

CONSOLIDATED FINANCIAL STATEMENTS
31 December 2013



LE GROUPE LA POSTE

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CONSOLIDATED INCOME STATEMENT

<i>(€ million)</i>	NOTE	2013	2012
Mail revenues		10 461	10 774
Express revenues		4 379	4 016
Parcels revenues		1 567	1 522
La Poste Retail Brand revenues		92	88
Real Estate revenues		62	41
Revenues from commercial activities	6	16 562	16 441
Banking operating revenue		8 248	8 815
Banking operating expenses		(2 726)	(3 597)
Net banking income	7	5 522	5 217
Operating revenue		22 084	21 658
Purchases and other expenses	8	(7 362)	(7 108)
Personnel expenses	9	(12 524)	(12 599)
Taxes and levies	10	(236)	(235)
Depreciation, amortisation, provisions and impairment	11	(1 306)	(1 175)
Other operating revenue and expenses	12	130	224
Proceeds from asset disposals		(16)	52
Net operating expenses		(21 314)	(20 842)
Operating profit/(loss)		770	816
Cost of net financial debt		(198)	(221)
Other financial items		(25)	(63)
Financial profit/(loss)	13	(223)	(284)
Profit before tax of consolidated companies		548	532
Income tax	14	(127)	(231)
Share in profits of equity associates		215	180
CONSOLIDATED NET PROFIT/(LOSS)		635	481
Net profit/(loss), group share		627	479
Attributable to non-controlling interests		8	2

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

Amounts after tax (€ million)	2013	2012	
		Restated ⁽¹⁾	As reported
Consolidated net profit/ (loss)	635	481	481
Comprehensive income and expenses recognised under equity			
Recyclable items			
Change in unrealised gains and losses on financial instruments	32	216	216
<i>Of which transferred to net profit/(loss) for the year</i>	0	38	38
Translation adjustments	(31)	7	7
<i>Of which transferred to net profit/(loss) for the year</i>	0	0	0
Share in comprehensive income and expenses posted of equity associates	(22)	198	198
<i>Of which</i>			
- change in unrealised gains and losses on financial instruments – CNP	26	220	220
- other unrealised gains and losses on financial instruments	(4)	1	1
- cumulative translation adjustments	(44)	(23)	(23)
Non recyclable items			
Actuarial adjustments on employee benefits	27	(154)	0
Comprehensive income and expenses recognised in equity (after tax)	6	267	421
Comprehensive income	642	748	902
NET PROFIT/ (LOSS), GROUP SHARE	633	746	900
Comprehensive income attributable to non-controlling interests	8	2	2

(1) See note 2.1.A.

CONSOLIDATED BALANCE SHEET

ASSETS			
(€ million)	NOTE	31/12/2013	31/12/2012
Goodwill	15	1 587	1 562
Intangible assets	16	816	825
Tangible assets	17	5 941	6 062
Investments in equity associates	18	2 634	2 446
Other non-current financial assets	19	942	894
Deferred tax assets	14	153	113
NON-CURRENT ASSETS		12 073	11 903
Current banking assets			
Customer receivables and loans	20.1	59 204	49 922
Receivables from credit institutions	20.2	82 894	81 254
Securities portfolio	20.3	49 784	54 281
Other current financial assets	20.4	1 200	1 305
Accruals	20.5	1 185	2 387
Cash and central bank deposits	23.2	1 570	2 726
Other current assets			
Inventories and work-in-progress	21	136	203
Trade and other receivables	22	2 936	2 453
Other current financial assets	19	430	781
Cash held at post offices		612	719
Income tax credit		253	211
Other accruals – Assets		118	126
Cash and cash equivalents	23	2 163	2 167
Assets held for sale	24	120	104
CURRENT ASSETS		202 604	198 641
TOTAL ASSETS		214 677	210 544

LIABILITIES (€ million)	NOTE	31/12/2013	31/12/2012	
			Restated ⁽¹⁾	As reported
Share capital	25	3 800	3 400	3 400
Issue premium		900	700	700
Reserves		2 698	2 357	2 355
Unrealised gains and losses on financial instruments		635	581	581
Actuarial adjustments on employee benefits		(80)	(110)	
Cumulative translation adjustments		(120)	(45)	(45)
Net profit/(loss), group share		627	479	479
Equity, group share		8 460	7 362	7 470
Non-controlling interests		57	65	65
CONSOLIDATED EQUITY		8 516	7 427	7 535
Medium and long-term bonds and other financial debt	27	6 043	6 085	6 085
Employee benefits – non-current liabilities	29	1 685	1 821	1 713
Non-current provisions for contingencies and losses	26	80	90	90
Deferred tax liabilities	14	166	142	142
NON-CURRENT LIABILITIES		7 976	8 140	8 032
Current provisions for contingencies and losses				
Specific provisions for the Insurance and Banking activities	26	1 126	1 005	1 005
Current provisions for contingencies and losses	26	540	385	385
Short-term bonds and other financial debt	27	1 060	1 567	1 567
Current banking liabilities				
Liabilities to credit institutions	30.1	14 757	15 811	15 811
Liabilities to customers	30.2	166 583	160 393	160 393
Debt evidenced by a certificate and other financial liabilities	30.3	6 790	7 185	7 185
Accruals	20.5	2 003	3 493	3 493
Other current liabilities				
Trade and other payables	31	4 424	4 349	4 349
Government – Income tax		33	16	16
Employee benefits – current liabilities	29	663	617	617
Other accruals – Liabilities		207	154	154
Liabilities held for sale	24			
CURRENT LIABILITIES		198 185	194 977	194 977
TOTAL LIABILITIES		214 677	210 544	210 544

(1) See note 2.1.A.

CHANGES IN CONSOLIDATED EQUITY 2013

Amounts after tax (€ million)	Share capital	Issue premium	Unallocated profit/(loss)	Cumulative translation adjust- ments	Unrealised gains and losses on financial instruments – CNP	Other unrealised gains and losses on financial instruments	Actuarial adjustments on employee benefits ⁽¹⁾	Other reserves	Total, Group share	Non- controlling interests	Total
Consolidated equity as at 31/12/2012 (as reported)	3 400	700	479	(45)	392	189	-	2 355	7 470	65	7 535
Application of IAS 19 Revised ⁽¹⁾							(110)	2	(108)		(108)
Consolidated equity as at 31/12/2012 (restated)	3 400	700	479	(45)	392	189	(110)	2 357	7 362	65	7 427
La Poste capital increase ⁽²⁾	400	200							600	0	600
Dividend payments									(171)	(7)	(178)
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			627	(75)	26	28	27	-	633	8	642
Of which: - Net profit			627		26	28	27	-	627	8	635
- Other comprehensive income				(75)					6	-	6
Other								9	12	(3)	8
CONSOLIDATED EQUITY AS AT 31/12/2013	3 800	900	627	(120)	418	217	(80)	2 698	8 460	57	8 516

(1) See note 2.1.A.

(2) See note 1.1

CHANGES IN CONSOLIDATED EQUITY 2012

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 ⁽¹⁾	Other reserves	Total, Group share	Non- controlling interests	Total
Consolidated equity as at 31/12/2011 (as reported)	3 400	700	478	(29)	171	(29)	-	2 093	6 783	3	6 786
First application of IAS 19 Revised ⁽¹⁾							46		46		46
Consolidated equity as at 31/12/2011 (restated)	3 400	700	478	(29)	171	(29)	46	2 093	6 829	3	6 832
Dividend payments			(144)						(144)	(6)	(151)
Call options on non-controlling interests								(24)	(24)	(6)	(31)
Purchase of non-controlling interests								(28)	(28)	0	(28)
Appropriation of 2011 earnings			(333)					333	-	0	-
Comprehensive income for the year			479	(16)	221	216	(154)		746	2	748
Of which: - Net profit			479		221	216	(154)		479	2	481
- Other comprehensive income				(16)					267	0	267
Other ⁽²⁾						2		(16)	(16)	73	57
Consolidated equity as at 31/12/2012 (restated)	3 400	700	479	(45)	392	189	(110)	2 357	7 362	65	7 427
Consolidated equity as at 31/12/2012 (as reported)	3 400	700	479	(45)	392	189	-	2 355	7 470	65	7 535

(1) See Note 2.1.A.

(2) Including a variation in non-controlling interests linked to the change in consolidation method of Seur SA of €50 million.

CONSOLIDATED CASH FLOW STATEMENT

	NOTE	2013			2012		
		Group	Non-banking	La Banque Postale	Group	Non-banking	La Banque Postale
<i>(€ million)</i>							
EBITDA		2 149	824	1 325	2 117	915	1 202
Change in provisions for current assets and unrecoverable receivables		(192)	(28)	(164)	(181)	(28)	(153)
Miscellaneous financial income and expenses		5	5	0	3	3	
Cash flows from operating activities before cost of net debt and taxes	38.1	1 962	801	1 162	1 939	890	1 049
Change in working capital requirement	38.3	12	36	(24)	136	161	(25)
Change in cash held at post offices		108	108		(88)	(88)	
CICE tax credit for the period (excluding provisions)		(255)	(253)	(2)			
Change in balance of banking sources and uses	38.4	(2 149)		(2 149)	(281)		(281)
Taxes paid		(141)	97	(238)	(138)	40	(177)
Dividends paid by La Banque Postale to La Poste			258	(258)		186	(186)
Dividends received from equity associates		9	9	(0)	7	8	(0)
Cash flows from operating activities		(454)	1 056	(1 509)	1 575	1 195	379
Purchase of intangible and tangible assets	38.5	(997)	(837)	(160)	(1 065)	(864)	(201)
Purchase of financial assets		(27)	(26)	(1)	(38)	(35)	(3)
Issue of subordinated notes by La Banque Postale			(800)	800			
Proceeds from the disposal of tangible and intangible assets		132	125	7	234	234	0
Proceeds from disposals of financial assets		28	27	1	19	18	0
Impact of changes in consolidation scope		(163)	(50)	(113)	(82)	(82)	
Change in financial assets held for investment purposes		157	157		(148)	(148)	
Cash flows from investing activities		(869)	(1 403)	534	(1 079)	(876)	(203)
Capital increase ⁽²⁾		600	600	0	1 053	1 053	(0)
Dividends paid		(178)	(175)	(3)	(151)	(148)	(3)
Interest paid		(172)	(172)	0	(164)	(164)	0
Proceeds from new borrowings	38.6	402	402		752	752	
Repayment of borrowings	38.7	(759)	(759)		(698)	(698)	
Purchase of non-controlling interests		(53)	(9)	(45)			
Other cash flows from financing activities	38.8	(97)	(97)		63	63	
Intra-group flows			557	(557)		(159)	159
Cash flows from financing activities		(256)	348	(605)	855	700	155
Decrease (increase) in cash and cash equivalents from banking activities before impact of changes in consolidation scope	38.9	1 580		1 580	(331)		(331)
Impact of changes in exchange rates		(5)	(5)		2	2	
Change in cash and cash equivalents⁽¹⁾		(4)	(4)	(0)	1 022	1 022	0
Opening cash and cash equivalents ⁽²⁾		2 167	2 167		1 146	1 146	
Closing cash and cash equivalents ⁽²⁾		2 163	2 163		2 167	2 167	

(1) Excluding cash held at post offices.

(2) Of which €600 million received in 2013 and €1,050 million received in 2012 in relation to La Poste's capital increase decided in April 2011.

GENERAL ITEMS

NOTE 1 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- 1.1 La Poste capital increase of €600 million
- 1.2 Implementation of a Tax Credit to promote Competitiveness and Employment (CICE)
- 1.3 Reclassification of held to maturity investments
- 1.4 Buyback of non-controlling interests from La Banque Postale Gestion Privée
- 1.5 Financing of local authorities

1.1 La Poste capital increase of €600 million

In accordance with the decisions of the Extraordinary General Meeting on 6 April 2011, relating to the La Poste capital increase, the French government and Caisse des Dépôts exercised the 350 million equity warrants they were holding in April 2013, which resulted in the issuance of 100 million new shares at a unit price of €6, €2 of which was an issue premium.

Following this transaction, La Poste's share capital rose to €3.8 billion, and the "issue premium" entry to €900 million.

1.2 Implementation of a Tax Credit to promote Competitiveness and Employment (CICE)

The amending finance law for 2012 dated 29 December 2012 established a Tax Credit to promote Competitiveness and Employment (CICE) as of 1 January 2013. This tax credit amounts to 4% of the remuneration paid that is less than 2.5 times the French minimum wage (SMIC) in 2013. This rate will go up to 6% as of 1 January 2014. This tax credit is recognised as a deduction for payroll expenses in the Group's accounts.

A tax credit is recognised in income for personnel expenses during the year, including the personnel expenses payable (i.e. income of €255 million). A tax credit is also recognised based on employee provisions (i.e. income of €42 million in 2013).

In all, the CICE income for the year totalled €297 million.

Given their extremely long-term nature, no tax credit has been taken into account for evaluating post-employment benefits.

1.3 Reclassification of held-to-maturity investments

The amount of La Banque Postale's exposure to countries receiving aid via the support plan is down compared to 31 December 2012. Most of these securities remain in held-to-maturity portfolios and

are therefore subject to disposal based on redemptions.

Nevertheless, as part of its policy to diversify its exposures, La Banque Postale has modified its intention to hold a portion of its exposures from these countries until maturity. Within this context, and in accordance with IFRS standards on change of management intent for portfolios of an exceptional nature that remain below the materiality threshold, La Banque Postale reclassified €1.8 billion in held-to-maturity investments to available-for-sale financial assets. A portion of these downgraded investments have since been sold for a nominal amount of €1.1 billion.

Impacts from the reclassification are presented in Note 33.7.3.

1.4 Buyback of non-controlling interests from La Banque Postale Gestion Privée

In accordance with the terms of the partnership protocol that was signed in 2007 between La Banque Postale and Oddo et Cie as part of their joint subsidiary, La Banque Postale Gestion Privée (LBPGP), in September 2012, La Banque Postale had announced its decision not to renew this partnership when it reached the end of its term.

The 49% equity investment in La Banque Postale Gestion Privée held by Oddo & Cie was acquired on 27 June 2013, at the end of an arbitration proceeding which determined the acquisition price.

1.5 Financing of local authorities

La Banque Postale Collectivités Locales was formed during the first half of 2013. La Banque Postale holds a 65% interest in this company, while Caisse des Dépôts holds 35%. This subsidiary will provide services related to marketing the credits granted by La Banque Postale to the local authorities and hospitals. La Banque Postale Collectivités Locales will have intermediary status in bank transactions. This company's business activity did not have a significant impact as of 31 December 2013.

NOTE 2 BASIS OF PREPARATION FOR THE CONSOLIDATED FINANCIAL STATEMENTS

- 2.1 Accounting guidelines
- 2.2 Valuation basis and use of estimates

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 2013 were signed off by the Board of Directors (meeting on 20 February 2014), 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 2013 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 2013 are unchanged from those applied as at 31 December 2012, except for the items described in Point A below.

A. Standards and application interpretations that are mandatory for the first time in 2013

IAS 19 (revised in 2011) – Employee benefits

Revised standard IAS 19 introduces several changes to the accounting principles on employee benefits.

The main impact for Le Groupe La Poste is the elimination of the "corridor method" in recognising actuarial gains (losses) on post-employment benefits. The application of the revised standard IAS 19 has led to recognising actuarial gains (losses) in other comprehensive income items, which were until then not recognised. Unrecognised actuarial gains (losses) totalled -€108 million as at 31 December 2012 and +€46 million as at 31 December 2011. The actuarial differences generated during the financial year are from now on recognised in other comprehensive income items.

The other modifications that were introduced by revised standard IAS 19 either did not impact, or only slightly impacted the Group's financial statements as at 31 December 2013.

IFRS 13 – Fair Value Measurement

This standard did not have a significant impact on fair value measurement as at 31 December 2013.

Amendments to IFRS 7 – Disclosures: Offsetting financial assets and financial liabilities

The disclosures on financial assets and liabilities offsetting are provided in Note 34.6.

Amendments to IAS 1 – Presentation of other comprehensive income items

In the context of the table on other comprehensive income items, this text enables a distinction to be made between recyclable items in net profit / (loss) and non-recyclable items.

Amendments to IAS 12 – Recovery of underlying assets

This text did not have a significant impact on the Group's financial statements as at 31 December 2013.

2009 – 20011 Annual improvements

This text did not have a significant impact on the Group's financial statements as at 31 December 2013.

IFRIC 20 – Stripping costs in the production phase of a surface mine

This text did not have any impact on the Group's financial statements as at 31 December 2013.

B. Standards and application interpretations that will be mandatory after 31 December 2013 and that were not applied in advance

Le Groupe La Poste did not apply the following standards and interpretations, where the application date is after 31 December 2013, in advance:

- IFRS 10 – Consolidated financial statements, IFRS 11 – Joint arrangements, and IFRS 12 – Disclosure of interests in other entities
- IAS 27 – Separate Financial Statements
- IAS 28 – Investments in associates and Joint ventures

The potential impact of the application of these standards is under review.

Moreover, the potential impact of IFRS 9 – *Financial instruments*, currently being prepared by the IASB, will be analysed after its full and definitive publication.

C. 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.

NOTE 3 ACCOUNTING RULES AND POLICIES

- A. Consolidation methods
- B. Translation of financial statements of foreign companies
- C. Foreign currency transactions
- D. Consolidation of the Banking activities segment
- E. Business combinations
- F. Operating revenue
- G. Taxes
- H. Intangible assets
- I. Tangible assets
- J. Impairment of goodwill, intangible assets and tangible assets
- K. Other financial assets
- L. Banking activities assets and liabilities
- M. Bond debt and financial derivatives relating to the management of the bond debt
- N. Commitments to buy out non-controlling interests
- O. Inventories and work-in-progress
- P. Trade receivables
- Q. Provisions
- R. Employee benefits
- S. Assets held for sale
- T. Cash flow statement

A. Consolidation methods**A.1. Full consolidation**

Subsidiaries that are exclusively controlled are fully consolidated.

Exclusive control is defined as the power to direct a company's financial and operating policies so as to derive a benefit from its activities.

Such power is deemed to exist by virtue of a direct or indirect majority holding in the voting rights, the right to appoint a majority of the members of the governing bodies, or the right to exert dominant influence pursuant to contracts or provisions in the articles of association.

A.2. Proportional consolidation

Companies over which the Group has joint control are consolidated on a proportional basis.

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.

A.3. Equity method

Companies over which the Group exerts significant influence are accounted for under the equity method. Shares accounted for under the equity method are recorded in the balance sheet under "Investments in 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 equity associates".

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.

Although the Group only holds a 20.15% interest in 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.

A.4. CNP Assurances share buyback agreement

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.

A.5. 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.

A.6. Intra-group transactions

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

A.7. 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.

B. 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.

C. 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).

D. Consolidation of the Banking activities segment

In order to improve the clarity of financial statements, specific Banking activities 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 following notes:

- Note F: Operating revenue;
- Note L: Banking activities assets and liabilities.

E. Business combinations

Business combinations are recognised according to the acquisition method, in line with the provisions of IFRS 3 – Business Combinations (2008).

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 J.

F. Operating revenue

F.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.

F.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.

G. 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.

H. 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.

I. Tangible assets

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

I.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.

I.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

I.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.

I.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.

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

J. 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.

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.

K. Other financial assets

K.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).

K.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 3.M and 27).

L. 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.

L.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.

L.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".

L.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.

L.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.

L.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.

L.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.

L.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.

L.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.

L.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.

L.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.

M. 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".

M.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.

M.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 (EIR).

M.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.

N. 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.

O. 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.

P. 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.

Q. 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 L. 10 above.

R. 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 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.

R.1. Government employees

Pension plan

The Amending Finance Act of 2006 introduced a reform in the way in which the pensions for government employees attached to La Poste were financed, which was applied retroactively as at 1 January 2006. This reform is described in Note 29 "Employee benefits".

Under the plan introduced in 2006, La Poste pays an employer contribution, which discharges it of its liabilities. As a result, no provision for the retirement of government employees is recorded in the financial statements.

Up until 2005, under the Act of 2 July 1990, La Poste was responsible for reimbursing the cost of pensions granted to government employees working for La Poste in accordance with the French Civil and Military Pensions Code, where payment and cover were provided by the French government.

R.2. Contract staff

Pension plan for contract staff of La Poste and the French subsidiaries of Le Groupe La Poste

The pension plan for contract staff at La Poste and the Group's French companies is a plan known as a "defined contribution plan". Such plans are based on payments to independent bodies that are responsible for paying the amounts due to employees, thus releasing the employer from any subsequent obligation. Therefore, once the contributions have been paid, no liability or commitment is shown in the Group's financial statements. Contributions paid to independent bodies are recognised in the period concerned.

Retirement benefits for contract staff of La Poste and the French subsidiaries of Le Groupe La Poste

A provision for these commitments is recorded on the balance sheet, and is calculated according to the principles explained above for defined benefit schemes.

Pension plans for employees of Le Groupe La Poste's foreign subsidiaries

A provision for these commitments is recorded on the balance sheet, and is calculated according to the principles explained above; it primarily applies to the GeoPost UK sub-group.

R.3. 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.

S. 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.

T. Cash flow statement

In accordance with IAS 7, Le Groupe La Poste publishes a Cash Flow Statement, which 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 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, provided these liabilities have not been contracted for the purpose of acquiring non-current assets;
- 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 whereby the share in profits of equity associates is adjusted for all non-cash transactions (e.g. net increases in depreciation, amortisation and provisions other than those relating to current assets, changes in deferred taxes and changes in the operating working capital requirement), deferrals or adjustments relating to past or future operating cash inflows or outflows, and all income and expenses associated with cash flows from investing and financing activities.

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).

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 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 BPE

Acquisition of 100% of BPE (formerly Banque Privée Européenne) on 2 April 2013 after the spin-off of wealth management activities at Crédit Mutuel Arkéa, for an acquisition cost of €115 million. Since the valuation at fair value of the assets and liabilities acquired has not been completed, the goodwill

presented in the accounts (nearly 0) is provisional in nature. This acquisition is part of the development of the Bank's private banking area and will boost the range of the offer for this segment.

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	
	2013	2012	2013	2012
Revenues and NBI	22 084	21 658	21 741	21 524
Purchases and other expenses	(7 362)	(7 108)	(7 124)	(7 014)
Personnel expenses	(12 524)	(12 599)	(12 434)	(12 573)
Taxes and levies	(236)	(235)	(234)	(235)
Depreciation, amortisation and provisions	(1 306)	(1 175)	(1 294)	(1 173)
Other current operating revenue and expenses	130	224	127	224
Pre-tax gains and losses on asset disposals	(16)	52	(15)	52
Net operating expenses	(21 314)	(20 842)	(20 974)	(20 717)
OPERATING PROFIT/(LOSS)	770	816	767	807

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.

Le Groupe La Poste has seven operating segments: Mail, Parcels, Express, Banking activities, Real Estate, La Poste Retail Brand, and Shared Services. For the presentation of its segment reporting, the Group chose to combine the "Parcels" and "Express" segments, as these have similar economic characteristics.

Mail

The Mail Business Line includes all of La Poste's Mail business (i.e. pick-up, sorting and delivery of letter posts, advertising and press publications), as well as the companies of the Sofipost sub-group.

Parcels & Express

The Parcels Business Line corresponds to all activities carried out by La Poste under the ColiPoste brand.

The Express Business Line includes the GeoPost sub-group's brands, primarily DPD, Chronopost, Exapaq and Seur.

Banking activities

The Banking activities 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 Retail Brand

The La Poste Retail Brand 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.

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 (since 2011 and the complete end of postal monopoly). This cost was previously allocated to the Mail Business Line;
- 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 interconnected, 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.

A. Income statement by operating segment

2013

(€ million)	Mail	Parcels & Express	Banking activities	Retail Brand	Real Estate	Shared Services	Unallocated ⁽¹⁾	Eliminations	Total
Non-Group revenues and NBI	10 461	5 947	5 522	92	62				22 084
Inter-segment revenues and NBI	642	41	17	4 138	845	825		(6 509)	
Operating revenue	11 103	5 988	5 539	4 230	908	825		(6 509)	22 084
Operating profit/(loss)	471	419	708	34	135	(211)	(719)	(67)	770
Financial profit/(loss)							(223)		(223)
Income tax							(127)		(127)
Share in profits of equity associates	10	3	200		2				215
Consolidated net profit/(loss)									635
Depreciation, amortisation, provisions and impairment	(221)	(147)	(485)	(72)	(241)	(140)		0	(1 306)

2012

(€ million)	Mail	Parcels & Express	Banking activities	Retail Brand	Real Estate	Shared Services	Unallocated ⁽¹⁾	Eliminations	Total
Non-Group revenues and NBI	10 774	5 538	5 217	88	41				21 658
Inter-segment revenues and NBI	636	42	24	4 143	809	840		(6 496)	
Operating revenue	11 410	5 580	5 241	4 231	851	840		(6 496)	21 658
Operating profit/(loss)	684	403	621	16	109	(188)	(832)	3	816
Financial profit/(loss)							(284)		(284)
Income tax							(231)		(231)
Share in profits of equity associates	(3)	6	176		1				180
Consolidated net profit/(loss)									481
Depreciation, amortisation, provisions and impairment	(237)	(162)	(335)	(73)	(223)	(145)			(1 175)

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

B. Balance sheet by operating segment

As at 31 December 2013

ASSETS	Mail	Parcels & Express	Banking activities	La Poste Retail Brand	Real Estate	Shared Services	Eliminations	Total
<i>(€ million)</i>								
Intangible and tangible assets and goodwill	1 100	2 214	1 005	138	3 350	550	(12)	8 345
Equity associates	11	69	2 522		31			2 634
Other non-current assets	26	46	203	10	(11)	4 229	(3 410)	1 094
Current assets	1 792	1 071	196 066	669	759	3 689	(1 442)	202 604
TOTAL	2 930	3 401	199 796	818	4 129	8 468	(4 864)	214 677
Investments ⁽¹⁾	180	266	(525)	34	246	985		1 187

LIABILITIES	Mail	Parcels & Express	Banking activities	La Poste Retail Brand	Real Estate	Shared Services	Eliminations	Total
<i>(€ million)</i>								
Shareholders' equity						8 516		8 516
Bonds and other financial debt (current and non-current)	308	784	3	26	1 657	7 309	(2 985)	7 103
Other non-current liabilities	828	248	217	517	56	67		1 933
Other current liabilities	2 204	976	193 341	692	366	987	(1 441)	197 125
TOTAL	3 340	2 008	193 561	1 235	2 079	16 880	(4 426)	214 677

As at 31 December 2012

ASSETS	Mail	Parcels & Express	Banking activities	La Poste Retail Brand	Real Estate	Shared Services	Eliminations	Total
<i>(€ million)</i>								
Intangible and tangible assets and goodwill	1 181	2 084	883	157	3 616	541	(12)	8 450
Equity associates	15	71	2 327		33			2 446
Other non-current assets	28	66	109	10	9	3 660	(2 875)	1 007
Current assets	1 750	936	192 152	784	652	3 938	(1 570)	198 641
TOTAL	2 973	3 156	195 471	951	4 311	8 139	(4 457)	210 544
Investments ⁽¹⁾	270	197	205	37	302	173		1 184

LIABILITIES	Mail	Parcels & Express	Banking activities	La Poste Retail Brand	Real Estate	Shared Services	Eliminations	Total
<i>(€ million)</i>								
Shareholders' equity						7 535		7 535
Bonds and other financial debt (current and non-current)	316	786		18	1 661	7 805	(2 934)	7 652
Other non-current liabilities	856	201	209	556	47	77		1 947
Other current liabilities	2 191	842	189 492	691	388	946	(1 140)	193 410
TOTAL	3 363	1 829	189 701	1 265	2 096	16 363	(4 074)	210 544

(1) 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.

As at 31 December 2013

<i>(€ million)</i>	France	European Union (excluding France)	Other	Total
Revenues from commercial activities	12 678	3 276	608	16 562
Net banking income	5 522	-	-	5 522
OPERATING REVENUE	18 200	3 276	608	22 084
Segment assets	214 028	478	171	214 677
Investments	1 056	124	7	1 187

As at 31 December 2012

<i>(€ million)</i>	France	European Union (excluding France)	Other	Total
Revenues from commercial activities	12 875	3 065	500	16 440
Net banking income	5 217	-	-	5 217
OPERATING REVENUE	18 093	3 065	500	21 658
Segment assets	210 062	386	95	210 544
Investments	1 041	133	10	1 184

NOTES TO THE INCOME STATEMENT

NOTE 6 REVENUES

- 6.1 Mail revenues
- 6.2 Parcels & Express revenues
- 6.3 Other revenues

Le Groupe La Poste's revenues from commercial activities are generated by the Mail (domestic and international), Express and Parcels segments as well as by the La Poste Retail Brand and the Real Estate segment. These revenues broke down as follows:

<i>(€ million)</i>	2013	2012
Mail revenues	10 461	10 774
<i>Of which Domestic mail</i>	9 692	9 993
<i>Of which International mail</i>	770	781
Express revenues	4 379	4 016
Parcels revenues	1 567	1 522
La Poste Retail Brand revenues	92	88
Real Estate revenues	62	41
TOTAL	16 562	16 441

6.1 Mail revenues

Domestic Mail revenues broke down as follows:

<i>(€ million)</i>	2013	2012
Correspondence and other La Poste products and services	6 688	6 928
Advertising mail	1 401	1 514
Press	679	701
Other products and services of the subsidiaries	923	851
TOTAL	9 692	9 993

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

"Other Products and Services" of the subsidiaries consist mainly of the following companies' revenues:

- €351 million from Mediapost, the leader in unaddressed advertising mail and a specialist in geo-marketing (€343 million in 2012)
- €66 million from Docapost BPO IS (formerly Dynapost), a specialist in the integrated processing of business mail (€64 million in 2012)
- €106 million from Docapost DPS (formerly Asphéria) and Orsid, which specialise in electronic publishing solutions and industrial document processing (€112 million in 2012)
- €163 million from Docapost BPO SAS (formerly Extelia), which specialises in industrial document and data processing (€163 million in 2012)

International Mail revenues broke down as follows:

(€ million)	2013	2012
Terminal fees	162	179
Mail franked at post office counters	120	129
Other International Mail products	488	473
TOTAL	770	781

Terminal fees are the payments received by La Poste for delivering mail from abroad in France. They are determined on the balance-sheet date based on estimates of the weight and number of items delivered known at that date.

Other international Mail products consisted of:

- €220 million in revenues earned from businesses and the public sector for La Poste (€206 million in 2012)
- €268 million in revenues from the international unit companies (€266 million in 2012)

6.2 Parcels & Express revenues

Revenues from the Express segment are earned entirely by the GeoPost sub-group, and are broken down as follows:

(€ million)	2013	2012
Express France	1 089	1 016
Express Rest of World	3 291	2 999
TOTAL	4 379	4 016

Revenues from the Parcels segment broke down as follows:

(€ million)	2013	2012
Parcels franked at post office counters	462	455
Other Parcels products	1 105	1 066
TOTAL	1 567	1 522

The other Parcels products are generated by the ColiPoste business, the La Poste parent company in-house operator, with companies and local authorities.

6.3 Other revenues

La Poste Retail Brand revenues include the revenues of La Poste Mobile, as well as 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.

Real Estate revenues corresponds to the rentals agreed with non-Group tenants.

NOTE 7 NET BANKING INCOME

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

<i>(€ million)</i>	2013	2012
Interest and similar income	5 656	6 103
Interest and similar income on treasury and inter-bank transactions	2 037	2 427
Interest and similar income on customer transactions	2 095	1 856
Interest on available-for-sale financial assets held to maturity, and on hedging transactions	1 524	1 820
Interest and similar expenses	(2 380)	(3 287)
Interest and similar expenses on treasury and inter-bank transactions	(35)	(23)
Interest and similar expenses on customer transactions	(2 084)	(2 722)
Interest on debt evidenced by a certificate and hedging transactions	(261)	(542)
Commission income	2 279	2 144
Commission expenses	(231)	(237)
Net gains and losses on financial instruments at fair value through profit or loss	23	244
Net gains and losses on available-for-sale assets	129	163
Margin on insurance activities	85	76
Income and expenses from other activities	(39)	11
TOTAL	5 522	5 217
Total income	8 248	8 815
Total expenses	(2 726)	(3 597)

NOTE 8 PURCHASES AND OTHER EXTERNAL EXPENSES

Purchases and other expenses broke down as follows:

<i>(€ million)</i>	2013	2012
External services and general sub-contracting	1 539	1 523
Purchases	634	652
Outsourced transport	3 216	2 995
International mail delivery services	160	173
Rental expenses	744	690
Maintenance and repair costs	401	398
Telecommunications expenses	134	139
Travel and assignments	187	183
Other expenses	346	357
TOTAL	7 362	7 108

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>	2013	2012
Wages and salaries, bonuses and allowances	8 640	8 521
Pension contributions	1 398	1 367
Other social security contributions	1 789	1 751
Employee welfare costs	210	203
CICE revenue	(255)	
Change in post-employment provisions	1	(6)
Change in provisions for social security contingencies and staff litigation	22	3
Change in other employee provisions	(96)	(47)
Compensation-based taxes and duties	814	807
TOTAL	12 524	12 599

- 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) which was implemented in 2013 (see note 1.2.).

9.2 Headcount

The Group's average headcount has changed as follows:

	2013	2012
Average headcount (full-time employee equivalents per year)	266 369	266 618

NOTE 10 TAXES AND LEVIES

Taxes and levies consist of the following items:

(€ million)	2013	2012
Local taxes	152	150
Other taxes and levies	84	86
TOTAL	236	235

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 78% 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. 2012-1480 of 27 December 2012).

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)	2013	2012
Net depreciation and amortisation		
Intangible assets	269	251
Tangible assets	727	708
	996	960
Net provisions and impairment		
Goodwill		19
Other non-current assets	10	18
Inventories	0	1
Accounts receivable	4	8
Losses on unrecoverable receivables	24	19
Provisions for contingencies and losses	118	(3)
	156	63
Cost of risk (Banking activities)		
Cost of risk and other impairments, charges and risks (Banking activities) ⁽¹⁾	50	(45)
Banking activities cost of risk – unrecoverable receivables	105	197
	154	152
TOTAL	1 306	1 175

(1) Including €15 million in impairments related to the Greek sovereign debt crisis in 2012.

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)	2013	2012
Capitalised production	102	112
Production transferred to inventories	(14)	40
Royalties	(26)	(22)
Revenues recorded following an acquisition of control ⁽¹⁾	1	14
Accretive effect of the CNP Assurances capital increase ⁽²⁾	8	14
Other current operating revenue and expenses	59	65
TOTAL	130	224

(1) In 2012, this amount included €7 million relating to the acquisition of control over Seur SA and €6 million relating to the acquisition of control over IBC.

(2) 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)	2013	2012
Interest expense on financing transactions ⁽¹⁾	(194)	(193)
Change in the fair value of borrowings and debt-related swaps ⁽²⁾	(24)	(61)
Income from cash and cash equivalents ⁽³⁾	20	33
TOTAL	(198)	(221)

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

(2) Including fair value hedges on borrowings.

(3) 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 2013 takes into account the decrease in the cost of credit risk experienced in 2013. 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 €51 million impact on 2013 financial profit/(loss) .

The decrease in the cost of credit risk in 2012 had a negative €45 million impact on financial profit/(loss) in that year.

13.2 Other financial items

Discounting expenses

(€ million)	2013	2012
Provisions for employee benefits and return on plan assets	(37)	(67)
Other provisions	(0)	(1)
TOTAL	(37)	(68)

Other financial income and expenses

(€ million)	2013	2012
Net foreign exchange gains	4	0
Additions to and reversals of provisions	6	2
Other financial income and expenses	2	3
TOTAL	12	5

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)	2013	2012
Current tax (expense)	(139)	(235)
Deferred tax income/(expense)	11	4
TOTAL TAX INCOME/(EXPENSE)	(127)	(231)

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)	2013	2012
Change in unrealised gains and losses on financial instruments		
Amount before tax	41	344
Tax impact	(8)	(128)
AMOUNT NET OF TAX	32	216
Translation adjustments		
Amount before tax	(31)	7
Tax impact		
AMOUNT NET OF TAX	(31)	7

14.3 Tax proof

The explanation of the tax reconciliation is as follows:

<i>(€ million)</i>	2013	2012
Net profit/ (loss), Group share	627	479
Share in profits of equity associates	(215)	(180)
Income tax	127	231
Non-controlling interests	8	2
Consolidated profit (loss) before tax and share in profits of equity associates	548	532
Theoretical tax expense (at 38% in 2013 and 36.10% in 2012)⁽¹⁾	(208)	(192)
Prior tax-loss carry forwards deducted during the financial year	3	2
Unused tax losses created during the financial year	(12)	(21)
Limitation and creation of deferred tax assets	0	(32)
Limitation and creation of deferred tax assets on the Home Loan Savings provision	4	(49)
Tax rate differential for foreign subsidiaries	30	24
Tax benefits, tax credits and foreign tax allowances	12	13
Impairment		(7)
Contribution revaluations and gains		16
Cancellation of internal gains/(losses)		11
Tax on distributed revenues	(5)	
Permanent differences	51	3
Other items	(2)	(0)
Tax restatements	81	(39)
ACTUAL TAX CHARGE	(127)	(231)

(1) Including the 3.3% social solidarity contribution and the one-off contribution of 10.7% in 2013 and 5% in 2012.

14.4 Deferred tax recognised on the balance sheet

<i>(€ million)</i>	Deferred tax assets	Deferred tax liabilities	Total
31/12/2011	205	103	102
Impact on net profit/(loss)	(2)	(6)	4
Reclassifications	26	26	
Impact on equity	(118)	12	(130)
Change in consolidation scope	2	7	(5)
31/12/2012	113	142	(29)
Impact on net profit/(loss)	31	20	11
Reclassifications	(3)	(3)	0
Impact on equity	7		7
Change in consolidation scope	4	7	(3)
31/12/2013	153	166	(14)

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)	31/12/2013	31/12/2012
Deferred tax assets		
Employee benefits	394	377
Other non-deductible provisions	45	47
Other timing differences	95	101
Swaps and similar	20	30
Tax loss carry-forwards	3	2
Other tax timing differences	14	7
Asset/liability offsets ⁽¹⁾	(419)	(452)
TOTAL ASSETS	153	113
Deferred tax liabilities		
Regulated provisions	117	120
Revaluation of contributions to Poste Immo	162	170
IAS 32-39 Financial instruments	93	119
Deductible goodwill	129	113
Other tax timing differences	84	72
Asset/liability offsets ⁽¹⁾	(419)	(452)
TOTAL LIABILITIES	166	142

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

14.6 Unrecognised deferred tax assets

Type and amount of unrecognised deferred tax asset bases (€ million)	31/12/2013			Total
	French companies in the tax consolidation group	Non-consolidated French companies	Foreign companies	
Home Loan Savings Provision	293			293
Employee benefits	828			828
Other timing differences	3	2	7	12
Ordinary tax losses		179	58	237
TOTAL	1 124	181	65	1 370

Unrecognised deferred tax asset bases amounted to €1,330 million as at 31 December 2012.

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)		Net book value as at 31/12/2013	Net book value as at 31/12/2012
CGU	Segment		
GeoPost Central Europe	Express	466	462
Exapaq	Express	334	334
GeoPost Spain	Express	248	238
GeoPost UK	Express	130	133
Mediapost	Mail	115	120
<i>Sogec</i>		44	44
<i>Adverline</i>		23	27
<i>Mediapost</i>		24	24
<i>Media Prisme</i>		15	15
<i>Cabestan</i>		9	9
Docapost	Mail	82	82
<i>Docapost BPO (formerly Extelia)</i>		47	47
<i>Orsid</i>		22	22
<i>Sefas</i>		8	8
<i>Other Docapost unit companies</i>		6	6
DPD Laser Finance	Express	39	50
Viapost	Mail	39	45
<i>Morin</i>		28	34
<i>Orium</i>		11	11
Asendia	Mail	30	30
Tocqueville Group	Banking activities	27	27
Tigers	Express	23	
DTDC	Express	19	
Other Express companies	Express	26	32
Other banking companies	Banking activities	8	8
Other		2	2
TOTAL		1 587	1 562
Mail		266	277
Express		1 284	1 249
Banking activities		36	36
Other		2	2

15.2 Change in the net book value of goodwill

(€ million)	2013	2012
Opening balance	1 562	1 417
<i>of which : Gross amount</i>	<i>1 698</i>	<i>1 534</i>
<i>Impairment</i>	<i>(136)</i>	<i>(117)</i>
Acquisitions	53	167
Disposals		(1)
Reclassifications and other	(9)	(2)
Translation adjustments	(19)	1
Impairment		(19)
Closing balance	1 587	1 562
<i>of which : Gross amount</i>	<i>1 722</i>	<i>1 698</i>
<i>Impairment</i>	<i>(135)</i>	<i>(136)</i>

The main addition to goodwill during the financial year relates to the acquisition of Tigers, a company specialised in freight forwarding that is based in Hong Kong, resulting in goodwill of €23 million.

15.3 Impairment

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.

Impairment tests are also carried out on intangible and tangible assets where there is an indication they may have been impaired.

Impairment of goodwill

Goodwill is allocated to Cash Generating Units as follows:

- Mail segment: one CGU for each business unit and for certain subsidiaries;
- Express segment: one CGU per geographical area, and one CGU for the Exapaq group;
- Banking activities segment: one CGU per business unit.

This impairment test involves comparing the net book value of the CGUs, including any goodwill, to their recoverable value.

To determine the recoverable value of a CGU, the Group calculates its value-in-use, based on the valuation of the discounted cash flows the CGU will generate in future years. This assessment reflects the most recent information that the Group has used for its in-house planning processes and drawing for up its budget. It is also based on discount rates that reflect the CGU's credit profile and risk profile. This approach is supplemented by a valuation using the multiples method to the extent that sufficient information is available.

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		
2013				
Mail	7% to 7.8%	7,0%	2%	5
Express	6.4% to 9%	7.1% to 10.9%	2%	5
Banking activities	7.7%	-	1%	5
2012				
Mail	7% to 8.6%	-	2%	5
Express	7% to 10%	7% to 12.6%	2%	5
Banking activities	10.3%	-	2%	5

The tests performed on the Group's goodwill in 2013 did not lead to the recording of any impairment.

For the year ended 31 December 2012, the Group had recognised impairment on GeoPost Spain (Express segment) for an amount of €19 million.

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 2013.

Impairment of intangible and tangible assets

An impairment test was carried out on La Poste's Mail CGU as at 31 December 2013, following the identification of indications of impairment. This test did not reveal any impairment as at 31 December 2013.

NOTE 16 INTANGIBLE ASSETS

(€ million)	Software, patents and licences	Intangible assets in progress	Other intangible assets	TOTAL
GROSS AMOUNT				
Balance as at 31/12/2011	1 252	159	702	2 113
Acquisitions	65	144	56	266
Disposals	(14)	(1)	(6)	(21)
Change in consolidation scope	40	0	34	75
Transfers	79	(104)	27	2
Balance as at 31/12/2012	1 424	198	814	2 435
Acquisitions	52	147	40	239
Disposals	(310)	(26)	(10)	(346)
Change in consolidation scope	6	(0)	13	18
Transfers	101	(140)	56	17
BALANCE AS AT 31/12/2013	1 272	179	912	2 364
DEPRECIATION AND IMPAIRMENT				
Balance as at 31/12/2011	(929)	N/A	(397)	(1 326)
Depreciation for the year	(162)		(89)	(251)
Impairment	(13)			(13)
Reversals on disposals	14		5	19
Change in consolidation scope	(32)		(6)	(38)
Balance as at 31/12/2012	(1 122)	N/A	(488)	(1 610)
Depreciation for the year	(172)		(97)	(269)
Impairment	0			0
Reversals on disposals	323		10	332
Change in consolidation scope	(1)		0	(1)
BALANCE AS AT 31/12/2013	(973)	N/A	(575)	(1 547)
NET AMOUNT				
As at 31/12/2012	301	198	326	825
AS AT 31/12/2013	299	179	338	816

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

NOTE 17 TANGIBLE ASSETS

(€ million)	Land and buildings	Machinery and equipment	Vehicles	Other tangible assets	Assets under construction	TOTAL
GROSS AMOUNT						
Balance as at 31/12/2011	4 723	2 363	777	2 764	289	10 915
Acquisitions	27	78	145	183	387	820
Disposals	(135)	(205)	(105)	(174)	(8)	(626)
Change in consolidation scope	17	34	3	27	0	80
Transfers	226	42	18	117	(424)	(22)
Translation adjustments	4	2	(0)	1	2	9
Balance as at 31/12/2012	4 861	2 315	838	2 918	245	11 176
Acquisitions	17	106	168	157	321	769
Disposals	(92)	(65)	(126)	(173)	(1)	(456)
Change in consolidation scope	12	9	1	10	0	33
Transfers	90	144	2	89	(382)	(57)
Translation adjustments	(4)	(2)	(5)	(2)	(1)	(12)
BALANCE AS AT 31/12/2013	4 884	2 508	878	3 000	183	11 453
DEPRECIATION AND IMPAIRMENT						
Balance as at 31/12/2011	(968)	(1 568)	(367)	(1 916)	N/A	(4 820)
Depreciation for the year	(186)	(181)	(88)	(253)		(708)
Impairment	(8)		(5)			(12)
Reversals of impairment	7	(0)		0		7
Reversals on disposals	29	197	78	161		465
Change in consolidation scope	(7)	(22)	(2)	(23)		(55)
Transfers	13	1	(0)	(2)		12
Translation adjustments	(1)	(1)	(0)	(1)		(3)
Balance as at 31/12/2012	(1 122)	(1 575)	(383)	(2 034)	N/A	(5 114)
Depreciation for the year	(198)	(181)	(91)	(257)		(727)
Impairment	(23)		(5)			(28)
Reversals of impairment	18	(0)	0	0		18
Reversals on disposals	32	62	91	164		350
Change in consolidation scope	(3)	(17)	(1)	(2)		(23)
Transfers	25	(17)	1	(1)		8
Translation adjustments	1	1	2	1		5
BALANCE AS AT 31/12/2013	(1 269)	(1 726)	(388)	(2 129)	N/A	(5 512)
NET AMOUNT						
As at 31/12/2012	3 739	740	454	884	245	6 062
AS AT 31/12/2013	3 614	782	491	871	183	5 941
<i>Of which finance leases</i>						
As at 31/12/2012	51	20	13	7		91
AS AT 31/12/2013	48	27	12	5		92

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 Summary of financial information on CNP Assurances

18.1 Change in investments in associates

(€ million)	CNP Assurances	X-Ange	OPCI Akatea	Yurtici Kargo	Other	TOTAL
Balance as at 31/12/2011	1 945	17	18	38	29	2 048
Group share in the profits of equity associates	176	(3)	1	5	1	180
Dividend payments ⁽¹⁾			(3)	(3)	(2)	(8)
Net change in the fair value of financial instruments and AFS securities	221	1			(0)	222
Change in consolidation scope			(0)		2	2
Capital increase		(2)	10		1	10
Transfers and reclassifications			7			7
Translation adjustments	(23)			1	0	(22)
Accretive effect of the capital increase	14					14
Other	(7)					(7)
Balance as at 31/12/2012	2 327	14	33	41	32	2 446
Group share in the profits of equity associates	200	11	2	4	(1)	215
Dividend payments ⁽¹⁾			(4)	(4)	(1)	(9)
Net change in the fair value of financial instruments and AFS securities	26	(4)			0	22
Impairment						
Change in consolidation scope					9	9
Capital increase		(13)			3	(11)
Transfers and reclassifications				0		0
Translation adjustments	(36)			(8)	0	(44)
Accretive effect of the capital increase	8					8
Other	(2)					(2)
BALANCE AS AT 31/12/2013	2 522	8	31	33	40	2 634

(1) 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, compared to €14 million in 2012 (see Note 12).

18.2 Summary of financial information on CNP Assurances

(on a 100% basis, in € million)	31/12/2013	31/12/2012
Revenue from ordinary activities	42 627	43 524
Profit for the year (Group share and non-controlling interests)	1 323	1 258
Equity (Group share and non-controlling interests)	15 994	15 588
Total assets	365 984	353 216

The fair value of the Group's investment in CNP Assurances as at 31 December 2013, based on the market price at that date, was €2 060 million.

NOTE 19 OTHER FINANCIAL ASSETS

(<i>€ million</i>)	31/12/2013		31/12/2012	
	Current	Non-current	Current	Non-current
Unconsolidated investments		185		164
<i>Provisions for unconsolidated investments</i>		(30)		(33)
Deposits and guarantees paid	39	17	53	15
<i>Provisions for deposits and guarantees paid</i>	(0)	(0)	(0)	(0)
Financial derivatives	129	290	87	464
Loans for local authority housing	4	76	4	79
<i>Provisions for loans for local authority housing</i>		(33)		(36)
Financial assets held for investment purposes	252	404	629	186
Other financial assets	7	43	9	64
<i>Provisions for other financial assets</i>	(0)	(8)	(2)	(9)
TOTAL	430	942	781	891

Unconsolidated equity investments

(<i>€ million</i>)	31/12/2013			31/12/2012
	Percentage held	Gross amount	Net amount	Net amount
Crédit Logement	6%	98	98	81
Xange Capital 2	40%	12	12	12
Asset Management LAB	100%	5	5	5
Other		70	39	32
TOTAL		185	155	131

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 (€35 million as at 31 December 2013, compared with €48 million as at 31 December 2012).

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 (€555 million as at 31 December 2013, and €353 million as at 31 December 2012), and negotiable debt securities where the maturities usually range between three and 12 months (€100 million as at 31 December 2013 and €205 million as at 31 December 2012). As at 31 December 2012, this line item also comprised term deposits accessible after more than three months, for an amount of €250 million.

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)	31/12/2013	31/12/2012
Ordinary customer receivables	679	572
Other customer receivables	66	41
Doubtful receivables	155	158
Provisions	(138)	(138)
Customer sight loans and receivables	763	633
Short-term credit facilities	3 271	2 625
Home loans	49 646	44 993
Loans to legal entities	3 370	666
Securities received under repurchase agreements	350	140
Doubtful receivables	474	244
Provisions	(172)	(78)
Term customer loans and receivables	56 939	48 591
Finance lease transactions	561	172
Securities equivalent to customer loans and receivables	942	526
TOTAL	59 204	49 922

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

Short-term credit facilities primarily include:

- €3,234 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.

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)	31/12/2013	31/12/2012
Ordinary accounts receivable	136	240
Overnight deposits and loans	12	12
Sight loans and receivables – credit institutions	148	252
Term accounts and loans	78 560	77 207
Securities received under repurchase agreements	1 654	408
Subordinated and participating loans	191	183
Term deposits and loans – credit institutions	80 404	77 798
Securities equivalent to loans and receivables due from credit institutions	2 342	3 204
TOTAL	82 894	81 254

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.

In the "Securities equivalent to loans and receivables due from credit institutions" line, securities from the

Held-for-sale assets category only amounted to €5.2 million, following the reclassifications performed on 1 July 2008 and authorised by the amendment to IAS 39 in October 2008.

An assessment of credit risks on receivables due from credit institutions (Banking activities) is set out in Note 33.7.

20.3 Securities portfolio

(€ million)	31/12/13	31/12/12
Government securities and similar	28 889	33 162
Bonds and other fixed-income securities ⁽¹⁾	3 377	3 874
Financial assets held to maturity	32 266	37 036
Government securities and similar	2 086	1 960
Bonds and other fixed-income securities	8 751	6 925
Equities and other variable-income securities ⁽²⁾	1 061	1 008
Available-for-sale financial assets	11 898	9 892
Government securities and similar	105	289
Bonds and other fixed-income securities	5 094	6 455
Equities and other variable-income securities	40	47
Financial assets held for transaction purposes	5 239	6 791
Interest-rate derivatives	241	265
Foreign exchange derivatives	3	3
Equity and index derivatives	7	2
Derivatives/Positive Fair Value	250	270
Financial assets at fair value through profit or loss	5 489	7 061
Revaluation adjustment on hedged portfolios (fair value hedges)	130	293
TOTAL	49 784	54 281

(1) FI: fixed income.

(2) VI: variable income.

The general principles governing the recognition of securities and derivatives for the Banking activities are set out in Notes 3.L.2 to 3.L.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)	31/12/2013	31/12/2012
Deposits and guarantees paid	490	552
Other miscellaneous receivables ⁽¹⁾	514	549
Accrued income	196	204
TOTAL	1 200	1 305

(1) 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>	31/12/2013	31/12/2012
Prepaid expenses	30	32
Collection accounts	93	61
Settlement accounts for securities transactions	10	7
Other insurance assets	213	173
Other accruals – Assets	838	2 114
TOTAL	1 185	2 387

Accruals - Liabilities

<i>(€ million)</i>	31/12/2013	31/12/2012
Settlement accounts for securities transactions	11	10
Other accruals – Liabilities	1 992	3 483
TOTAL	2 003	3 493

NOTE 21 Inventories and work-in-progress

(<i>€ million</i>)	31/12/2013			31/12/2012
	Gross amount	Provisions	Net amount	Net amount
Raw materials and supplies inventories	21	(1)	20	19
Goods inventories	7	(1)	6	6
Other supplies inventories	81	(4)	78	89
Finished and semi-finished product inventories	31	(0)	31	34
Property works in progress	1		1	56
TOTAL	142	(6)	136	203

Inventories primarily consist of:

- spare parts for technical facilities;
- finished products sold in the post office network (primarily stamp-collecting products);
- property works in progress (property development activity).

NOTE 22 Trade and other receivables

(<i>€ million</i>)	31/12/2013	31/12/2012
Advances and deposits paid	36	32
Trade receivables and related accounts	1 936	1 795
<i>Provisions on trade receivables and related accounts</i>	<i>(88)</i>	<i>(83)</i>
International mail receivables	494	437
CICE tax credit receivable	255	
Other receivables	333	302
<i>Provisions on other receivables</i>	<i>(29)</i>	<i>(29)</i>
TOTAL	2 936	2 453

International Mail receivables (€494 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 €488 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.

Other receivables as at the end of December 2013 primarily included:

- A €37 million recoverable VAT receivable from the French government for VAT credits from major refurbishment work on the property portfolio performed in 2013;
- €8 million in receivables on disposals of tangible and intangible assets.

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>	31/12/2013	31/12/2012
Cash equivalents	1 973	2 011
Cash at bank	183	149
Cash on hand	7	7
TOTAL	2 163	2 167

Cash and cash equivalents consisted mainly of units in money-market units for an amount of €1,045 million (€1,051 million as at 31 December 2012), and term deposits accessible at any time, or within three months, for an amount of €875 million (€925 million as at 31 December 2012).

Cash held at post offices

Cash held at post offices is not included in 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 treats it as a current use and includes it on a specific balance sheet line. Cash held at post offices amounted to €612 million as at 31 December 2013, compared with €719 million as at 31 December 2012.

In the cash flow statement, cash held at post offices is also excluded from cash at the beginning and end of the period. Changes in cash held at post offices are shown under "Cash flows from operating activities".

23.2 Cash and central bank deposits (Banking activities)

<i>(€ million)</i>	31/12/2013	31/12/2012
Cash on hand	274	247
Central banks	1 296	2 478
Central bank related receivables	0	1
TOTAL	1 570	2 726

NOTE 24 Assets and liabilities held for sale

The assets held-for-sale as at 31 December 2013 and 2012 corresponded to properties under promise of sale.

NOTE 25 SHARE CAPITAL

As at 31 December 2013, 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 2013, 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 underwriting provisions	TOTAL
Non-current provisions			
Current provisions	194	530	724
Balance as at 31/12/2011	194	530	724
Addition for the year	137	601	738
Reversal for use		(489)	(489)
Net reversal of the Home Loan Savings provision			
Other movements		31	31
Non-current provisions			
Current provisions	331	674	1 005
Balance as at 31/12/2012	331	674	1 005
Addition for the year	0	734	734
Reversal for use	(23)	(586)	(609)
Net reversal of the Home Loan Savings provision			
Other movements	0	(5)	(5)
Non-current provisions			
Current provisions	308	817	1 126
BALANCE AS AT 31/12/2013	308	817	1 126

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 3.Q).

This provision was subject to a net decrease of €23 million over the financial year, which broke down as follows:

<i>(€ million)</i>	Amounts collected	PEL and CEL amounts granted	2013 provisions	2012 provisions	Net movements 2012/2013
Age					
Over 10 years	7 630		96	118	(22)
4 to 10 years	6 872		100	35	65
Under 4 years	6 787		39	115	(76)
Total Home Loan Savings Plans (PEL)	21 289	155	235	268	(33)
Total Home Loan Savings Accounts (CEL)	5 699	882	73	63	10
TOTAL	26 988	1 037	308	331	(23)

26.2 Other provisions for contingencies and losses

As at 31 December 2013, the other provisions for contingencies and losses broke down as follows:

<i>(€ million)</i>	Employee- related disputes	Other disputes	Other	TOTAL
Non-current provisions	19	34	41	94
Current provisions	52	54	264	371
Balance as at 31/12/2011	71	88	305	464
Addition for the year	39	30	49	118
Reversal for use	(19)	(8)	(23)	(49)
Reversal of provisions no longer required	(17)	(31)	(15)	(62)
Discounting	0	1	1	3
Other movements	(0)	(1)	2	1
Non-current provisions	26	30	34	90
Current provisions	49	51	285	385
Balance as at 31/12/2012	75	81	319	475
Addition for the year	75	56	180	311
Reversal for use	(26)	(18)	(48)	(93)
Reversal of provisions no longer required	(29)	(37)	(11)	(77)
Discounting	(0)	0	(1)	(1)
Other movements	2	(1)	4	5
Non-current provisions	44	6	30	80
Current provisions	53	73	413	540
BALANCE AS AT 31/12/2013	97	80	443	620

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 2013, other provisions included a €119 million provision intended to cover the guarantee granted by La Banque Postale to guaranteed-performance funds (compared with €127 million as at 31 December 2012).

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

	31/12/2013		31/12/2012	
	Short-term	Medium-and long-term	Short-term	Medium-and long-term
<i>(€ million)</i>				
Financial debt at amortised cost	673	3 461	1 346	3 226
Bonds		3 380	726	3 128
Finance leases	21	44	6	58
La Poste savings bonds	63		66	
Commercial paper	150			
Current bank facilities	32		23	
Deposits and guarantees received	368	26	486	25
Other borrowings at amortised cost	39	10	40	15
Borrowings designated at fair value	207	2 015		2 294
Borrowings subject to fair value hedging		530		546
Financial derivative liabilities relating to bonds	42	27	80	9
Other derivatives	7	9	5	9
Interest accrued not due on borrowings	131		136	
Medium and long-term bonds and other financial debt (non-current)		6 043		6 085
Short-term bonds and other financial debt (current)	1 060		1 567	
TOTAL CURRENT AND NON-CURRENT	7 103		7 652	

27.2 Breakdown of debt by maturity

	Maturity of < 1 year		Maturity of 1 to 5 years		Maturity of > 5 years		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
<i>(€ million)</i>								
Financial debt at amortised cost								
Bonds		726	163	164	3 217	2 964	3 380	3 853
Finance leases	21	6	2	28	42	30	65	64
La Poste savings bonds	63	66					63	66
Commercial paper	150						150	
Current bank facilities	32	23					32	23
Deposits and guarantees received	368	486	25	24	1	2	394	512
Other borrowings at amortised cost	39	40	10	15			50	55
Borrowings at fair value								
Bonds	207		1 341	1 023	674	1 271	2 222	2 294
Borrowings subject to fair value hedging								
Bonds			530	546			530	546
Financial derivative liabilities relating to bonds	42	80	27	9			69	90
Other derivatives	7	5	9	9			16	14
Accrued interest not due	131	136					131	136
TOTAL	1 060	1 567	2 109	1 819	3 934	4 266	7 103	7 652

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 31/12/2011	3 108	2 176	539	5 822
New borrowings	750			750
Redemptions				
Issue premium	(5)			(5)
Change in credit risk		45		45
Other changes		73	7	80
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 bond issue

In November 2013 La Poste issued a new €250 million bond by reopening the existing €750 million bond issue maturing in 2024 at a nominal rate of 2.75%.

Debt repayment

The bond issued in 2006 maturing in 2013, with a nominal value of €726 million, was redeemed in November 2013.

Change in credit risk

The fair value measurement of the borrowings designated at fair value through profit or loss reflects

the decrease in the cost of credit risk over the year. This change had a €51 million positive impact on the fair value of the bonds as at 31 December 2013, compared with 31 December 2012 (as opposed to a €45 million positive impact in 2012). See paragraph M1 in Note 3 on Accounting rules and methods.

The other changes primarily related to:

- the decrease in the fair value of borrowings designated at fair value through profit or loss at inception mainly due to the increase in long-term interest rates in 2013;
- 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>	31/12/2013	31/12/2012
Revaluation of hedged borrowings through profit or loss	(16)	7
Revaluation of hedges on borrowings through profit or loss	16	(7)
NET IMPACT ON PROFIT OR LOSS	0	0

As at 31 December 2013, 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>		884	
TOTAL BONDS AT FAIR VALUE				1 964	
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 2013 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	6 133	100%	(2 752)	3 380	55%
Floating-rate borrowings			2 752	2 752	45%
<i>Of which borrowings covered by partial or total rate-refixing swaps (see note below)</i>			1 514		
TOTAL BORROWINGS	6 133	100%		6 133	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 2013, the portion of floating-rate borrowings covered by these "rate refixing" swaps amounted to €1,514 million, i.e. 25% of total borrowings. These borrowings are still shown on the "Floating-rate borrowings" line.

"Rate-refixing" swaps represent a nominal amount of €1,320 million.

As at 31 December 2013, 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	5 657	93%	475	6 133	100%
Pound Sterling	268	4%	(268)		
Swiss Franc	207	3%	(207)		
TOTAL	6 133	100%	-	6 133	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 31/12/2013		Fair value as at 31/12/2012	
	Assets	Liabilities	Assets	Liabilities
Trading derivatives at fair value through profit or loss				
Fixed-for-floating derivatives	362	27	480	9
Floating-for-fixed derivatives		42		79
TOTAL	362	69	480	88
Hedging derivatives				
Fair value hedges	50		67	
TOTAL DERIVATIVES RELATING TO BONDS	412	69	547	88
Other				
Currency swaps	6		2	
Cash management funds derivatives		16	3	14
TOTAL NON-BANKING ACTIVITIES DERIVATIVES	419	85	551	102
Amortisable balance on interrupted hedging derivatives				
Cash flow hedging derivatives		10		13

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 2013.

Commercial paper

In October 2013, La Poste issued €150 million in commercial paper maturing, within three months.

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 NET DEBT

28.1 Net debt position 28.2 Changes to net debt

28.1 Net debt position

(€ million)	Note	31/12/2013	31/12/2012
Cash and cash equivalents (balance sheet line)	23	2 163	2 167
Debt-related derivative assets	19	419	551
Investment securities with initial maturities of over 3 months	19	655	815
Security deposits paid in connection with derivatives, recognised as assets	19	35	48
Net financial receivable against La Banque Postale		53	611
Cash and other asset items (1)		3 325	4 192
Medium and long-term bonds and other financial debt	27	6 043	6 085
Short-term bonds and other financial debt	27	1 060	1 567
Gross debt (2)		7 103	7 652
NET DEBT (2)-(1)		3 778	3 460
Decrease in net debt as at 31 December 2013		318	

28.2 Changes to net debt

(€ million)	Cross-references	31/12/2013	31/12/2012
Cash flows from operating activities	CFS⁽¹⁾	1 056	1 195
Cash flows from investing activities	CFS	(1 403)	(876)
Cancellation of the change in cash management financial assets	CFS	(157)	148
Cash flow from investing activities excluding the acquisitions and disposals of cash management financial assets⁽²⁾		(1 561)	(728)
Capital increase	CFS	600	1 053
Dividends paid to the government	CFS	(171)	(144)
Purchase of non-controlling interests	CFS	(9)	(25)
Net financial interest expense		(164)	(164)
Change in the fair value of financial instruments		(28)	(58)
Impact of changes in consolidation scope on gross debt		(15)	(32)
Increase in finance lease liabilities		(17)	(7)
Bond issue redemption premium and issuance expenses			(5)
Other items ⁽³⁾		(8)	(1)
Cash flows and change in debt from financing activities		187	617
DECREASE (INCREASE) IN NET DEBT SINCE 1 JANUARY		(318)	1 084
Net debt at the beginning of the period		(3 460)	(4 544)
Net debt at the end of the period		(3 778)	(3 460)

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

(2) 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.

(3) 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

It became mandatory to apply revised standard IAS 19 at 1 January 2013 (see Note 2.1.A). Provisions for post-employment employee benefits have been restated as follows as at 31 December 2012:

<i>(€ million)</i>	31/12/2012 as reported		Application of IAS 19 Revised	31/12/2012 restated	
	Current	Non-current		Current	Non-current
Post-employment benefits for La Poste's government employees	17	443	17	17	460
Retirement benefits for the Group's contract staff	4	149	65	4	214
Pension plans for employees of foreign subsidiaries		25	26		51
TOTAL	21	617	108	21	725

Provisions for employee benefits have changed as follows during 2013:

<i>(€ million)</i>	31/12/2012						31/12/2013	
	Current	Non-current	Increase	Decrease for use	Interest cost	Other changes	Current	Non-current
Post-employment benefits for La Poste's government employees	17	460	6	(16)	12	(29)	17	433
Retirement benefits for the Group's contract staff	4	214	20	(4)	5	(9)	6	224
Pension plans for employees of foreign subsidiaries	0	51	2	(6)	2	6		55
Total	21	725	28	(26)	19	(32)	24	712
End-of-career arrangements	340	886	237	(322)	15	0	382	775
Severance payments	82	26	6	(1)		(0)	81	32
Long-term sick leave/long-term paid leave	64	52	1	(11)		0	61	45
Accrued leave	108	110	5	(11)	2	0	114	101
Other long-term benefits	2	23	3	(6)		(0)	2	21
Total	256	211	16	(29)	2	(0)	258	199
TOTAL	617	1 821	281	(376)	36	(32)	663	1 685

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.).

A. 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, sets out the pension funding plan for government employees working at La Poste. This plan changes the previous funding plan so as to gradually put La Poste on an equal footing with competitors.

The reform implemented in December 2006, and approved by the European Commission in 2007, includes:

- the implementation of an employer contribution aimed at discharging all of the employer's pension liabilities as from 1 January 2006. This rate was gradually reduced down to a so-called "competitively fair" rate in 2010, i.e. a level that brings the mandatory salary-based social security and tax charges at La Poste down to the level at other companies in the postal and banking sectors. Over the period between 2006 and 2009, the law had set an additional rate (16.3% in 2006, 6.8% in 2007, 3.7% in 2008, and 1.3% in 2009), which was added to the competitively fair rate;
- the transfer of the task of centralising and distributing the flow of retirement benefits to La Poste's government employees between the French government, La Poste and any other relevant bodies to the EPNFRLP (Établissement public national de financement des retraites de La Poste, the French government agency for the funding of La Poste's pensions), which was established beforehand via the Decree of 19 December 2006. The EPNFRLP is actually responsible for negotiating financial agreements provided for under Title II, Book II and under Title II, Book IX of the French Social Security Code;
- the payment of a one-time fixed contribution of €2 billion to this public agency by La Poste in 2006.

With the implementation of this plan, and given that the employer contribution is made in full discharge of the obligation, no provision is recorded in La Poste's financial statements in respect of government employees' retirement benefits.

Under the previous plan set forth in the Act of 2 July 1990, La Poste was responsible for reimbursing the cost of pensions granted to government employees working for La Poste in accordance with the French Civil and Military Pensions Code, where payment and cover were provided by the French government.

B. 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.

C. 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.

D. 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.

E. End-of-career arrangements

La Poste employees may benefit from an early end-of-career arrangement scheme called Adjusted Part Time Scheme for Seniors (APTSS) described below under some certain circumstances. These arrangements are offered to some people who meet the relevant minimum-age requirement (government employees and contract staff) and number of years of service. This scheme was implemented in 2011, and its characteristic features are adjusted each year according to the demographic and economic conditions of the company, as well as to the laws applicable to retirement. The main characteristic features of the scheme applicable in 2014, which were set in December 2013, are as follows:

- Enrolment in the scheme is possible as from 56 and a half years of age (government employees and staff in office roles), and as from 53 and a half years of age (government employees in active roles) for persons in a position that is physically demanding, or who were previously in such a position for at least 10 years.
- Persons who are not in a physically demanding position may benefit from this scheme as from 58 and a half years of age (government employees and staff in office roles) or as from 54 and a half years of age (government employees in active roles).
- This scheme is open to employees who have worked for La Poste for at least 10 years, and who will be able to benefit from a full pension once they have reached the legal retirement age.
- The length of participation in the plan is fixed upon enrolment and is not subject to change. Participation is for a minimum of one year and the maximum age at the end of the scheme

corresponds to the pension eligibility age set by law.

- During the term of the scheme, the state employee works part-time (70%) in an administrative position, with a proportional reduction in remuneration.
- The work performed by the employee during the term of the scheme is split between an operational activity and a consulting role.
- This scheme is open to all La Poste staff who meet the above conditions in 2014.

The provisions relating to the APTSS recognised as at 31 December 2013 factor in the expected enrolments to the scheme available in 2014, as well as enrolments to the schemes operating from 2011 to 2013.

Furthermore, the following end-of-career arrangements have been available in the past, and continue to be the subject of provisions for the persons still benefiting from them as at 31 December 2013:

- **Part-Time Consulting (PTC):** Employees eligible for the PTC scheme enjoy reduced working hours in exchange for a proportional reduction in their remuneration.

This scheme is open to employees who have turned 56, provided that it is followed up by part-time mentoring and consulting (PTMC) or a new part-time mentoring and consulting (NPTMC) scheme (see definitions below) by the time they turn 58 and a half.

These reduced working hours may involve performing training activities. It is up to the section head to decide on the nature of activities and how they are organised (working conditions). The PTC scheme is an irreversible arrangement, which must subsequently be followed by a PTMC or NPTMC scheme.

- **Part-Time Mentoring and Consulting (PTMC):** Employees eligible for the PTMC scheme can leave their operational position from the age of 57 and receive partial remuneration in return for remaining available for mentoring and/or consulting assignments.
- **New Part-Time Mentoring and Consulting (NPTMC):** Employees eligible for the NPTMC scheme can leave their operational position from the age of 58 and a half and receive partial remuneration in return for remaining available for mentoring and/or consulting assignments.
- **Adjusted end-of-career arrangements (AECA):** Employees who benefit from AECA enjoy a period during which they work part-time in return for a proportionally lower pay cut, followed by a work exemption up to the legal retirement age. A benefit is paid on retirement. This scheme is available to government employees aged 56 and 57.

- **Exemption from Work (EW):** This scheme, which was introduced by La Poste, is offered to certain government employees in active roles who meet the age criteria and are affected by regional agreements linked to restructuring programmes.

The employees concerned, who have 15 years of active service and are aged between 53 and a half and 55 years, are exempt from any work from the age of 53 and a half, subject to their taking retirement as from age 55. When they retire at age 55, the employees receive an End-of-Career Bonus.

F. 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 2013 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 2012);
- 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 schemes 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 €19 million as at 31 December 2013;

- 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
2013				
Euro zone	1.4%	2.5%	2.8%	3.1%
UK zone	2.3%	3.5%	3.9%	4.2%
2012				
Euro zone	1,2%	2.2%	2.6%	2.7%
UK zone	2%	3%	3.5%	4.1%

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 2013 and 31 December 2012.

Change in commitments

(€ million)	2013	2012
Commitment at the beginning of the period	887	704
Cost of services provided	25	21
Discount unwinding costs	23	31
Change in consolidation scope	2	2
Curtailment and settlement of plans		
Benefits paid	(26)	(29)
Employee contributions		1
Actuarial (gain) loss relating to changes in assumptions ⁽¹⁾	(12)	170
Actuarial (gain) loss due to experience adjustments	(11)	(18)
Translation adjustments	(4)	5
COMMITMENT AT THE END OF THE PERIOD	886	887

(1) Mainly due to changes in the discount rate

There was no change in the post-employment plans in 2013 and 2012.

Change in plan assets

(€ million)	2013	2012
Plan assets at the beginning of the period	141	133
Expected return on assets	5	6
Employer contributions	6	7
Employee contributions	1	1
Benefits paid	(7)	(10)
Change in consolidation scope	2	2
Actuarial differences	4	(1)
Translation adjustments	(2)	3
PLAN ASSETS AT THE END OF THE PERIOD	150	141

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

Net commitment

(€ million)	31/12/2013	31/12/2012
Commitments	886	887
Plan assets	(150)	(141)
NET COMMITMENT	736	746
of which non-current provision	712	725
of which current provision	24	21

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

(€ million)	2013	2012
Actuarial (gain) loss at the beginning of the period	110	(47)
Actuarial (gain) loss relating to changes in assumptions ⁽¹⁾	(12)	164
Actuarial (gain) loss due to experience adjustments	(11)	(16)
Actuarial differences on plan assets	(4)	1
Curtailment and settlement of plans		
Other	(2)	8
ACTUARIAL (GAIN) LOSS AT THE END OF THE PERIOD	80	110

(1) Mainly due to changes in the discount rate

Breakdown of plan assets

	31/12/2013	31/12/2012
Equities	34%	30%
Government bonds		21%
Corporate bonds		20%
Diversified investment funds	32%	29%
LDI funds (Liability-Driven Investment)	10%	
Insurance contracts	24%	

Discount rate sensitivity

A 50 basis point reduction in the discount rate would increase the Group's net post-employment benefit commitment by around €53 million.

29.5 Analysis of post-employment benefit expenses

(€ million)	2013	2012
Cost of services provided	25	18
Discount unwinding costs	23	31
Expected return on assets	(5)	(6)
Curtailment and settlement of plans		
EXPENSE (INCOME) FOR THE PERIOD	43	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
2014	30
2015	27
2016	28
2017	28
2018	28

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 €7 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)	31/12/2013	31/12/2012
Ordinary accounts payable	81	58
Overnight deposits and borrowings		
Other amounts due	29	19
Sight liabilities to credit institutions	110	77
Securities given under repurchase agreements	12 080	14 948
Term deposits and loans	2 567	787
Term liabilities to credit institutions	14 647	15 734
TOTAL	14 757	15 811

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	
	2013	2012	2013	2012	2013	2012	2013	2012
Sight liabilities to credit institutions	110	77					110	77
Term liabilities to credit institutions	12 194	15 551	2 084		369	183	14 647	15 734
TOTAL	12 304	15 628	2 084		369	183	14 757	15 811

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)	31/12/2013	31/12/2012
Livret A passbook savings accounts	64 314	61 756
Home Loan Savings Plans (PEL)	21 287	20 185
Home Loan Savings Accounts (CEL)	5 699	6 282
PSP accounts	340	396
LEP savings accounts	8 681	9 375
Sustainable Development (LDD) accounts	7 191	6 431
Youth passbook savings accounts	753	817
Livret B (savings passbook) accounts	2 514	2 347
Stock Savings Plan Liquidity Accounts	404	309
Other special accounts	2 684	3 516
Special savings accounts	113 866	111 414
Ordinary trade payables	47 670	45 383
Customer borrowings	1	(0)
Other amounts due to customers	231	256
Sight liabilities to customers	47 901	45 639
Customer borrowings	259	12
Term deposits	548	453
Equities and securities given under repurchase agreements	4 008	2 875
Term liabilities to customers	4 815	3 341
TOTAL	166 583	160 393

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)	31/12/2013	31/12/2012
Subordinated debt	829	850
Bonds	1 536	273
Certificates of deposit	2 763	4 264
Debt evidenced by a certificate	5 129	5 387
Guarantee deposits received	478	386
Financial liabilities at fair value through profit or loss	118	111
Hedging derivatives	372	563
Other financial liabilities	694	739
TOTAL	6 790	7 185

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	
	2013	2012	2013	2012	2013	2012	2013	2012
Debt evidenced by a certificate	2 999	4 537	150		1 980	850	5 129	5 387

NOTE 31 TRADE AND OTHER PAYABLES

<i>(€ million)</i>	31/12/2013	31/12/2012
Trade payables and related accounts	1 375	1 367
Tax and social security liabilities	1 841	1 834
Payable to suppliers of non-current assets	242	241
International mail payables	488	463
Customer advances and deposits	214	165
Other operating payables	264	278
TOTAL	4 424	4 349

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.B).

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.

(€ million)	Balance sheet amount	2014 flows		2015 flows		2016-2018 flows		2019 flows and beyond	
	31/12/13	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal
Bonds	6 133	249	204	242		623	1 810	549	3 800
Borrowings at amortised cost	3 380	135		135		396	160	422	3 220
Borrowings at fair value	2 222	90	204	83		203	1 150	127	580
Borrowings subject to fair value hedging	530	24		24		24	500		
Other financial debt	753		673		18		55		8
Finance leases	65		21		9		27		8
La Poste savings bonds	63		63						
Commercial paper	150		150						
Current bank facilities	32		32						
Deposits and guarantees received	394		368		6		20		
Other borrowings at amortised cost	50		39		3		8		
Derivatives	(333)	(70)	(60)	(74)		(162)	52	(47)	
Derivative liabilities	85	18		4		(6)	52		
Derivative assets	(419)	(88)	(60)	(78)		(156)		(47)	
TOTAL	6 553	179	817	168	18	461	1 917	502	3 808

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 €5.9 million increase in the Group's annual financial expense, after taking into account debt management derivatives (compared with €5.4 million as at 31 December 2012).

A uniform sudden 50-basis point increase in the market yield curve would result in a €3.2 million profit in income (compared with €13.1 million as at 31 December 2012), 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 2013, there were no significant foreign currency-denominated investment securities. Some bonds are denominated in pounds sterling and Swiss francs. 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 Risk management policy
- 33.2 General organisation of La Banque Postale's Risk Department
- 33.3 Structural risk factors
- 33.4 La Banque Postale's risk exposure
- 33.5 Liquidity risk
- 33.6 Interest-rate risk
- 33.7 Credit risk
- 33.8 Market risk

33.1 Risk management policy

La Banque Postale's guidelines for internal controls and risk management are primarily based on regulations including:

- CRBF Regulation 97-02, amended regarding internal controls;
- prudential regulations (Order of 20 February 2007 regarding shareholders' equity requirements; Regulation 93-05 regarding major risks; Order of 5 May 2009 regarding the management of liquidity risk; and Regulation 2000-3 regarding consolidated prudential oversight);
- the AMF General Regulations, for activities linked to investment services.

The regulatory framework is translated into internal rules, validated by the Bank's Executive Board:

- "The Risk Management Policy of La Banque Postale" where risk management is concerned, and "The Charter of the risk management organization",
- The "Audit Charter" where periodic control is concerned,

as well as into reference documents distributed to the Departments of the bank, in order to implement the rules, in particular:

- Standards issued by the Group Standards Validation Committee
- "Key elements of an internal control system"
- Procedure for implementing the "products review"

33.2 General organisation of La Banque Postale's Risk Department

The Executive Board sets the common fundamental guidelines (strategic directions, values, risk appetite and governance), based on which each Business Line implements its action priorities, and the related risk management system under the supervision of the Group Risk Department (GRP). These fundamental guidelines are specifically applied in the Risk Management Policy.

The Risk Management system is in keeping with three lines of defence which constitute the general internal control framework, namely:

- a first line within the operating Business Lines responsible for implementing the risk management system that they have defined beforehand together with the GRP;
- a second line, which is embodied by the Group Risk Department, which guarantees the existence of a favourable and consistent general framework for defining and amending risk management systems;
- a final line across the internal control functions responsible for providing an independent assessment of the effectiveness of the risk management implemented.

Internal control at La Banque Postale comprises permanent control and periodic control. It is based on a Risks Management Policy and a Charter of the Risk Management Organisation, issued by the Group Risk Management Department of La Banque Postale to all Departments. It establishes a series of risk management and control principles that each entity responsible for a process must apply. Each Department defines, formalises and keeps updated a manual of its policies. These policies define the control points that are necessary to ensure the quality of their operations:

- The responsibility of all actors, which constitutes the basis of an efficient risk management and control system. Each employee must ensure that his activity and the operations he processes follow the existing procedures and have the required quality level. He must be able to report at any time on his proper control of his activity and risks. This principle relies on a strong involvement of the management.
- The proportionality of controls to the level of risk to be managed. Each manager performs a risks analysis and implements a control system accordingly, in order to gain a reasonable assurance that his activities are under control, and comply with internal and external standards and rules of the company.

- The completeness of the scope of the control system. This scope covers all activities of La Banque Postale. It includes risks of all natures, all direct employees as well as others working in the company's name and on its behalf, and all entities of La Banque Postale Group. The internal control system also applies to essential services which have been externalised.

The GRP is in charge of the essential tasks of risk management, which ensure:

- the cohesiveness, homogeneity, efficiency and completeness of risk assessment
- the monitoring and management of risks

It is also in charge of risk management at a consolidated group level.

The GRP is in charge of formulating a coordinated risks management policy for the Group, subject to the approval of the Executive Board.

Each entity is responsible for its own risks management and internal control policy, subject to

the approval of the GRP. The GRP ensures that the risks management policies of the subsidiaries are consistent with the policy of the parent company, and that they are correctly applied.

33.3 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.

33.4 La Banque Postale's risk exposure

(€ million)	2013	2012
Financial assets at fair value through profit or loss	5 239	6 853
Trading derivatives	128	109
Hedging derivatives	221	287
Available-for-sale financial assets	11 843	8 885
Loans and receivables – Credit institutions	82 894	81 254
Customer loans and receivables	59 212	49 931
Financial assets held to maturity	32 266	37 035
Balance sheet exposure net of impairment	191 803	184 354
Financing commitments given	20 197	17 383
Guarantee commitments given	3 690	3 154
Off-balance sheet exposure	23 887	20 536
TOTAL NET EXPOSURE	215 690	204 890

In 2013, contrary to 2012, UCITS are included in the above figures.

The following risks are described below:

- 33.5. Liquidity risk
- 33.6. Interest-rate risk
- 33.7. Credit risk
- 33.8. Market risk

33.5 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 2013, 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 33% 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.
- 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 2013. 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 224% as at 31 December 2013, which is once again at a level that is significantly higher than the minimum regulatory requirement of 100%.

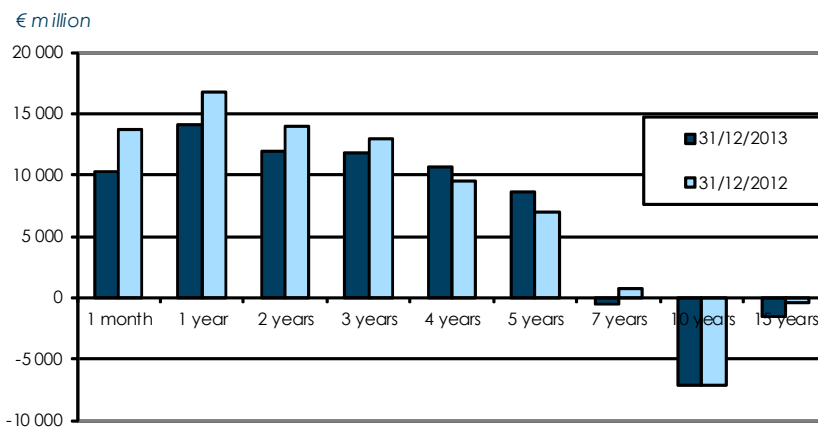
The short term liquidity risk is measured by an internal indicator, which confirmed the Bank's excess short-term liquidity position. It relies on new Basel

indicators (LCR). Further stress tests were performed in 2013 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 2013.

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, as measured at 31 December 2013 and 31 December 2012



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 2013, La

Banque Postale holds an excess in liquid securities of around €8 billion.

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 2013;
- 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 2013;
- a portfolio of held-to-maturity securities, which mainly consists of high-quality government bonds, which are rapidly convertible. As at the end of 2013, this liquidity reserve amounted to €31 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.

33.6 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.

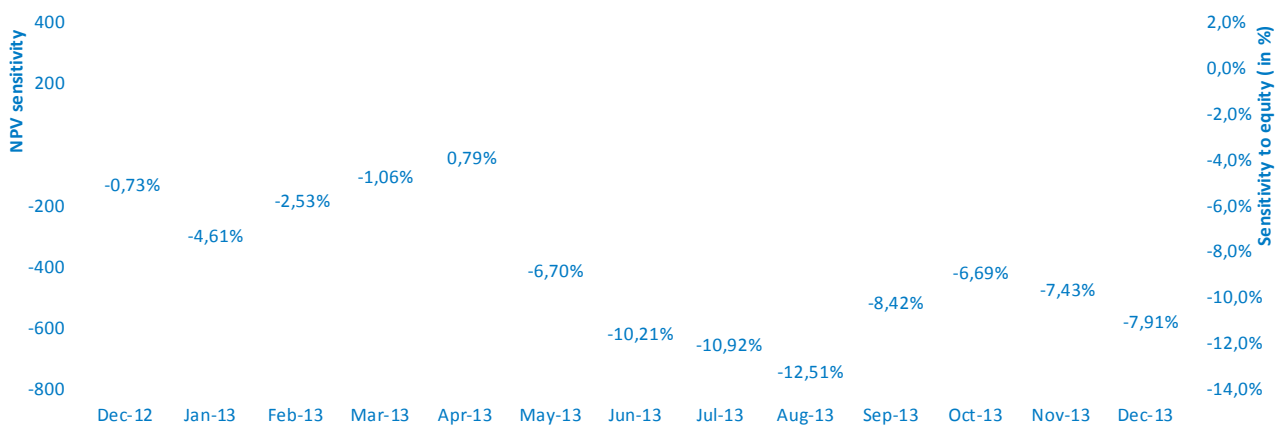
The second family of indicators includes the measurement of economic equity capital (EEC) linked to global interest-rate risk

- 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.

Sensitivity to global interest rate risk peaked in August 2013, when the interest rate liquidity gap

reached 12.5% 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 a significant downward movement in the yield curve, which had a significant impact on outflow models and on the amounts invested in 2013.

33.7 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.

33.7.1. Credit risk on transactions with retail customers

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

- home loans to individuals and SCI property investment companies (La Banque Postale and its subsidiary BPE)
- 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.

It monitors changes in risk thanks to the indicators that it has defined, examines the most significant commitments and makes sure that the commitment committees work properly; it also performs a regulatory oversight role and provides assistance to operational staff in the credit branch.

In order to fulfil its assignments within the La Banque Postale Group successfully, the Group Risk Department manages a "credit risk arm", which includes a network of correspondents in the Operations Department, in the financial centres, in the Retail Banking Department and in La Banque Postale's subsidiaries.

Directly by La Banque Postale

The Risk Department amends the rules for granting and committing to loans after receiving advice from the Retail Banking Department, the Marketing Department, and the Operations Department, with the aim of:

- supporting the development of La Banque Postale's product range, and the businesses involved in granting loans;
- ensuring the control of the cost of risk on its loan balances and new loans;

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 Article 3 of Regulation 93-05 defaults.

- guaranteeing compliance with current regulations in the customer loans area;
- where management of inherent risk is concerned, the 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 Risk Department has the credit risk "game plan" approved by the Risk Committee (chaired by a member of the Executive Board), or by the Executive Board, if requested by the Chairman of the Risk Committee.

The Group Risk Department defines and implements tools (scorecards and expert systems) for granting and managing loans and overdrafts; it makes sure that they work properly, assumes responsibility for any adjustments necessary, and carries out regular back-testing.

It is responsible for credit risk standards, and informs the Bank Marketing Line and the financial centres of the main developments on a regular basis.

By the subsidiary BPE

The lending policy of BPE is written by the Operations Management and Commitments Department, approved by the executive management, and is communicated to BPE's Board of Directors. It is approved by the Group Risk Management Department.

The Operations Management and Commitments Department is responsible for updating it, and reports to La Banque Postale's Group Risk Management Department. The major evolutions of the risks management policy are submitted for approval to the Group Risk Management Department.

The most significant commitments of BPE are now under the delegating responsibility of LBP's Group Retail Customers Lending Committee.

By La Banque Postale Financement

The distribution of consumer loans is performed by the La Banque Postale Financement (LBPF) subsidiary, in accordance with the guidelines from the parent company.

La Banque Postale Financement's product range includes a large variety of amortising loans (new and second-hand vehicle loan, house works loan, project loan, buy-back loan).

This range was completed in late 2012 by a revolving credit facility offer, intended to be different from other offers on the market while respecting the Bank's customers interests, and offering a controlled solution to a temporary cash need. This offer is exclusively reserved to those who are already customers of La Banque Postale, and is granted on the basis of a rating allowing to select risks.

Consumer loans are granted using a pre-targeting rating, which includes the lowest default probabilities for each segment of customers, and an acceptance rating applied on receipt of the customer application.

The major evolutions of LBPF's risks management policy, notably concerning issue and rating rules, are guided by La Banque Postale's Group Risk Management Department towards keeping cost of risk in line with the expectations of La Banque Postale's Executive Board. Thus, harder conditions aimed at prospects, project loans, pre-targeting rating can be decided as needed by the Group Risk Management Department.

The surveillance of consumer loans risks is performed at a consolidated level by the Group Risk Management Department, in particular via a regular report to the Group Risks Committee.

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

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)						
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	

In 2013, deferred debit card accounts are included in ordinary accounts receivable, whereas they were included on the line "Other short-term facilities in 2012.

2012

	Gross book value as at 31/12/2012		Gross off-balance sheet amount as at 31/12/2012		Total exposure as at 31/12/2012	
	Amounts outstanding	As a % of total exposure	Amounts outstanding	As a % of total exposure	Amounts outstanding	% total
(€ million)						
Home loans	45 155	95%	2 303	5%	47 458	75%
Consumer loans	2 643	98%	50	2%	2 693	4%
Ordinary accounts receivable	724	6%	11 941	94%	12 665	20%
Other short-term credit facilities	92	100%			92	
TOTAL	48 614	77%	14 294	23%	62 908	100%

The exposure position was relatively stable compared with the previous financial year. The relative value of the "home loans" exposure remains stable at 76%. Conversely, La Banque Postale Financement's consumer loans business continued its expansion, and rose from 4% to 5% of total exposure, whereas the exposure of ordinary accounts receivable decreased by 1 point.

Guarantees obtained

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%	337	1%
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%	133	4%
TOTAL		5		9		1		3 389		3 404	

2012

		Asset-backed guarantee		Guarantee from a legal entity		Guarantee from an individual		Unguaranteed		Gross book value as at 31/12/2012	
		Amounts outstanding	%	Amounts outstanding	%	Amounts outstanding	%	Amounts outstanding	%	Amounts outstanding	%
<i>(€ million)</i>											
Home loans	Performing	9 707	22%	33 808	75%	749	2%	727	2%	44 990	100%
	Doubtful	82	50%	73	44%			10	6%	165	0%
TOTAL		9 789		33 881		749		737		45 155	
Consumer loans	Performing	1	0%					2 566	100%	2 566	97%
	Doubtful			1	1%			76	99%	77	3%
TOTAL		1		1				2 642		2 643	

The percentage of home loans guaranteed by a company decreased notably (72% in December 2013, compared with 75% in December 2012). This difference was transferred in favour of asset-backed guarantees. Virtually all consumer loans outstanding are unguaranteed.

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

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	

2012

		Amounts outstanding	%
<i>(€ million)</i>			
Performing home loans	not in arrears	44 855	100%
	in arrears	135	
TOTAL PERFORMING LOANS		44 990	
Performing consumer loans	not in arrears	2 540	99%
	in arrears	26	1%
TOTAL PERFORMING LOANS		2 566	

The percentage of performing home loans with no arrears remained stable (99.7%). The percentage of consumer loans in arrears remains at 1% of performing loans outstanding.

Financial assets in arrears

2013

Unimpaired amounts outstanding in arrears						Doubtful loans	Guarantees				
	<30 d	30 d to 60 d	60 d to 90 d	90 d to 180 d	>180 j		Total	Asset-backed guarantees	Guaranteed by a legal entity	Individuals	Unguaranteed
<i>(€ million)</i>											
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

2012

Unimpaired amounts outstanding in arrears						Doubtful loans	Guarantees				
	<30 d	30 d to 60 d	60 d to 90 d	90 d to 180 d	Total		Asset-backed guarantees	Guaranteed by a legal entity	Individuals	Unguaranteed	
<i>(€ million)</i>											
Home loans	67	33	17	18		135	165	134	150	4	11
Consumer loans	14	12				26	77		1		102
TOTAL	81	45	17	18		161	242	134	151	4	113

Doubtful home loans outstanding increased by €170 million, of which half (€86 million) stems from the entry of BPE into the scope of consolidation.

The amount of unimpaired consumer loans in arrears and doubtful loans increased by €56 million in 2013 compared with 2012.

Analysis of assets impaired on an individual basis

2013

Type of guarantee	Accounts receivable	Applied guaranteed amount	Discounted provisions	Discounted provisioning rate
<i>(€ million)</i>				
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%

2012

Type of guarantee	Accounts receivable	Applied guaranteed amount	Discounted provisions	Discounted provisioning rate
<i>(€ million)</i>				
Doubtful home loans				
Asset-backed guarantee	66	58	12	19%
Guarantee from a legal entity	41	40	1	3%
Guarantee from an individual	0	0	0	100%
Unguaranteed	9	0	9	100%
Doubtful by contagion not in arrears	49	47	7	13%
TOTAL	165	145	29	18%
Consumer loans	77	0	27	35%
Doubtful ordinary accounts receivable	131	0	110	84%

The home loan provision rate increased from 18% to 25% compared with the previous year (this increase is partly due to the first-time consolidation of BPE).

The provision rate on ordinary accounts increased from 84% to 87%. For consumer loans the rate went to 51%, compared to 35% in the previous year.

33.7.2. Credit risk on transactions with legal entity 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, and property leases.

In the 2013 financial year, La Banque Postale's product offering was extended to factoring, to medium-terms loans for VMCs, SMCs and MSCs and to interest-rate hedging transactions on behalf of third parties.

In 2012, La Banque Postale developed a financing offering 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 (since June 2012), and medium-term financing (since November 2012).

In the 2013 financial year, the product offering aimed at the Local Public Sector was extended to:

- Loans with an early cash availability phase, personalised amortisation loans, bridging loans
- Social renting-buying loans (PSLA) aimed at social housing operators with a PSLA agreement

Lastly, La Banque Postale offers since June 2013 loans to Public Health Companies (cash facilities, medium and long term loans)

Counterparty risk management

General provisions

La Banque Postale's rules for granting and committing to loans have been drawn up in compliance with CRBF Regulation 97-02 (amended) on internal controls.

They specifically take the requirements of Articles 7 and 21.

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;
 - control procedures for delegations of authority
 - creation of a national Special Affairs and Disputes unit, which is dedicated to the financing activities dedicated to these non-Retail customer segments. This unit assesses the customer's situation and their ability to recover, negotiates a voluntary liquidation plan with the customer, takes part in potential "banking pool" meetings, and manages the relationship with administrators or court-appointed liquidators, and mediators or ad hoc agents

For SMEs, micro-businesses and voluntary organisations, the general review and decision-making process is supplemented by:

- a specific banking behaviour score;
- a delegation chain based on: (i) the quality of the counterparty as measured by a La Banque Postale rating (specific rating scales for these counterparties); (ii) the overall balance outstanding for this customer (or this group); (iii) the nature of the financing under consideration.

For the Local Public Sector, supplementary provisions are also set in place:

- A specific rating system for each market (Local Authorities, social housing associations, and Public Health Companies)
- a delegation chain based on the type of the counterparty, its internal rating and the nature of the financing under consideration
- the ability for La Banque Postale 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.

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.

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 Risk Department.

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 country of origin, their business sector and their internal rating. The Risk Committee may review these diversification limits on a monthly basis.

For Local Authorities only, an Annual Review of Risk Authorisations has been put in place in the last quarter of 2013. This procedure allows a collective and comprehensive review of the largest local authorities and sets annual individual limits for each counterparty.

Exposure to credit risk on market transactions with legal entities

2013

Category (€ million)	Sovereign	Bank	Corporate	Public authority	Securitisation	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		

2012

Category (€ million)	Sovereign	Bank	Corporate	Public authority	Securitisation	TOTAL
Financial assets at fair value through profit or loss	848	5 392	551			6 791
Available-for-sale financial assets	2 714	5 422	1 708	10	1	9 855
Loans and receivables – Credit institutions	711	80 125	12		407	81 254
Customer loans and receivables	172		1 002	112	254	1 540
Assets held to maturity	34 668	2 280	88			37 036
BALANCE SHEET EXPOSURE NET OF IMPAIRMENT	39 112	93 219	3 362	122	661	136 476

Rating (€ million)	AAA	AA	A	Other	TOTAL
Financial assets at fair value through profit or loss	387	2 382	3 624	398	6 791
Available-for-sale financial assets	2 824	2 974	2 576	1 481	9 855
Loans and receivables – Credit institutions	861	77 055	2 865	473	81 254
Customer loans and receivables	141	193	133	1 073	1 540
Assets held to maturity	3 081	29 341	2 461	2 152	37 036
BALANCE SHEET EXPOSURE NET OF IMPAIRMENT	7 295	111 945	11 659	5 577	136 476

Geographical area (€ million)	France	Euro zone	Non-euro zone	TOTAL
Financial assets at fair value through profit or loss	4 355	2 003	432	6 791
Available-for-sale financial assets	6 348	2 792	716	9 855
Loans and receivables – Credit institutions	79 361	1 771	122	81 254
Customer loans and receivables	1 456	84		1 540
Assets held to maturity	27 006	8 585	1 444	37 036
BALANCE SHEET EXPOSURE NET OF IMPAIRMENT	118 526	15 235	2 714	136 476

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 93% 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 (90% of the positions in the portfolio).

As shown in the three tables above, these are high quality assets.

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 2013, La Banque Postale's inter-bank deposits amounted to €81.9 billion.

These deposits are mainly deposits made with the Caisse des Dépôts as backing for the funds gathered on Sustainable Development, Livret A passbook savings accounts and LEP savings accounts. The remainder of inter-bank deposits is with French banks that are rated at least A+.

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 2013 was extremely low.

Commitments to financial institutions increased by 2.8% to €18.1 billion.

Exposure to credit risk on commercial transactions with legal entities

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>						
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%

2012

	Gross book value as at 31/12/2012		Gross off-balance sheet amount as at 31/12/2012		Total exposure as at 31/12/2012	
	Amounts outstanding	As a % of total exposure	Amounts outstanding	As a % of total exposure	Amounts outstanding	% total
<i>(€ million)</i>						
Finance lease operations	172	71%	69	29%	241	8%
Local public sector loans	181	10%	1 578	90%	1 759	58%
Loans to other legal entities	485	46%	576	54%	1 061	35%
TOTAL	838	27%	2 223	73%	3 061	100%

Risk relating to Local Public Sector

The risks concern primarily Local Public Authorities, this 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 2013, loans amounting to €5.961 billion had been authorised for the local sector, of which €2.185 billion had been drawn down.

Nearly one billion euros in medium and long term loans have been sold to CAFFIL in 2013, and thus do not appear in these figures.

Risk relating to companies

As at 31 December 2013, La Banque Postale's exposure to the Corporate segment had greatly increased. This substantial change reflects the launch of the corporate lending business and the rise in authorisations given for legal entities financing.

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

Guarantees obtained on the loans granted to legal entities

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	%
<i>(€ million)</i>											
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	

2012

		Asset-backed guarantee		Guarantee from a legal entity		Guarantee from an individual		Unguaranteed		Gross book value as at 31/12/2012	
		Amounts outstanding	%	Amounts outstanding	%	Amounts outstanding	%	Amounts outstanding	%	Amounts outstanding	%
<i>(€ million)</i>											
Finance leases	Performing Doubtful	8	5%	57	33%	3	2%	104	60%	172	100%
TOTAL		8	0	57	0	3	0	104	60%	172	100%
Local public sector loans	Performing Doubtful			21	12%			160	88%	181	100%
TOTAL				21	12%			160	88%	181	100%
Other legal entities loans	Performing Doubtful	115						370	76%	485	100%
TOTAL		115	24%					370	76%	485	100%

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

		31/12/2013		31/12/2012	
		Amounts outstanding	%	Amounts outstanding	%
<i>(€ million)</i>					
Loans to legal entities	not in arrears in arrears	560 1	100%	172	100%
TOTAL		561		172	
Local public sector loans	not in arrears in arrears	2 132 53	98% 2%	181	100%
TOTAL		2 185		181	
Local public sector loans	not in arrears in arrears	1 183	100%	485	100%
TOTAL		1 183		485	
Local public sector loans	not in arrears in arrears	9	100%		
TOTAL		9			

Financial assets in arrears

2013

	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
<i>(€ million)</i>										
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

As at 31 December 2012, doubtful loans to legal entities outstanding amounted to 495,000 euros, i.e. 0.7% of the total outstanding amount. The provisions amounted to 228,000 euros, i.e. a provision rate of 46%.

Securitisations

La Banque Postale's securitisation exposure amounted to €632 million, which broke down between loans and receivables – Credit institutions (€400 million), customer loans and receivables (€227

million), and financial assets available for sale (€5 million).

An investment was made with Oséo Financement in 2011, in order to back Livret A passbook savings accounts and Sustainable Development (LDD) accounts. Two further investments were agreed by La

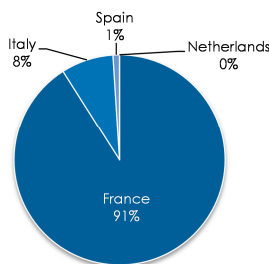
Banque Postale’s trading room, the first one where the underlying assets are receivables due from the Ile de France Transport Association, the second one where the underlying assets are receivables due from Italian drugstores.

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.

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 31/12/2013

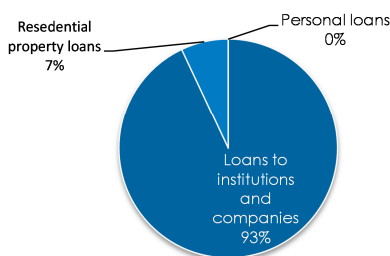


As at 31 December 2013, La Banque Postale was not aware of any significant deterioration in the credit quality of the underlying assets in its securitisation portfolio. These underlying assets consist mainly of home and residential property loans, and receivables due from French institutions and companies.

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 31/12/2013



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.

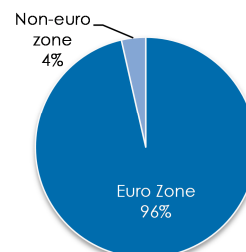
La Banque Postale is exposed to counterparty risk primarily in connection with transactions using fixed derivatives.

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 2013, net exposure to those counterparties, after taking any collateral in place into account, was €19.7 million. These counterparties are all rated A or above.

(€ million)	31/12/2013	31/12/2012
Geographical area		
Euro Zone	19,0	22,6
Non-euro zone	0,7	3,0
TOTAL	19,7	25,6

Breakdown of outstanding deposits as of 31/12/2013



Concentration risk for each beneficiary

The regulations on major risks are applied in accordance with the Decree of 25 August 2010, 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 2013.

In addition, pursuant to Instruction 2010-I-01 issued by the Prudential Control Authority, La Banque Postale has declared 41 counterparties under the gross risk monitoring framework, of which only 9 are considered as major risks.

33.7.3 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 2013

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 ⁽¹⁾	Off-balance sheet	Total direct and indirect exposure ⁽²⁾	Exposure (as a %)
Greece						
Ireland	1		1	95	96	0,3%
Italy	1 276	2	1 278	192	1 470	4,3%
Portugal				36	36	0,1%
Spain	1 184		1 184		1 184	3,4%
TOTAL GIPEs	2 461	2	2 463	323	2 786	8,1%
Germany	2 964		2 964		2 964	8,6%
Austria	16		16		16	
Belgium	1 625	13	1 638	20	1 658	4,8%
France	24 523	142	24 665	21	24 686	71,7%
United Kingdom						
Luxembourg	46		46		46	0,1%
Netherlands						
Poland	11		11		11	
Slovakia	1		1		1	
Slovenia	3		3		3	
Switzerland	3		3		3	
Supra-national	1 387		1 387		1 387	4,0%
TOTAL EUROPE	30 579	155	30 734	41	30 775	89%
Rest of the World	876		876		876	2,5%
TOTAL	33 916	157	34 073	364	34 437	100%

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

(2) 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

Change in direct exposure ⁽¹⁾

€ million	December 2012						December 2013		
	Nominal value	Book value	Impairment	Maturity	Disposals	Transfer ⁽³⁾	Acquisitions	Nominal value	Book value
Greece	1	1						1	1
Ireland									
Italy	27	27					50	77	81
Portugal					(1 063)	1 063			
Spain	3	2				711		713	751
AVAILABLE-FOR-SALE FINANCIAL ASSETS	31	31			(1 063)	1 774	50	791	833
Greece									
Ireland									
Italy	1 747	1 798		(585)				1 162	1 195
Portugal	1 144	1 156		(81)		(1 063)			
Spain	1 147	1 166		(5)		(711)		431	433
FINANCIAL ASSETS HELD TO MATURITY	4 037	4 120		(671)		(1 774)		1 593	1 628
Greece									
Ireland									
Italy									
Portugal									
Spain									
LOANS AND RECEIVABLES									
Greece									
Ireland									
Italy				(250)	(550)		802	2	2
Portugal									
Spain									
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS⁽²⁾				(250)	(550)		802	2	2

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

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

(3) La Banque Postale has modified in September 2013 its intention to hold a portion of its exposures to some countries until maturity. This change resulted in the reclassification of €1,774 million in held-to-maturity investments to available-for-sale financial assets, in particular for Spain and Portugal investments.

ADDITIONAL INFORMATION ON EXPOSURE TO CERTAIN COUNTRIES

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

Breakdown by category

€ million	Loans and receivables	Available-for-sale assets	Assets held to maturity	Bank portfolio ⁽¹⁾	Assets at fair value through profit or loss ⁽¹⁾	Balance sheet total after impairment	Off-balance sheet ⁽²⁾	TOTAL
Greece								
Ireland		1		1		1	95	96
Italy		81	1 195	1 276	2	1 278	192	1 470
Portugal							36	36
Spain		751	433	1 184		1 184		1 184
TOTAL		833	1 628	2 461	2	2 463	323	2 786

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

(2) Off-balance sheet amounts correspond to indirect exposure through guarantees given, primarily to Group UCITS.

Breakdown of unrealised gains and losses recorded in reserves

(€ million)	Available-for-sale assets	Losses and gains recorded in reserves	FV ranking
Greece			
Ireland	1		N1
Italy	81	1	N1
Portugal			
Spain	751	20	N1
TOTAL	833	21	

Impact of impairment

(€ million)	Total	Of which impairment	Total before impairment
Greece			
Ireland	96		96
Italy	1 470		1 470
Portugal	36		36
Spain	1 184		1 184
TOTAL	2 786		2 786

Breakdown by maturity

(€ million)	Total	Remaining life in years						
		1	2	3	4	5	<10	>10
Greece								
Ireland	96	95		1				
Italy	1 470	208	686	197		298	75	6
Portugal	36		36					
Spain	1 184	10	373	442		216	140	3
TOTAL	2 786	313	1 095	640		514	215	9

NON-SOVEREIGN EXPOSURE TO GIIPS 2013

(€ million)	Bank	Corporate	Public authority	Securiti-sation	TOTAL
Greece					
Ireland	103	76			179
Italy	102	203			305
Portugal					
Spain	470	110			580
AVAILABLE-FOR-SALE FINANCIAL ASSETS	675	389			1 064
Greece					
Ireland					
Italy					
Portugal					
Spain					
FINANCIAL ASSETS HELD TO MATURITY					
Greece					
Ireland					
Italy					
Portugal					
Spain					
LOANS AND RECEIVABLES					
Greece					
Ireland					
Italy	343	52			395
Portugal					
Spain	172	48			220
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	515	100			615

33.8 Market risk

Even though La Banque Postale does not have a trading business as such, it 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 298 and 299 of the French Ministerial Decree of 20 February 2007 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.

This indicator seeks to project the amount of the loss that a portfolio may incur. For instance, a 1-day 99% VaR represents the amount of loss that would be statistically exceeded in 1% of cases. This indicator can predict the amount of potential loss in 99% of cases, but does not give any indication of the amount of loss that would happen in the remaining 1% of cases, and it assumes that the positions could be unwound, or at least immunised, in less than a day. Furthermore, this indicator does not take some aspects of the financial markets into account, such as

asymmetrical distribution, fat tails, and correlated movements, or the risk relating to intra-day movements.

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).

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.

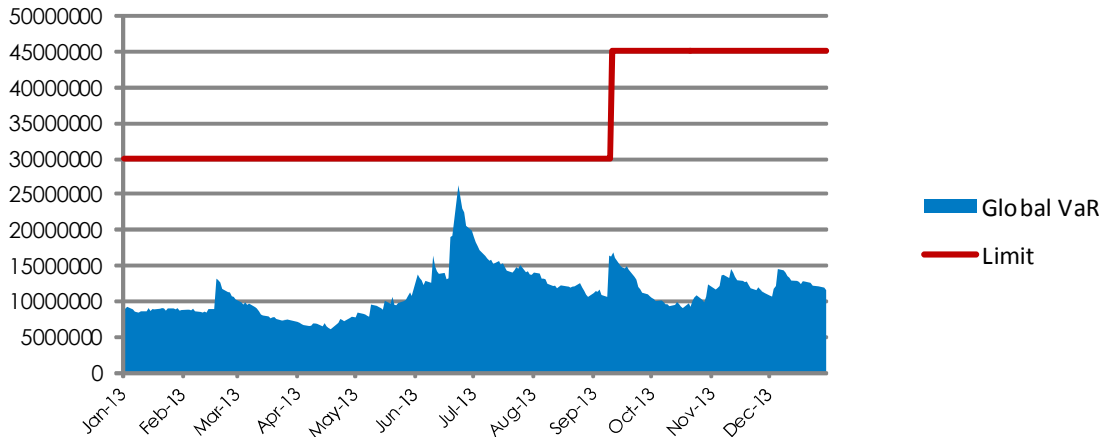
The VaR calculated in this way partially covers option risk, although second-tier risks are not taken into account. The development of option positions, which are currently not material, could result in the Risk Department using a more appropriate method.

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.

Change in VaR (Value at Risk)

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.

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

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.

(€ million)	31/12/2013	31/12/2012
Global VaR	11,6	8,7
VaR of transactions recorded in the trading portfolio	2,4	2,0

Risk factor contribution to global VaR (€ million)	31/12/2013	31/12/2012
Interest rates	7,3	1,9
Credit spreads	1,4	5,0
Currency	0,7	(0,2)
Equity markets	2,3	1,2
Volatility	(0,1)	(0,1)
TOTAL	11,6	8,3

Statistics for the 2013 financial year (€ million)	Moyenne	Minimum	Maximum
Global VaR	11,4	6,1	26,3
VaR of trading portfolio transactions	2,6	1,3	5,5

In 2013, the main event that had an impact on the VaR was the announcement by the American Federal Reserve that it would start to withdraw its exceptional cash supply program. Markets volatility quickly decreased later on, and the VaR returned to its previously observed levels.

The stress scenarios applied at 31 December 2013 show a potential loss of €205 million, in the worst case.

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 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
<i>(€ million)</i>									
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	49 784	52 110	5 366		11 898		32 266		253
Other current financial assets	1 200	1 200				1 102			99
Non-bank assets									
Other non-current financial assets	942	942	548		269	94			31
Trade and other receivables	2 936	2 936				2 936			
Other current financial assets	430	430	252		109	49			20
Cash held at post offices	612	612	612						
Cash and cash equivalents	2 163	2 163	1 288			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	6 790	6 845	112	6				6 301	372
Non-banking liabilities									
Bonds and other financial debt	7 103	7 587	85	2 222				4 795	
Trade and other payables	4 424	4 424						4 424	

As at 31 December 2012

	31/12/2012		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
<i>(€ million)</i>									
ASSETS									
Bank assets									
Customer loans and receivables	49 922	55 669				49 922			
Receivables from credit institutions	81 254	81 368				81 254			
Securities portfolio	54 281	57 446	6 900		9 891		37 036		454
Other current financial assets	1 305	1 305				1 179			126
Non-bank assets									
Other non-current financial assets	894	894	595		139	114			47
Trade and other receivables	2 453	2 453				2 453			
Other current financial assets	781	781	427		269	64			20
Cash held at post offices	719	719	719						
Cash and cash equivalents	2 167	2 167	2 167						
LIABILITIES									
Bank liabilities									
Liabilities to credit institutions	15 811	15 811					15 811		
Customer transactions	160 393	160 395					160 393		
Debt evidenced by a certificate and other	7 185	7 185	105				6 544		536
Non-banking liabilities									
Bonds and other financial debt	7 652	8 217	90	2 294			5 268		
Trade and other payables	4 349	4 349					4 349		

34.2 Methods for calculating the fair value of financial instruments

A. 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.

B. 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.

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.

C. 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 2013

(€ million)

	Level 1	Level 2	Level 3
BANKING ACTIVITIES ASSETS			
Government securities and similar	105		
Bonds and other fixed-income securities	1 719	3 375	
Equities and other variable-income securities	40		
Financial assets at fair value through profit or loss	1 863	3 375	
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	8 658	93	
Equities and other variable-income securities	1 061		
Unconsolidated investments			127
Available-for-sale financial assets	11 769	129	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 held at post offices		612	
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	

Reclassifications from Level 1 to Level 2 : Assets: €2.2 million, Liabilities: none

Reclassifications from Level 1 to Level 3 : Assets: €3.9 million, Liabilities: none

Reclassifications from Level 2 to Level 1 : Assets: €130 million, Liabilities: none

As at 31 December 2012

(€ million)

BANKING ACTIVITIES ASSETS	Level 1	Level 2	Level 3
Government securities and similar	289		
Bonds and other fixed-income securities	2 438	4 017	
Equities and other variable-income securities	47		
Financial assets at fair value through profit or loss	2 774	4 017	
Interest-rate derivatives		104	
Foreign exchange derivatives		3	
Equity and index derivatives		2	
Trading derivatives		109	
Interest-rate derivatives		161	
Fair value hedging derivatives		161	
Interest-rate derivatives		126	
Cash flow hedging derivatives		126	
Government securities and similar	1 919	41	
Bonds and other fixed-income securities	6 468	456	
Equities and other variable-income securities	1 007		
Unconsolidated investments	4		108
Available-for-sale financial assets	9 398	497	108
NON-BANKING ACTIVITIES ASSETS			
Other non-current financial assets	187	707	
Trade and other receivables		2 453	
Other current financial assets	328	453	
Cash held at post offices		719	
Cash and cash equivalents	1 054	1 113	
BANKING ACTIVITIES LIABILITIES			
Debt evidenced by a certificate		6	
Financial liabilities designated at fair value through profit or loss		6	
Interest-rate derivatives		77	
Foreign exchange derivatives		7	
Other derivative instruments		16	
Equity and index derivatives		5	
Trading derivatives		105	
Interest-rate derivatives		563	
Fair value hedging derivatives		563	
NON-BANKING ACTIVITIES LIABILITIES			
Bonds and other financial debt		7 652	
Trade and other payables		4 349	

Level 3 fair values: reconciliation of opening and closing balances

(€ 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					108	108
Gains and losses recorded in income					(1)	(1)
Gains and losses recorded in equity					15	15
Purchases						
Sales					(1)	(1)
Issues						
Redemptions						
Other movements						
Reclassifications to or from Level 3					4	4
Closing balance					127	127

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.

(€ million)	Changes in fair value					Net gain (loss)
	Interest income (expense)	Fair value through profit or loss	Fair value through equity	Impairment	Deconsolidation and dividends	
Loans, receivables and payables	1 899			(154)		1 745
Assets held to maturity	1 127					1 127
Available-for-sale assets	246		28		129	403
Financial instruments at fair value through profit or loss		23				23
TOTAL	3 272	23	28	(154)	129	3 298
	(1)	(2)	(3)	(4)	(5)	
2012						
(€ million)	Changes in fair value					Net gain (loss)
	Interest income (expense)	Fair value through profit or loss	Fair value through equity	Impairment	Deconsolidation and dividends	
Loans, receivables and payables	1 278			(60)		1 218
Assets held to maturity	1 324			108		1 432
Available-for-sale assets	209		216	5	163	593
Financial instruments at fair value through profit or loss		244				244
TOTAL	2 811	244	216	53	163	3 487
	(1)	(2)	(3)	(4)	(5)	

- (1) Corresponds to the net difference between "Interest and similar income" and "Interest and similar expenses" included in NBI (see Note 7).
 (2) Corresponds to the "Net gains and losses on financial instrument transactions at fair value through profit or loss" line in NBI.
 (3) Corresponds to the amount recognised in the change in equity for the year.
 (4) + (5) 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								
31/12/2012	161	563	125				286	563
31/12/2013	129	372	92				221	372

The table below presents a breakdown of the impact of Banking activities hedging transactions on income:

	2013			2012		
	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
<i>(€ million)</i>						
Interest income on hedging transactions	151			287		
Interest expense on hedging transactions	(210)			(437)		
Net interest income (expense) on hedging transactions	(59)			(150)		
Net change in the fair value of hedged and hedging instruments	(12)			1		
Inefficiency						
NET CHANGE IN FAIR VALUE ON HEDGING TRANSACTIONS	(12)			1		

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".

This amendment allows financial assets other than derivatives and financial assets designated at fair value through profit or loss to be reclassified outside the fair value through profit or loss category in exceptional circumstances. It also enables financial assets to be transferred from the available-for-sale category to loans and receivables if they meet the definition for those assets on the reclassification date,

and the entity intends and is able to hold them for the foreseeable future, or to maturity.

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 2013 and 2012.

Amounts reclassified

	31/12/2013		31/12/2012	
	Balance sheet amount	Fair value	Balance sheet amount	Fair value
<i>(€ million)</i>				
amounts before tax				
Available-for-sale assets reclassified to the loans and receivables category	5	4	25	24

The maturity of these two assets ranges between 2028 and 2036.

Amounts recognised in income and in equity in respect of the reclassified assets

	31/12/2013		31/12/2012	
	Income	Equity	Income	Equity
<i>(€ million)</i>				
amounts before tax				
Available-for-sale assets reclassified to the loans and receivables category				
Interest and similar expenses on treasury and inter-bank transactions				
Impairment				
Unrealised gains and losses on available-for-sale assets				

Amounts that would have been recognised in income and equity had these assets not been reclassified

(€ million) amounts before tax	31/12/2013		31/12/2012	
	Income	Equity	Income	Equity
Available-for-sale assets reclassified to the loans and receivables category				
Impairment				
Unrealised gains and losses on available-for-sale assets		(1)		(1)

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.

Non-banking derivative instruments

2013

	Gross amount	Offset amount on balance sheet	Net amount on balance sheet	Amounts not offset on balance sheet		Net amounts
(€ million)	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						
Derivative liabilities on cash management funds	16		16		14	2

2012

	Gross amount	Offset amount on balance sheet	Net amount on balance sheet	Amounts not offset on balance sheet		Net amounts
(€ million)	A	B	C=A-B	Derivative instruments D	Collateral cash E	F=C-D-E
Derivative assets	549		549	52	486	11
Derivative liabilities	88		88	52	36	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.

Banking financial instruments

2013

	Gross amount	Offset amount on balance sheet	Net amount on balance sheet	Amounts not offset on balance sheet		Off-balance sheet securities received	Net amounts
	A	B	C=A-B	Financial instruments D	Collateral cash D	E	F=C-D-E
<i>(€ million)</i>							
FINANCIAL ASSETS							
Derivatives	349		349	145	147		57
Repos and securities loans	4 828	2 832	1 996		6	1 985	5
Other financial assets	2		2	1	1		
FINANCIAL LIABILITIES							
Derivatives	463		463	145	229		89
Repos and securities loans	18 914	2 832	16 082		111	15 765	206
Other financial liabilities	1		1	1			

2012

	Gross amount	Offset amount on balance sheet	Net amount on balance sheet	Amounts not offset on balance sheet		Off-balance sheet securities given	Net amounts
	A	B	C=A-B	Financial instruments D	Collateral cash D	E	F=C-D-E
<i>(€ million)</i>							
FINANCIAL ASSETS							
Derivatives	396		396	172	116		108
Repos and securities loans	2 226	1 686	540	399		140	0
Other financial assets							
FINANCIAL LIABILITIES							
Derivatives	652		652	172	390		90
Repos and securities loans	19 509	1 687	17 822	399	4	17 068	351
Other financial liabilities							

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

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.

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:

(€ million)	31/12/2013	31/12/2012
Income	516	538
Expenses		
Accounts receivable	92	47
Liabilities	65	52

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 €5.8 million in total for the year ended 31 December 2013 (€5.1 million in 2012). 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)	31/12/2013	31/12/2012
Less than 1 year	520	495
1 to 5 years	915	878
Over 5 years	423	422
TOTAL	1 858	1 795

Operating lease payments amounted to €668 million in 2013 (€623 million in 2012).

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)	31/12/2013	31/12/2012
Financing and guarantee commitments and commitments on securities given		
Financing commitments		
to credit institutions	305	70
to customers	20 197	17 312
Guarantee commitments		
to credit institutions	412	383
to customers ⁽¹⁾	3 278	2 771
Commitments on securities to be delivered	2 072	
Financing and guarantee commitments and commitments on securities received		
Financing commitments		
from credit institutions ⁽²⁾	3 316	2 038
from customers	970	
Guarantee commitments		
from credit institutions	29 516	25 727
from customers	8 543	
Commitments on securities to be received	236	3
Other commitments given ⁽²⁾⁽³⁾	5 021	1 677

(1) Guarantee commitments on UCITS losses.

(2) Commitments given (€2,505 million) and received (€2,336 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.

(3) In 2013, this includes commitments of €2,370 million 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 Crédit Logement

Le Groupe La Poste has undertaken to maintain Crédit Logement's basic equity, in proportion to its 6% interest, so that Crédit Logement can meet its solvency ratio.

The Group has undertaken, where applicable, to replenish Crédit Logement's mutual guarantee fund, which covers borrower default on the loans held on Crédit Logement's books. This commitment, which corresponds to the proportion of loans distributed by La Poste's network, amounted to €412 million as at 31 December 2013.

36.3 Other commitments given

A. Guarantees and endorsements

- Total guarantees and endorsements given amounted to €14 million as at 31 December 2013.

B. Vendor warranties

- When Chronopost SA sold Taxicolis and Mat Courses to Flash Europe International, it stood as guarantor for tax and social security liabilities, as well as for any shortfalls in the assets or liabilities provisioned in the financial statements for the year ended 31 December 2007. This warranty will expire once the relevant tax, customs and social security risks have lapsed.

C. 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.

D. 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 2013, this commitment represented an amount of €129 million.

E. Other

On 8 March 2012, La Poste signed an agreement to promote the employment of disabled people over the

period between 2012 and 2014. The financial commitment relating to disability as part of this agreement amounted to €38 million as at the end of December 2013.

36.4 Other commitments received

A. Guarantees and endorsements

Total guarantees and endorsements received amounted to €45 million as at 31 December 2013, including €37 million for La Poste.

B. 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 2013.
- 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 2013.

C. Property sale commitments

La Poste has entered into property sale commitments that are expected to be completed in 2014. As at 31 December 2013, the total amount of commitments received in this respect amounted to €124 million.

D. 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.

E. Commitments relating to the acquisition of Seur

- Pursuant to the acquisition of 10 Seur franchises in 2009 (Teruel, Cordoba, Albacete, Cartagena, Palencia, Lugo, Segovia, Parcel Vallès, Orense and Badalona), seller warranties were given for a period of two years from the companies' handover. This period extends to five years for tax and social security liabilities. There is no limit on the amount of guarantees provided. These commitments include bank guarantees for all of the franchises acquired from Seur SA, except Badalona. As at 31 December 2013, only the guarantees relating to the tax and social security risks remained.
- 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).

- 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.
- 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.
- 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.

F. Commitments relating to the acquisition of Yurtiçi Kargo

As part of GeoPost's acquisition of minority interests in Yurtiçi Kargo in February 2007, the vendors granted GeoPost unlimited warranties for two years from the acquisition date. The length of these warranties may be adjusted in specific circumstances, i.e.:

- in the event of tax litigation, one year as from the tax assessment notice;
- in the event of litigation regarding the warranties between Yurtiçi Kargo and the vendors, 10 years as from the acquisition date.

G. Commitments relating to the acquisition of Pegasus

The agreement for the purchase of Pegasus shares by Armadillo Holding GmbH, which was signed in 2008, included guarantees given by ADL, the vendor, for two years as from taking control or until the underlying risk lapses, (primarily in respect of tax risks).

H. Commitments relating to the acquisition of DPD Croatia and DPD Slovenia

As part of GeoPost's 2008 acquisition of shares in the DPD Adriatic entities, warranties were given by the vendor. These warranties run for two years as from the acquisition, except with regard to the legal status and legal capacity of the seller (five years) and in the

event of a tax assessment (until the statute of limitations lapses).

I. 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.

J. Commitments relating to the acquisition of 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.

K. 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 2014 with respect to tax liabilities, until 28 February 2015 with respect to social security liabilities and expired on 12 June 2012 for all other liabilities.

L. Commitments relating to the acquisition of Media Prisme

As part of the acquisition of the Media Prisme 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.

M. 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.

N. Commitments relating to the acquisition of Mix Commerce

As part of the acquisition of Mix Commerce in October 2012, a price reduction clause covering potential damages was granted by the vendor, for a maximum amount of €800,000. This cap only applies to the claims relating to the ownership of shares by the vendors and the transferability of these shares. The guarantee will remain in place until 30 June 2014.

O. 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.

P. 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.

Q. 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.

This guarantee was used in 2013 for a total amount of €565,000.

R. 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.

S. Commitments relating to the acquisition of Worldnet Shipping Express

When the acquisition by GeoPost SA of Worldnet Shipping Express took place on 13 June 2012, guarantees were given by the sellers of up to GBP 300,000 for a duration of six years, on tax disputes.

T. 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.

U. 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.

36.5 Other commitments

A. 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.

B. 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.

C. 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 12.3 million hours for contract staff;
- over 12.1 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)	31/12/2013	31/12/2012
Cash on hand and at central banks	1 570	2 726
Financial assets at fair value through profit or loss	5 367	6 900
Hedging derivatives	221	287
Available-for-sale financial assets	12 782	10 688
Loans and receivables – Credit institutions	82 894	81 254
Customer loans and receivables	59 204	49 922
Revaluation adjustment on interest-rate hedged portfolios	130	293
Financial assets held to maturity	32 266	37 036
Tax assets	138	138
Accruals and other assets	2 295	3 576
Investments in equity associates	2 522	2 327
Tangible and intangible assets, and investment properties	969	848
Net goodwill – Assets	36	36
Elimination of investments	(3 419)	(3 191)
TOTAL	196 974	192 838

LIABILITIES

(€ million)	31/12/2013	31/12/2012
Financial liabilities at fair value through profit or loss	118	111
Hedging derivatives	372	563
Inter-bank and similar transactions: Liabilities to credit institutions	14 757	15 812
Customer transactions	166 583	160 393
Debt evidenced by a certificate	4 300	4 537
Revaluation adjustment on interest-rate hedged portfolios	9	
Tax liabilities	34	22
Accruals and sundry liabilities	3 593	5 035
Underwriting reserves of insurance companies	817	674
Provisions	678	557
Subordinated debt	829	850
Non-controlling interests	(20)	(20)
Equity, Group share	4 147	3 783
Consolidated reserves and other	3 576	3 258
Net profit/(loss) Group share	571	525
Balance of intra-group transactions – Impact on income		
Balance of intra-group transactions – Impact on the balance sheet	758	522
TOTAL	196 974	192 838

37.2 Banking assets and liabilities by residual maturity

(€ million)	Maturities of under 1 year	Maturities of over 1 year or indefinite	Total
Assets by residual maturity			
Cash and central bank deposits	1 570		1 570
Securities portfolio	10 329	40 306	50 635
Receivables from credit institutions	79 008	3 886	82 894
Customer loans and receivables	7 421	51 783	59 204
Liabilities by residual maturity			
Other financial liabilities	49	441	489
Liabilities to credit institutions	12 304	2 453	14 757
Liabilities to customers	157 568	9 015	166 583
Debt evidenced by a certificate	3 000	1 301	4 300

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)	2013	2012
Consolidated net profit/(loss)	635	481
Share in profits of equity associates	(215)	(180)
Unrealised gains and losses on fair value adjustments (excluding Banking activities)	28	58
Gains and losses on disposal (including dilution)	13	(63)
Net changes in provisions	214	271
Depreciation, amortisation and impairment	1 002	993
Other non-cash income and expenses	(9)	(15)
Operating cash flow after the cost of net financial debt and tax	1 668	1 544
Cost of net financial debt ⁽¹⁾	167	164
Corporation tax (including deferred taxes)	127	231
CASH FLOWS FROM OPERATING ACTIVITIES BEFORE COST OF NET DEBT AND TAXES	1 962	1 939

(1) Excluding change in unrealised gains and losses on fair value adjustments

38.2 Depreciation, amortisation and impairment

(€ million)	2013	2012
Additions to and reversals of amortisation of operating profit/(loss)	1 006	978
Additions to and reversals of amortisation of financial profit/(loss)	(4)	(4)
Impairment of goodwill		19
TOTAL	1 002	993

38.3 Change in working capital requirement

(€ million)	2013	2012
Change in inventories and work-in-progress	70	(49)
Change in operating receivables	(155)	45
Change in operating payables and other operating assets and liabilities	76	139
TOTAL	12	136

38.4 Change in balance of banking sources and uses

(€ million)	2013	2012
Change in Banking activities securities portfolio	4 497	1 756
Change in Banking activities loans and receivables	(6 770)	(4 885)
Change in credit institution receivables (Banking activities)	(1 440)	(6 123)
Change in other Banking activities current financial assets	113	255
Change in liabilities to credit institutions (Banking activities)	(3 238)	5 040
Change in customer transactions (Banking activities)	5 447	4 157
Change in other financial liabilities (Banking activities)	(385)	(383)
Change in accruals (Banking activities)	(371)	(99)
TOTAL	(2 149)	(281)

38.5 Outflows for acquisitions of tangible and intangible assets

(€ million)	2013	2012
Acquisitions of intangible assets	(239)	(265)
Acquisitions of tangible assets	(752)	(811)
Change in payables to suppliers of non-current assets	(6)	12
TOTAL	(997)	(1 065)

38.6 Proceeds from new borrowings

(€ million)	2013	2012
Bonds	250	750
Borrowings from credit institutions	2	2
Commercial paper	150	
Other borrowings and similar debt	0	0
TOTAL	402	752

38.7 Redemption of borrowings

(€ million)	2013	2012
Bonds	(726)	
Borrowings from credit institutions	(14)	(8)
La Poste savings bonds	(2)	(5)
Commercial paper		(666)
Other borrowings and similar debt	(1)	(1)
Borrowings on finance leases	(15)	(18)
TOTAL	(759)	(698)

38.8 Other cash flows from financing activities

(€ million)	2013	2012
Collection of deposits and guarantees received	1	116
Repayment of deposits and guarantees received	(120)	(6)
Other	22	(47)
TOTAL	(97)	63

38.9 Change in cash flows from banking activities

(€ million)	note	2013	2012
Opening cash and central bank deposits (assets)		2 726	2 644
Sight loans and receivables - credit institutions (assets)		252	92
Sight loans and receivables - credit institutions (liabilities)		(77)	(166)
Opening		2 901	2 570
Closing cash and central bank deposits (assets)	23.2	1 570	2 726
Sight loans and receivables - credit institutions (assets)	30.1	148	252
Sight loans and receivables - credit institutions (liabilities)	30.1	(110)	(77)
Closing		1 608	2 901
Net decrease (increase) in cash and cash equivalents from banking activities		(1 293)	331
of which impact of changes in consolidation scope		287	
Net decrease (increase) in cash and cash equivalents from banking activities before impact of changes in consolidation scope		(1 580)	331

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.

(€ million excl. tax)	2013			
	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%

(€ million excl. tax)	2012			
	KPMG	%	MAZARS	%
Statutory audit, certification, review of separate and consolidated financial statements				
- parent company	0,6	28%	0,6	16%
- fully consolidated subsidiaries	1,4	63%	2,6	67%
	2,0	91%	3,2	83%
Other due diligence and services relating directly to the Statutory Auditors' assignment				
- parent company	0,2	8%	0,3	8%
- fully consolidated subsidiaries	0,0	0%	0,0	0%
	0,2	8%	0,3	8%
Other services provided to fully consolidated companies by the partnership	0,0	1%	0,4	10%
TOTAL	2,2	100%	3,9	100%

NOTE 40 POST-BALANCE SHEET EVENTS

None.

NOTE 41 SCOPE OF CONSOLIDATION

COMPANY	COUNTRY	% of interest		% of control		Consolidation method	
		2012	2013	2012	2013	2012	2013
CONSOLIDATING COMPANY							
LA POSTE							
44 boulevard de Vaugirard 75 757 PARIS cedex 15							
PARCELS & EXPRESS 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	25,00	35,00	25,00	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		FC
La Consigne	France		100,00		100,00		FC
GeoPost Intercontinental sub-group							
Geopost Americas Inc	United States	100,00	100,00	100,00	100,00	FC	FC
Tigers limited	United States		71,11		65,88		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	60,00	100,00	60,00	100,00	PC	FC
DTDC	India		42,53		42,53		PC
Lenton Group Ltd	Hong Kong	30,00	30,00	30,00	30,00	EM	EM
						PC	
Chronopost sub-group							
Chronopost	France	100,00	100,00	100,00	100,00	FC	FC
Colizen	France		40,00		40,00		EM
Chronopost International Cameroun	Cameroun	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
GeoPost Central Europe sub-group							
GeoPost IMDH GmbH	Germany	100,00	100,00	100,00	100,00	FC	FC
GeoPost Immobilien (merger with DPD GeoPost GmbH)	Germany	100,00		100,00		FC	
GeoPost Service	Germany	100,00	100,00	100,00	100,00	FC	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	100,00	100,00	FC	FC
Versandtarif GmbH	Germany	100,00		100,00		FC	
(merger with Chronopost International Deutschland)							
B2C Russia holding GmbH	Germany	24,50	24,50	24,50	24,50	EM	EM
Tiramizoo GmbH	Germany		20,29		20,29		EM
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	25,50	25,50	25,50	PC	PC
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

COMPANY	COUNTRY	% of interest		% of control		Consolidation method	
		2012	2013	2012	2013	2012	2013
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
GTR logistic (merger with DPD Hungaria)	Hungary	100,00		100,00		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	PC	PC
Armadillo Bizpak	Russia	50,00	50,00	50,00	50,00	PC	PC
Armadillo One (merger with Armadillo Bizpak)	Russia	50,00		50,00		PC	
B2C	Russia	24,50	24,50	24,50	24,50	EM	EM
Armadillo Holding Gmbh	Germany	50,00	50,00	50,00	50,00	PC	PC
Geopost Bulgaria ood	Bulgaria	50,51	50,51	100,00	100,00	FC	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	50,99	99,98	99,98	FC	FC
DPD SA (formerly DPD SRL)	Romania	50,00	50,00	50,00	50,00	PC	PC
DPD Kazakhstan	Kazakhstan	50,00	50,00	50,00	50,00	PC	PC
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
GeoPost Spain sub-group							
GeoPost Espagne	Spain	91,39	91,90	91,39	91,90	FC	FC
Seur GeoPost	Spain	91,39	91,90	100,00	100,00	FC	FC
Menexpres	Spain	91,39	91,90	100,00	100,00	FC	FC
GeoPost Espana Parcel (merger with Seur GeoPost)	Spain	91,39		100,00		FC	
Seur SA	Spain	54,36	59,47	52,04	61,18	FC	FC
Seur Internacional	Spain	91,39	91,90	100,00	100,00	FC	FC
Seur Espana Operaciones	Spain	54,36	59,47	52,04	100,00	FC	FC
Seur Gerencia de Riesgos	Spain	54,36	59,47	52,04	100,00	FC	FC
Seur Integracion Logistica	Spain	54,36	59,47	52,04	100,00	FC	FC
Correduria de Seguros	Spain	54,36	59,47	52,04	100,00	FC	FC
Integracion Logistica Valencia	Spain	54,36	59,47	52,04	100,00	FC	FC
Barcino Pack	Spain	24,19	26,46	24,18	44,50	EM	EM
Transjaen	Spain	51,61	59,47	52,04	100,00	FC	FC
Guadalpack SL (merger with Seur GeoPost)	Spain	91,39		100,00		FC	
Transp, Urgente Guadalajara SL	Spain		91,90		100,00		FC
Transcoba SL	Spain		91,90		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 (formerly 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
Worldnet Shipping Express ltd	United Kingdom	20,00	20,00	20,00	20,00	PC	PC
Biocair	United Kingdom	70,01	70,00	100,00	100,00	FC	FC
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

COMPANY	COUNTRY	% of interest		% of control		Consolidation method	
		2012	2013	2012	2013	2012	2013
MAIL SEGMENT							
Sofipost	France	100,00	100,00	100,00	100,00	FC	FC
Mix commerce	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
Gescomail	France	65,00	65,00	100,00	100,00	FC	FC
Somepost	France	100,00	100,00	100,00	100,00	FC	FC
Docapost Suisse	Switzerland	74,13		74,13		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
Sérès	France	66,00	66,00	66,00	66,00	FC	FC
Sérès Allemagne	Germany		66,00		100,00		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
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
Sefas Espana	Spain		100,00		100,00		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
T2IS Docapost BPO	Morocco	50,98	50,98	100,00	100,00	FC	FC
Sérès Espagne	Spain	66,00	66,00	100,00	100,00	FC	FC
Asendia	Switzerland	50,00	50,00	50,00	50,00	PC	PC
Docapost DPS	France	100,00	100,00	100,00	100,00	FC	FC
Docapost CSP	France	100,00	100,00	100,00	100,00	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
Mediapost sa	France	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 UK	United Kingdom	81,68		100,00		FC	
Media prisme BE	Belgium	81,68	81,68	100,00	100,00	FC	FC
Cabestan	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
Financière Adverline	France	86,06	90,00	86,06	90,00	FC	FC
Adverline	France	85,20	89,41	98,87	99,22	FC	FC
Société	France	85,20	89,41	100,00	100,00	FC	FC
KP Média	France	85,20	89,41	100,00	100,00	FC	FC
Maison	France	85,20	89,41	100,00	100,00	FC	FC
Oxeva	France	59,66	62,61	70,03	70,03	FC	FC
Vertical Mail	France	85,20	89,41	100,00	100,00	FC	FC
CKFD	France	86,06	90,00	100,00	100,00	FC	FC
Mediapost Publicité	France	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 Datamark Services	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 Deutschland	Germany	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	51,00	100,00	51,00	100,00	FC	FC
Mediapost Distribuicao Postal	Portugal	51,00	100,00	100,00	100,00	FC	FC
Mediapost Galex Distribucion y Logistica	Portugal	51,00	100,00	100,00	100,00	FC	FC
Eurobussula LDA	Portugal	51,00	100,00	100,00	100,00	FC	FC
Celeris LDA	Portugal	51,00	100,00	100,00	100,00	FC	FC
Orbitroad LDA	Portugal	51,00	100,00	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	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	66,01	100,00	66,01	100,00	FC	FC
NA Handena	France	64,69		98,00		FC	
Morin développement	France	100,00	100,00	100,00	100,00	FC	FC
Morin logistic	France		100,00		100,00		FC
Morin GPM	France		100,00		100,00		FC
Morin logistic sud	France		100,00		100,00		FC
Neopress Routage	France	66,00	66,00	66,00	66,00	FC	FC

COMPANY	COUNTRY	% of interest		% of control		Consolidation method	
		2012	2013	2012	2013	2012	2013
Médiapost holding	France	100,00	100,00	100,00	100,00	FC	FC
Doc@post	France	100,00	100,00	100,00	100,00	FC	FC
La Poste Global Mail	France	100,00	100,00	100,00	100,00	FC	FC
Fret GV	France	50,00		50,00		PC	
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	48,01	80,00	80,00	FC	FC
Hit Mobile Marketing	Romania	54,01	54,01	90,00	90,00	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
BANKING ACTIVITIES SEGMENT							
La Banque Postale	France	100,00	100,00	100,00	100,00	FC	FC
La Banque Postale Gestion privée	France	51,00	100,00	51,00	100,00	FC	FC
Banque Privée Européenne	France		99,99		99,99		FC
La Banque Postale Collectivités Locales	France		65,00		65,00		FC
LBP Home Loan SFH	France		100,00		100,00		FC
SCI Tertiaire Saint Romain	France	100,00	100,00	100,00	100,00	FC	FC
SCI CRSF DOM	France	99,94	100,00	99,94	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	PC	PC
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	19,98	20,15	35,96	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	90,97	92,52	90,97	92,52	FC	FC
Tocqueville Finance	France	90,87	92,42	99,89	99,89	FC	FC
OFC Finance	France	100,00	100,00	100,00	100,00	FC	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
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 Développement	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
SCCV 56, rue CLER	France	49,00	49,00	49,00	49,00	PC	PC
TPF2 Sppicav	France	20,02	20,02	20,02	20,02	EM	EM

COMPANY	COUNTRY	% of interest		% of control		Consolidation method	
		2012	2013	2012	2013	2012	2013
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	PC	PC
SCI Bataille	France	35,00	35,00	35,00	35,00	PC	PC
SCI Villeneuve LB	France	49,00	49,00	49,00	49,00	EM	EM
SCI ARKADEA Fort de France	France		49,00		49,00		EM
SCI ARKADEA Toulouse Lardenne	France		30,00		30,00		PC
SCI ARKADEA Lyon Croix Rousse	France		30,00		30,00		PC
PI Energy 2	France		20,00		20,00		EM
AKATEA 2 - TPF2 SAS	France	20,02	20,02	20,02	20,02	EM	EM
SCI ARKADEA La Rochelle	France	30,00		30,00		PC	
SAS ARKASOLIA	France	50,00	50,00	50,00	50,00	PC	PC
PI Energy	France	20,00	20,00	20,00	20,00	EM	EM
LA POSTE RETAIL BRAND SEGMENT							
LP Télécom	France	51,00	51,00	51,00	51,00	PC	PC
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 NC: Non-consolidated company