81.68	100.00	100.00	FC	FC
Media prisme BE	Belgium	81.68	81.68	100.00	100.00	FC	FC
Docapost CSP	France	100.00	100.00	100.00	100.00	FC	FC
Mix commerce	France	100.00	100.00	100.00	100.00	FC	FC
Sefas Espana	Spain	100.00	100.00	100.00	100.00	FC	FC
Sérès Allemagne	Germany	66.00	66.00	100.00	100.00	FC	FC
Cabestan	France	100.00	100.00	100.00	100.00	FC	FC
Financière Adverline	France	90.00	90.00	90.00	90.00	FC	FC
Adverline	France	89.41	89.71	99.22	99.56	FC	FC
Société	France	89.41	89.71	100.00	100.00	FC	FC
KP Média	France	89.41	89.71	100.00	100.00	FC	FC
Maison	France	89.41	89.71	100.00	100.00	FC	FC
Oxeva	France	62.61	62.82	70.03	70.03	FC	FC
Vertical Mail	France	89.41	89.71	100.00	100.00	FC	FC
CKFD	France	90.00		100.00		FC	
Provéance	France		67.00		67.00		FC
La Poste numérique	France		100.00		100.00		FC
LP Numérique SAS	France		100.00		100.00		FC

(a) The scope of consolidation for 2013 has been restated to account for the first-time application of IFRS10 and IFRS 11 (see Note 3.1)

COMPANY	COUNTRY	% of interest		% of control		Method of consolidation	
		2013	2014	2013	2014	2013 ^(a)	2014
LA POSTE NETWORK SEGMENT							
LP Télécom	France	51,00	51,00	51,00	51,00	EM	EM
LP 2 SAS	France		100,00		100,00		FC
REAL ESTATE SEGMENT							
Poste Immo	France	100,00	100,00	100,00	100,00	FC	FC
Loca Poste SAS	France	100,00	100,00	100,00	100,00	FC	FC
ImmoStoc SAS	France	100,00	100,00	100,00	100,00	FC	FC
SCI Tertiaire	France	100,00	100,00	100,00	100,00	FC	FC
SCI Logement	France	100,00	100,00	100,00	100,00	FC	FC
SCI Centres de Loisirs	France	100,00	100,00	100,00	100,00	FC	FC
SCI Activités Annexes	France	100,00	100,00	100,00	100,00	FC	FC
SCI DOM	France	100,00	100,00	100,00	100,00	FC	FC
SCI 44 Vaugirard	France	100,00	100,00	100,00	100,00	FC	FC
SCI Activités Courrier Local	France	100,00	100,00	100,00	100,00	FC	FC
SCI BP	France	100,00	100,00	100,00	100,00	FC	FC
SCI BP Mixte	France	100,00	100,00	100,00	100,00	FC	FC
SCI Activités Courrier Industriel	France	100,00	100,00	100,00	100,00	FC	FC
SCI Activités Courrier de Proximité	France	100,00	100,00	100,00	100,00	FC	FC
SCI Activités Colis	France	100,00	100,00	100,00	100,00	FC	FC
SCI Tertiaire Mixte	France	100,00	100,00	100,00	100,00	FC	FC
CIPOSTE SAS	France	100,00	100,00	100,00	100,00	FC	FC
SAS PI Energies renouvelables	France	100,00	100,00	100,00	100,00	FC	FC
SAS PI Développement	France	100,00	100,00	100,00	100,00	FC	FC
SCCV 56, rue CLER	France	49,00	49,00	49,00	49,00	EM	EM
TPF2 Sppicav	France	20,02	20,02	20,02	20,02	EM	EM
AKATEA TPF2	France	20,02	20,02	20,02	20,02	EM	EM
Fréjorgues Energy SAS	France	49,00	49,00	49,00	49,00	EM	EM
Arkadéa SAS	France	50,00	50,00	50,00	50,00	EM	EM
SCI Bataille	France	35,00	35,00	35,00	35,00	EM	EM
SCI Villeneuve LB	France	49,00		49,00		EM	
SCI ARKADEA Fort de France	France	49,00	49,00	49,00	49,00	EM	EM
SCI ARKADEA Toulouse Lardenne	France	30,00		30,00		EM	
SCI ARKADEA Lyon Croix Rousse	France	30,00	30,00	30,00	30,00	EM	EM
PI Energy 2	France	20,00	20,00	20,00	20,00	EM	EM
AKATEA 2 - TPF2 SAS	France	20,02	20,02	20,02	20,02	EM	EM
SAS ARKASOLIA	France	50,00	50,00	50,00	50,00	EM	EM
PI Energy	France	20,00	20,00	20,00	20,00	EM	EM
Société SCCV rue du champ macret-roye	France		100,00		100,00		FC
UNALLOCATED							
Sofrepost	France	99,99	99,99	99,99	99,99	FC	FC
Véhiposte SAS	France	100,00	100,00	100,00	100,00	FC	FC
GIE Véhiposte	France	100,00	100,00	100,00	100,00	FC	FC

FC : Full consolidation EM: Equity Method PC: Proportional consolidation

(a) The scope of consolidation for 2013 has been restated to account for the first-time application of IFRS10 and IFRS 11 (see Note 3.1)

NOTE 42 OTHER UNCONSOLIDATED EQUITY INVESTMENTS – EXCLUDING FRANCE

(in thousand euros)	Country	31/12/2014		31/12/2013
		Percentage held	Gross amount	Net amount
Interattica ^(a)	Greece	100%	20,657	0
Guangzhou DPD Co ^(a)	China	100%	7,950	0
Tursa Transportes y Servicios	Spain			4,121
Marrek&Könnecker ^(b)	Germany	100%	2,970	2,970
Logalty	Spain	ns	1,078	678
Seur Huesca	Spain	50%	930	930
SERES Colombie	Colombia	100%	502	142
SERES Mexique	Mexico	100%	586	251
Mediapost Vietnam	Vietnam	36%	361	290
SERES Argentine	Argentina	90%	269	31
E-Radius	Hungary			84
SERES Equateur	Equador	99.9%	71	71
Management Gmbh	Germany	100%	51	51
Cargo Pool Gmbh	Germany	ns	39	39
ALAI (MDP SP)	Spain	ns	39	39
Geopost Iberica	Spain	100%	27	27
DPD Immobilien Verwaltungs Gmbh	Germany	100%	26	26
CIDES (MDP SP)	Spain	ns	25	25
Kombiverkehr Deutsche Gesellschaft	Germany	ns	16	16
IDP (MDP SP)	Spain	ns	6	6
Asurec	Spain	ns	5	5
TOTAL			35,608	5,597
				6,368

(a) Companies in the process of being liquidated.

(b) Company acquired in December 2014, to be consolidated in 2015.