

CONSOLIDATED FINANCIAL STATEMENTS
31 December 2020



LE GROUPE LA POSTE

TABLE OF CONTENTS

CONSOLIDATED FINANCIAL STATEMENTS

Income statement	3
Comprehensive income statement	4
Balance sheet	5
Changes in equity	7
Cash-flow statement	9

GENERAL ITEMS

Note 1	Significant events during the financial year	10
Note 2	Basis of preparation for the consolidated financial statements	13
Note 3	Accounting rules and policies	15
Note 4	Changes in the consolidation scope	30
Note 5	Segment reporting	32

NOTES TO THE INCOME STATEMENT

Note 6	Revenues	36
Note 7	Net banking income	36
Note 8	Purchases and other expenses	37
Note 9	Personnel expenses and headcount	37
Note 10	Taxes and levies	38
Note 11	Depreciation, amortisation, provisions and impairment	38
Note 12	Other operating income and expenses	39
Note 13	Financial profit/(loss)	39
Note 14	Income tax	40

NOTES TO THE BALANCE SHEET

Note 15	Goodwill	43
Note 16	Intangible assets	45
Note 17	Property, plant and equipment	46
Note 18	Leases (lessee)	47
Note 19	Equity associates and joint ventures	49
Note 20	Other financial assets	51

Note 21	Banking activity financial assets	52
Note 22	Inventories and work-in-progress	55
Note 23	Trade and other accounts receivable	57
Note 24	Cash and cash equivalents	57
Note 25	Assets and liabilities held for sale	57
Note 26	Equity	58
Note 27	Provisions for contingencies and losses	59
Note 28	Bonds and other financial debt	60
Note 29	Group net debt	65
Note 30	Employee benefits	66
Note 31	Banking activity financial liabilities	70
Note 32	Trade and other payables	75

ADDITIONAL INFORMATION

Note 33	Information on risks excluding banking activities	76
Note 34	Information on risks relating to banking activities	79
Note 35	Additional information on financial instruments	118
Note 36	Related party transactions	124
Note 37	Structured entities	125
Note 38	Off-balance sheet commitments and contingent liabilities	127
Note 39	Additional details on banking and insurance activities	129
Note 40	Notes to the consolidated cash-flow statement	134
Note 41	Fees paid to the statutory auditors	137
Note 42	Post-balance sheet events	138
Note 43	Business combinations	139
Note 44	Scope of consolidation	143
Note 45	Other unconsolidated equity investments – excluding France	151

CONSOLIDATED INCOME STATEMENT

<i>(€ million)</i>	NOTE	2020	2019
Revenues from commercial activities	6	23,478	20,359
Net banking income	7	7,707	5,624
Operating revenue		31,185	25,983
Purchases and other expenses	8	(13,686)	(10,662)
Personnel expenses	9	(13,841)	(12,683)
Taxes and levies	10	(439)	(347)
Depreciation, amortisation, provisions and impairment	11	(3,736)	(1,802)
Other operating expenses and income	12	535	413
Proceeds from asset disposals		84	13
Net operating expenses		(31,084)	(25,069)
Share in profit of joint ventures	19	41	(25)
Current operating profit/(loss) after share in results of joint ventures		142	889
Impact of the takeover of CNP Assurances	1.1	3,007	0
Operating profit/(loss)		3,149	889
Cost of net financial debt		(229)	(215)
Other financial items		(14)	(10)
Financial profit/(loss)	13	(243)	(225)
Share in profits of associates	19	635	305
Profit before tax		3,540	969
Income tax	14	(880)	(134)
CONSOLIDATED NET PROFIT/(LOSS)		2,660	835
Net profit/(loss), Group share		2,084	822
Attributable to non-controlling interests		576	13

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

Amounts after tax (€ million)	2020	2019
CONSOLIDATED NET PROFIT / (LOSS)	2,660	835
OTHER COMPREHENSIVE INCOME RECOGNISED IN EQUITY		
Recyclable items	(515)	396
Change in unrealised gains and losses on financial instruments	646	172
<i>Reclassification under net income</i>	225	(125)
Translation adjustments	(939)	27
<i>Reclassification under net income</i>	153	0
Impact of the overlay approach	460	13
Share in other comprehensive income of associates and joint ventures	(682)	184
Of which :		
<i>- reclassification under net income of CNP Assurances (see note 1.1), during takeover</i>	(594)	
<i>- change in unrealised gains and losses on financial instruments of CNP Assurances, before takeover</i>	(39)	177
<i>- change in translation reserves of CNP Assurances before takeover</i>	(32)	7
<i>- other</i>	(17)	#REF!
Non-recyclable items	(114)	(82)
Actuarial adjustments on employee benefits	(75)	(77)
Change in credit risk of liabilities designated as at fair value through profit or loss	(9)	(5)
Revaluation of equity instruments recognized at fair value through equity (excluding securities sold during the year)	(30)	0
Total other comprehensive income recognised in equity (after tax)	(629)	314
Total comprehensive income/(loss)	2,031	1,149
TOTAL COMPREHENSIVE INCOME/(LOSS), GROUP SHARE	1,553	1,132
Total comprehensive income/(loss) attributable to non-controlling interests	478	17

CONSOLIDATED BALANCE SHEET

ASSETS

(€ million)	NOTE	31/12/2020	31/12/2019
Goodwill	15	4,175	2,625
Intangible assets	16	5,866	1,497
Property, plant and equipment	17	5,983	6,039
Right of use assets	18	3,017	2,582
Investments in joint ventures and associates	19	935	4,384
Other non-current financial assets	20	502	701
Deferred tax assets	14	141	365
Non-current assets		20,619	18,193
Inventories and work-in-progress	22	220	154
Trade and other accounts receivable	23	5,100	4,014
Other current financial assets	20	382	475
Income tax credit		852	308
Other accrual accounts – Assets		99	79
Cash and cash equivalents	24.1	2,763	2,456
Assets held for sale		168	153
Current assets		9,584	7,638
Cash and central bank deposits		1,783	22,412
Financial assets at fair value through profit or loss	21.1	195,629	10,763
Financial hedging derivatives	21.2	1,443	1,488
Financial assets at fair value through OCI	21.3	230,559	14,813
Securities classified at amortised cost	21.4	24,018	28,068
Credit institutions loans and receivables at amortised cost	21.5	114,434	70,635
Customer loans and receivables at amortised cost	21.6	125,222	113,626
Revaluation adjustment on hedged portfolios -fair value heges	21.7	220	207
Other financial assets and accrual accounts	21.8	31,538	3,157
Investment property	21.9	3,083	0
Specific assets of banking and insurance activities		727,929	265,169
TOTAL ASSETS		758,132	291,000

LIABILITIES

(€ million)	NOTE	31/12/2020	31/12/2019
Share capital and issue premium		6,668	4,700
Reserves		8,496	5,628
Unrealised gains and losses on financial instruments		828	946
Translation reserve		(574)	(215)
Undated hybrid subordinated notes		744	744
Net profit/(loss), group share		2,084	822
Equity, group share		18,247	12,624
Non-controlling interests		13,712	907
CONSOLIDATED EQUITY		31,959	13,531
Bonds and financial debt ⁽¹⁾	28.1	8,891	7,173
Lease liabilities ⁽¹⁾	28.1	3,509	2,624
Provisions for contingencies and losses ⁽¹⁾	27	876	503
Employee benefits ⁽¹⁾	30	3,365	2,865
Deferred tax liabilities (no current)	14.5	1,497	198
Trade and other payables ⁽¹⁾	32	8,749	5,448
Government – Income tax		127	60
Other accrual accounts – Liabilities (current)		245	219
Liabilities held for sale (current)		127	115
No-current liabilities		14,518	11,218
Current liabilities		12,868	7,988
Financial liabilities at fair value through profit or loss	31.1	3,279	1,445
Financial hedging derivatives	31.2	763	591
Liabilities to credit institutions and similar transactions	31.3	33,533	30,715
Liabilities to customers	31.4	229,793	190,546
Debt evidenced by a certificate	31.5	21,639	23,739
Revaluation adjustment on hedged portfolios -fair value hedges	31.6	726	839
Other financial liabilities and accrual accounts	31.7	18,834	4,556
Specific provisions for the insurance and Banking activities and shadow accounting	31.8	380,035	2,736
Subordinated debt	31.9	10,187	3,097
Specific liabilities of banking and insurance activities		698,788	258,263
TOTAL LIABILITIES		758,132	291,000
(1) Of which current share :			
<i>Bonds and financial debt</i>		1,534	584
<i>Lease liabilities</i>		633	493
<i>Provisions for contingencies and losses</i>		759	386
<i>Employee benefits</i>		718	713
<i>Trade and other payables</i>		8,724	5,418

CHANGES IN CONSOLIDATED EQUITY 2020

Amounts after tax (€ million)	Share capital and issue premium	Unalloca- ted profit/ (loss)	Transla- tion reserve	Unrealised gains and losses on financial instru- ments	Undated hybrid subordi- nated notes	Other reserves	Total, Group share	Non- controlling interests	Total
Consolidated equity as at 31/12/2019	4,700	822	(215)	946	744	5,628	12,624	907	13,531
Transfer of equity investments in CNP Assurances (a)	1,968					2,059	4,027	10,997	15,024
Dividend payments	0	0	0	0	0	0	0	(571)	(571)
Remuneration of undated hybrid subordinated notes (b)	0	0	0	0	0	(91)	(91)	(23)	(114)
Call options on non-controlling interests	0	0	0	0	0	174	174	26	199
Transactions with non-controlling interests	0	0	0	0	0	(53)	(53)	1,894	1,840
Appropriation of 2019 net profit/(loss)	0	(822)	0	0	0	822	0	0	0
Comprehensive income for the year		2,084	(358)	(99)	0	(74)	1,553	478	2,031
Of which:									
- Net profit		2,084	0	0	0	0	2,084	576	2,660
- Actuarial adjustments items		0	0	0	0	(74)	(74)	(1)	(75)
- Reclassification under net income following the takeover of CNP Assurances		0	149	(743)	0	0	(594)	0	(594)
- Other comprehensive income items		0	(508)	644	0	0	136	(97)	39
Other		0	0	(20)	0	32	13	5	18
CONSOLIDATED EQUITY AS AT 31/12/2020	6,668	2,084	(574)	828	744	8,496	18,247	13,712	31,959

(a) See description of the transaction in note 1.1.

(b) Remuneration of undated hybrid subordinated notes from La Poste (€23 million), La Banque Postale (€29 million) and CNP Assurances (€62 million).

CHANGES IN CONSOLIDATED EQUITY 2019

Amounts after tax (€ million)	Share capital and issue premium	Unallocate d profit/(los s)	Translatio n reserve	Unrealised gains and losses on financial instrumen ts	Undated hybrid subordinat ed notes ^(a)	Other reserves	Total, Group share	Non- controlling interests	Total
Consolidated equity as at 31/12/2018	4,700	798	(250)	590	744	5,432	12,014	197	12,210
First-time application of IFRS 16 as at 01/01/2019	0	0	0	0	0	(145)	(145)	(2)	(147)
Consolidated equity as at 01/01/2019	4,700	798	(250)	590	744	5,287	11,869	195	12,063
Dividend payments	0	(200)	0	0	0	0	(200)	(15)	(215)
Remuneration of undated hybrid subordinated notes						(17)	(17)		(17)
Call options on non-controlling interests	0	0	0	0		(24)	(24)	201	177
Transactions with non-controlling interests	0	0	0	0		(148)	(148)	(255)	(403)
Appropriation of 2018 net profit/(loss)	0	(598)	0	0		598	0	0	0
Issue of undated hybrid subordinated notes ^(a)					0	0	0	744	744
Comprehensive income for the year	0	822	34	356		(77)	1,136	17	1,152
<i>Of which: - Net profit</i>	0	822	0	0		0	822	13	835
<i>- Actuarial adjustments</i>	0					(77)	(77)	0	(77)
<i>- Other comprehensive income items</i>	0	0	34	356		0	391	4	394
Other	0	0	0	0		9	9	20	29
CONSOLIDATED EQUITY AS AT 31/12/2019	4,700	822	(215)	946	744	5,628	12,624	907	13,531

(a) The nominal amount of the issue is €750 million, of which the issue premium has been deducted.

CONSOLIDATED CASH FLOW STATEMENT

	NOTE	2020			2019		
		Group	Non-banking activities	La Banque Postale	Group	Non-banking activities	La Banque Postale
(€ million)							
EBITDA		3,816	1,274	2,543	2,359	1,204	1,155
Change in provisions for current assets and irrecoverable receivables		(213)	(52)	(161)	(218)	(26)	(191)
Miscellaneous financial income and expenses		(11)	(5)	(6)	9	9	0
Cash flows from operating activities before cost of net debt and taxes	40.1	3,592	1,217	2,375	2,150	1,187	963
Change in working capital requirement	40.3	450	205	244	(125)	(145)	21
Change in balance of banking and insurance resources and uses	40.4	23,604	0	23,604	4,494	0	4,494
Taxes paid		(817)	(74)	(743)	(90)	158	(248)
Monetisation of CICE tax credit		0	0	0	0	413	(413)
Dividends paid by La Banque Postale to La Poste		0	0	0	0	356	(356)
Dividends received from equity associates		49	6	43	146	19	127
Cash flows from operating activities		26,878	1,354	25,524	6,576	1,988	4,587
Purchase of property, plant and equipment, intangible assets and investment property	40.5	(4,649)	(1,083)	(3,566)	(1,501)	(1,207)	(294)
Purchase of financial assets		(178)	(102)	(76)	(240)	(219)	(21)
Proceeds from the disposal of property, plant and equipment and intangible assets		107	106	1	173	172	1
Proceeds from disposals of financial assets		45	24	21	39	39	0
Impact of changes in consolidation scope		(739)	(739)	0	(278)	(278)	0
Change in financial assets held for cash investment purposes		25	25	0	125	125	0
Cash flows from investing activities		(5,388)	(1,769)	(3,620)	(1,682)	(1,368)	(314)
Capital increase		23	20	3	0	0	0
Issue of undated hybrid subordinated notes		0	0	0	744	0	744
Dividends paid and remuneration of hybrid subordinated notes		(686)	(43)	(643)	(232)	(221)	(11)
Purchase of non-controlling interests		(228)	(19)	(209)	(403)	(27)	(376)
Interest paid		(218)	(218)	0	(229)	(229)	0
Proceeds from new borrowings	40.6	4,594	2,844	1,750	2,981	2,981	0
Repayment of borrowings	40.7	(2,641)	(1,075)	(1,566)	(1,948)	(1,948)	0
Repayment of lease liabilities		(713)	(679)	(34)	(563)	(529)	(34)
Other cash flows from financing activities	40.8	(72)	(72)	0	38	38	0
Intra-group flows		0	(3)	3	0	(515)	515
Cash flows from financing activities		57	754	(696)	389	(449)	838
Decrease (increase) in cash and cash equivalents from banking activities before impact of changes in consolidation scope	40.9	(21,208)	0	(21,208)	(5,111)	0	(5,111)
Impact of subsidiaries held for sale		(7)	(7)	0	(9)	(9)	0
Impact of changes in exchange rates		(23)	(23)	0	7	7	0
Change in cash and cash equivalents		308	308	0	169	169	0
Opening cash and cash equivalents		2,456	2,456	0	2,286	2,286	0
Closing cash and cash equivalents		2,763	2,763	0	2,456	2,456	0

GENERAL ITEMS

NOTE 1 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- 1.1 Takeover of CNP Assurances
- 1.2 Takeover of BRT
- 1.3 Notes issue
- 1.4 Partnership between CNP Assurances and Caixa Seguridade
- 1.5 Impact of the Covid-19 health crisis

1.1 Takeover of CNP Assurances

On 30 August 2018, the French State and Caisse des Dépôts announced their intention to create a large public financial group to provide services in every region and to constitute a public bank-insurance division, La Banque Postale / CNP Assurances.

In the course of creating this public financial group, securities were exchanged and transferred on 4 March 2020 by the French State, Caisse des Dépôts, La Poste and La Banque Postale (contribution by the State and Caisse des Dépôts to La Poste, then by La Poste to La Banque Postale, of their respective equity investments of 1.1% and 40.9% in the capital of CNP Assurances). Following this transaction, Le Groupe La Poste holds a 62.13% stake in CNP Assurances.

On the day of its completion, this transaction generated the following impacts on the Group's financial statements :

- An increase in consolidated equity of €4,027 million corresponding to the contribution of 288,262,094 shares of CNP Assurances valued at the market price of 4 March 2020 (€13.97);
- Reclassification under net income of the Group's share in the unrealised gains and losses of CNP Assurances, generating revenue of €594 million included in the "Share of profit of other equity associates" line of the Consolidated income statement;
- Impairment of the value of the securities previously accounted for by the equity method in relation to the market price of the CNP Assurances share on the day of the transaction, i.e. €1,571 million, representing the difference between the value of the securities accounted for by the equity method (€3,504 million) and the market value (€1,933 million);
- The recognition of badwill for an amount of €4,578 million corresponding to the difference between, firstly, the Group's share of the net assets of CNP Assurance valued at fair value (determined as part of the acquisition price allocation), i.e. €10,538 million, and, secondly, all the securities held valued at the market price of the day of the transaction, i.e. €5,960 million.

The badwill, as well as the impairment of the holding previously held, as set out above, constitutes a total net income of €3,007 million shown on a specific non-current operating profit line.

CNP Assurances, recognised in Le Groupe La Poste's consolidated financial statements through the equity method until February 29, 2020 (two months in 2020), is now fully consolidated from 1 March 2020.

The impact on the Group's balance sheet and income statement of the consolidation of CNP Assurances is presented in Note 43.1.

1.2 Takeover of BRT

In January 2020, Le Groupe La Poste took over the Italian group BRT, the leader in the Parcel business in Italy, of which it now owns 85% (GeoPost segment), thus strengthening the DPD network in Europe.

The BRT group, recognised in Le Groupe La Poste's 2019 consolidated financial statements through the equity method, is now fully consolidated from 1 January 2020.

The goodwill recognised in the financial statements amounts to €1,265 million, of which €513 million corresponds to the investment previously accounted for by the equity method. This goodwill is included in the DPD Europe CGU (see Note 15) to which the BRT entity now belongs.

The revaluation of the investment previously held resulted in income of €45 million.

The impact on the Group's balance sheet and income statement of the consolidation of BRT is presented in Note 43.2.

1.3 Notes issue

La Poste group carried out several bond issues in 2020, as detailed below. These issues meet standards classification as IFRS debt instruments.

La Poste bond issue

On 21 April 2020, La Poste made two bond issues for a total amount of €1,800 million:

- a €1,150 million issue with an April 2032 maturity at a 1.375% interest rate,
- a €650 million issue with an October 2026 maturity at a rate of 0.625%.

La Banque Postale subordinated notes issue

On 21 October 2020, La Banque Postale issued €500 million of subordinated debt securities. The 10.25-year bond has a call date of 5.25 years and a fixed coupon of 0.875% (refixed for the remaining 5 years in the event that the bond is not called back to 5.25 years).

CNP Assurances subordinated notes issue

On 30 June 2020, CNP Assurances carried out a €750 million subordinated notes issues with a June 2051 maturity at a 2.5% interest rate until 30 June 2031.

On 8 December 2020, CNP Assurances finalised a €500.0 million issue of debt securities maturing on 8 March 2028 and bearing a fixed interest rate of 0.375%.

1.4 Partnership between CNP Assurances and Caixa Seguridade

On 30 December 2020, CNP Assurances and the Brazilian company Caixa Seguridade, a subsidiary of Caixa Econômica Federal (CEF), signed an exclusive distribution agreement until 2046, covering contingency insurance, consumer loan insurance and pension products in Brazil.

This distribution agreement has been implemented through a new joint insurance company created for this purpose by CNP Assurances and Caixa Seguridade. The voting rights in this new company are distributed as follows: 51% for CNP Assurances and 49% for Caixa Seguridade, and the economic rights as follows: 40% for CNP Assurances and 60% for Caixa Seguridade.

In addition to the full consolidation of the company created, this agreement had the following effects on the Group's financial statements at 31 December 2020:

- recognition in the balance sheet of an intangible asset in the amount of €3 billion corresponding to the distribution agreement, amortised on a straight-line basis over the term of the contract (see Note 16);
- recognition of minority interests in shareholders' equity for an amount of €1.8 billion.

No provision has been made for the price supplements at 31 December 2020.

1.5 Impact of the Covid-19 health crisis

1.5.1 Impact on the Group's activities

The year 2020 was marked by the Covid-19 health crisis.

From the beginning of the epidemic, the Group's priority has been to ensure the health and safety of all its employees and customers while maintaining business continuity. It has applied and deployed the preventive measures put in place by the public authorities in conjunction with the health authorities.

The health crisis caused a sudden shutdown of all industrial and commercial activities in March, which impacted heavily on the Group's operating revenue and operating structure.

From April onwards, the parcel transport activities (the GeoPost sector and La Poste's Parcels business), driven by e-commerce, experienced a strong rebound in all the countries where the Group operates and remained at a high level until the end of the year.

The traditional activities gradually resumed at the end of the first half of the year. Nevertheless, the mail volumes fell in 2020, generating an impairment of the assets of the Mail CGU (see comments below) and a sharp

deterioration in the operating income of this CGU with a strong impact on the Group's operating profit before the effect of changes in the scope of consolidation.

The banking activities were penalised by a persistent context of very low interest rates accentuated by the accommodating monetary policies of central banks aimed at supporting the economies affected by the crisis. In addition, the crisis has led to a significant deterioration in credit risk (see comments below).

1.5.2 Effects on the valuation of the group's assets

a) Review of impairment loss indicators

In addition to the tests carried out at least once a year on all the CGUs with goodwill (see note 15), other CGUs were also tested according to the signs of impairment that may have been detected.

These tests led to the impairment of all the Mail CGU's assets for €900 million. This point is detailed below.

In addition, goodwill were impaired in 2020 for a total amount of € 33 million, in particular those of the subsidiaries Lenton (€23 million) and DPD Laser (€9 million) without these depreciations being specifically attributable to the health crisis.

Impairment of the fixed assets of La Poste SA's Mail CGU

The sharp decrease in mail volumes recorded in 2020, linked to the Covid-19 crisis, is an indication of impairment which necessitated the performance of an impairment test of the fixed assets of this CGU leading to the complete depreciation of these assets.

These assets do not include goodwill and consist exclusively of depreciable assets: software, buildings, machinery and equipment, vehicles, fixtures and fittings as well as rights of use assets on buildings and vehicles registered in accordance with IFRS 16.

The test was carried out on the basis of a business plan drawn up at the best of 5-year business forecasts, in line with the orientations of the new strategic plan (see note 42 "Post-balance sheet events"), with a WACC of 7%. The normative growth rate used is -5% and takes into account the structural decline in mail volumes.

The test result is very insensitive to variations in these parameters.

The impairment recorded in the accounts breaks down as follows:

- Intangible assets: €201 million,
- Tangible fixed assets: €288 million,
- User rights: €411 million.

No depreciation has been recorded on buildings and vehicles, belonging to another sector of the Group and used by the Courier CGU, whose market value is assessed as greater than their net book value.

It should be noted that La Poste's parcel transport activity constitutes a different CGU for which there is no indication of impairment.

b) Deferred tax asset recoverability review

Due to the sharp decrease in the Mail business in 2020 and the consequent deterioration in La Poste SA's forecast of taxable profit, there is uncertainty about the recovery of the deferred tax assets of La Poste SA and the tax group to which the company belongs. As a result, the net deferred tax assets of this tax group were fully impaired as of December 31, 2020.

The total amount of impairment recorded in 2020 amounted to €298 million, corresponding to the net

deferred tax assets recognized at 31 December 2019. Moreover, the deferred tax assets in respect of the deficit recorded in the financial statements as at 31 December 2020 were not recognized in the financial statements, amounting to €707 million (see tax proof in note 14).

c) Impacts on credit risk measurement

Over the 2020 fiscal year, the Covid-19 crisis generated a negative impact estimated at €455 million on the credit risk measurement, of which €364 million from legal entities and €90 million from individuals.

In accordance with the regulatory and accounting provisions in force, La Banque Postale has implemented a prudent and balanced provisioning approach in order to take into account the known elements of the crisis based on observations of the portfolio and the expertise of the sales teams and the Group Risk Department.

Legal entities

The cost of credit risk for legal entities is the result of:

- the bank's exposure monitoring process,
- specific provisioning decisions in the bodies dedicated to past due cases;
- the application of collective provisioning provisions.

As regards the latter, during the last quarter of 2020, the collective provisioning mechanism was expanded to a larger volume of customers and sectors, while better targeting the risk areas within a given sector. At the end of December 2020, the sectors subject to a sectoral measure (downgrading to bucket 2) were:

- the Tourism, Hotel and Leisure sector;
- private air and ground passenger transportation;
- the photovoltaic energy sector in France due to a revision of tariff conditions;
- certain segments of the Distribution business;
- the Automotive sector.

The Covid-19 crisis had an impact on the cost of credit risk for legal entities of €364 million, including €95 million in parametric effects and €221 million in collective provision allocations. Finally, provisions made on significant cases that the crisis has directly put in difficulty, or whose difficulties have been amplified by the context, are estimated at €48 million.

Individuals

The effects of the crisis have so far had a limited impact on La Banque Postale's credit exposures to individuals. Nevertheless, this crisis could in the coming months have a significant impact on the risk profile of its portfolio.

In this context, in order to adapt the level of provisions to this new environment, a review of the risk parameters associated with default probabilities and macroeconomic scenarios was carried out in the second half of the year. In addition, downgrading to bucket 2 was decided for certain socio-professional categories which were considered likely to be significantly impacted by the second lockdown.

For contracts that have been extended due to the crisis and which do not meet contractual provisions (real estate loans and redevelopments beyond the contractual provisions for consumer loans), carried out at the request of customers or at the initiative of the bank, it was considered that the customers concerned presented a deteriorating credit risk through these extensions. They were downgraded to a sensitive category (bucket 2), with some exceptions, and a provision was allocated to them as a result. At the end of a probationary period of 3 months from the resumption of maturity payments, the exposures in question are reclassified, where appropriate, as "healthy" assets (bucket 1).

At the end of December 2020, the profile of credit exposures to individuals did not show any significant change, as the effects of the crisis had not yet had a significant impact on the structure of La Banque Postale's exposures. Thus, the change in the cost of risk is mainly linked to the revision of risk parameters in anticipation of the effects of the crisis (€64 million) and the downgrading to the sensitive category (bucket 2) of some contracts with deferred maturities (€8 million) and customers belonging to certain socio-professional categories (€18 million).

Please refer to Note 34 for details of the exposure to credit risk.

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 9, rue du Colonel Pierre Avia 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 2020 were signed off by the Board of Directors (meeting on 25 February 2021), 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 2020 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 https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting_fr

The accounting principles applied as at 31 December 2020 are unchanged from those applied as at 31 December 2019, except for the items described in Point 2.1.1.

2.1.1 Standards and application interpretations applied by the Group from January 1, 2020

Reform of benchmark interest rates

For the year ended 31 December 2019, the Group applied early the amendment to IFRS 9, IAS 39 and IFRS 7 "Interest rate benchmark interest reform", adopted by the EU on 15 January 2020. In the context of the new regulations on reference rates aimed at replacing the IBOR interbank rates with new rates, this amendment allows exemptions to be applied, in particular with regard to the assessment of the effectiveness of hedging relationships. The objective is not to disqualify on the sole basis of uncertainty around the period and methods of transition of benchmark rates, provided the previous rates are not removed and the contracts are not amended. The amendment applies until uncertainties around the flows disappear or the hedge is stopped.

Hedge accounting (IFRS 9)

Until 2019, the Group had chosen the possibility offered by IFRS 9 to postpone the application of its provisions on hedge accounting, pending the entry into

force of the standard on macro-hedging.

As of January 1, 2020, the Group applies the transitional provisions of IFRS 9 in hedge accounting. IFRS 9 applies to all hedging relationships, with the exception of fair value hedges against the interest rate risk of a portfolio of financial assets or liabilities ("fair value macro-hedges").

For the latter, the Group continues to apply IAS 39 with the exception of certain provisions making it possible to elect to fair value hedging relationships some of the macro hedging transactions carried out within the framework of asset-liability management (including customer demand deposits).

The hedge general principle accounting provisions of IFRS 9 is prospective application, without restatement of comparatives. IFRS 9 allows exceptions to this principle and requires retrospective application of the standard for the recognition of the time value of options in the hedge cost (recognition in other comprehensive income) when only their inherent values have been designated as hedging instruments. At 1 January 2020, the Group did not set up any hedges using options, designating only the inherent value as the hedging instrument.

All affected hedging relationships recognised under IAS 39 continued to be recognised and maintained under IFRS 9. Maintaining them did not require significant rebalancing and no income impact was recognised at 1 January 2020.

The Group has reviewed its fair value hedging relationships using currency swaps in order to exclude the foreign exchange basis of the instrument declared as a hedge and recognise it within other comprehensive income, as the hedge cost. In accordance with the option left by IFRS 9, this restatement was made retrospectively. The impacts of this restatement are not material at January 1, 2020.

Leases (IFRS 16)

On 16 December 2019, the IFRIC published a position on the assessment of lease terms, which was supplemented on 3 July by an ANC recommendation specifically addressing the situation of French commercial leases with tacit extensions. The leases were reviewed in 2020 in the light of these texts, with no significant impact on the accounts.

The amendment to IFRS 16 "Leases" was published by the IASB on 28 May 2020 in response to the Covid-19 crisis. It offers lessees (and not lessors) the option to exempt themselves from assessing whether Covid-19 related lease relief is a contract modification. In practice, the amendment leads lessees to account rent reductions related to the health crisis as not a contract amendment. This amounts to recognizing the impact of the rent reduction in the lessee's income for the

period (negative variable rent), rather than spread it over the remaining term of the contract. The right of use is not impacted and continues to be amortized without change. This amendment has very little impact on the Group's financial statements.

The other standards and interpretations that were mandatory in 2020 had no significant impact on Le Groupe La Poste's financial statements at 31 December 2020.

2.1.2 Standards and application interpretations that are mandatory for the first time after 31 December 2020

The Group has not applied in advance any standard or interpretation with an application date after December 31, 2020.

IFRS 17 "Insurance contracts" was published by the IASB on 18 May 2017. It should enter into force on 1 January 2023, following the successive postponements granted in November 2018, March 2020 and June 2020 subject to adoption by the European Union.

IFRS 17 defines the new rules for the recognition, measurement and presentation of insurance policies that fall within its scope. The general model for valuing contracts presented as liabilities will be based on a Building Blocks Approach (BBA), a model consisting of an aggregation of three components:

- The insurance liabilities will be valued at present value (discounted future cash flows);
- A margin for risk to account for the uncertainty of these future flows;
- A contractual service margin which represents the unearned profit of the insurer, released over time based on the service rendered by the insurer to the insured.

IFRS 17 also proposes two other approaches: a simplified Premium Allocation Approach (PAA) and an approach adapted from the general model known as the Variable Fee Approach (VFA), which is mandatory for direct participating contracts.

In 2019, the Group carried out a scoping study to identify the main challenges of applying the standard in financial terms, the accounting closing process and the adaptation of information systems for the Group's insurance companies. Following the takeover of the CNP Assurances Group in March 2020, and the significant weight of insurance in the Group's consolidated financial statements, an initial phase of studies of the impacts of IFRS 17 was carried out in the last quarter of 2020 with the following objectives:

- take note of the IFRS 17 projects of the insurance subsidiaries (CNP Assurances and historical subsidiaries);
- identify the main issues related to the application of the new standard at the Bank level;
- structure the IFRS 17 Programme within the La Banque Postale Group.

At the end of the scoping phase, a detailed roadmap of the Group's IFRS 17 Programme for the 2021 and 2022 fiscal years and the associated governance were defined in order to be able to produce the first accounts under the new standard in 2023.

2.1.3 European electronic format

A European electronic format will apply, on the date of application of Delegated Regulation (EU) No. 2019/815 in France, to all issuers whose securities (shares and bonds) are admitted to trading on a European regulated market and subject to the obligation to establish an AFR.

Regulation (EU) No. 2017/1129 dated 14 June 2017 (Prospectus Regulation) and its delegated regulations apply to fiscal years beginning on or after 1 January 2020, or as an option for fiscal years beginning on or after 1 January 2021 (Delegated Regulation (EU) No. 2019/815 of the Commission of 17 December 2018 as amended by Delegated Regulation (EU) No. 2020/1989).

The Group has decided to apply these provisions to the fiscal year beginning on 1 January 2021.

As from that date, the Group will be required to publish its Universal Registration Document in European XHTML Single Electronic Format. The Group's consolidated financial statements will include XBRL tags using Inline XBRL technology.

At the date of publication of the 2020 financial statements, the Group has already completed the various steps required to publish its Universal Registration Document in electronic format. To this end, the Group has deployed a Disclosure Management tool to convert documents into XHTML format and to incorporate the tags associated with the consolidated financial statements.

2.2 Valuation basis and use of estimates

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 calculation of the right of use and the lease liabilities;
- the estimates for specific provisions for the insurance and banking activities;
- the valuation of goodwill and various assets or liabilities during business combinations;
- 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

- 3.1 Consolidation methods
- 3.2 Translation of financial statements of foreign companies
- 3.3 Foreign currency transactions
- 3.4 Consolidation of the La Banque Postale segment
- 3.5 Business combinations
- 3.6 Operating revenue
- 3.7 Taxes
- 3.8 Intangible assets
- 3.9 Property, plant and equipment
- 3.10 Leases
- 3.11 Impairment of goodwill, intangible assets and property, plant and equipment
- 3.12 Other financial assets
- 3.13 Banking activities assets and liabilities
- 3.14 Bond debt and financial derivatives relating to the management of the bond debt
- 3.15 Lease liabilities
- 3.16 Commitments to buy out non-controlling interests
- 3.17 Inventories and work-in-progress
- 3.18 Trade receivables
- 3.19 Provisions
- 3.20 Employee benefits
- 3.21 Assets held for sale
- 3.22 Cash flow statement

3.1 Consolidation methods**3.1.1 Full consolidation**

Subsidiaries that are controlled by the Group are fully consolidated.

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

3.1.2 Equity method

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

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

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

Associates are entities over which the Group has significant influence.

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

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

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

3.1.3 CNP Assurances

Until March 4, 2021 and before the transaction described in note 1.1, Le Groupe La Poste considered that it had significant influence over CNP Assurances due to its close business ties with the company and its representation on its governing bodies.

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

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

As part of the operation set out in Note 1.1, the sell back agreement was carried out in January 2020. As such, the corresponding securities were once again held directly by the Group.

3.1.4 Non-material controlled entities

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

3.1.5 Intra-group transactions

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

3.1.6 Acquisition and disposal of non-controlling interests

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

3.2 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.

3.3 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).

3.4 Consolidation of the La Banque Postale segment

In order to improve the clarity of financial statements, specific items relating to banking and insurance activities in La Banque Postale segment have been

combined on distinct 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.

3.5 Business combinations

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

When an exclusively controlled company is first consolidated, the acquisition cost represents the fair value of the assets transferred, the equity instruments issued, and of the liabilities incurred or assumed at the date of exchange, and 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 3.11.

3.6 Operating revenue

3.6.1 Revenue from commercial activities

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

As a result, the time taken for shipping of mail and parcels is taken into consideration when assessing revenue at the balance-sheet date.

3.6.2 Net Banking Income

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

3.7 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 temporary timing difference between the book value of balance sheet items and their taxable value.

Deferred taxes recognised in prior financial years are adjusted 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 temporary 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).

As described in "Highlights", the net deferred tax assets of the La Poste tax consolidation group were fully impaired at 31 December 2020 (see Note 1).

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

The income tax consequences of dividends relating to financial instruments recorded in equity are recognised in profit or loss.

3.8 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 they meet the criteria set out in IAS 38. They are amortised on a straight-line basis over their useful life (on average 3 years, and up to 5 years maximum) from the day they are commissioned.

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

Customer relationships

When acquiring insurance businesses, the acquirer must measure the benefit of the customer relationship under existing contracts at fair value. Thus, for contracts for which the renewed premiums can be estimated with sufficient reliability (and which are already measured in the MCEV framework), an intangible asset is recognised in respect of customer relationships. This intangible asset is amortised on a straight-line basis by segment according to the estimated useful life of the asset below, reflecting the consumption of future benefits as projected in the MCEV:

- Unit-linked savings in Italy and individual contingency insurance in Brazil: 10 years;
- Individual contingency insurance in France: 15 years;
- Individual retirement in Brazil: 20 years.

Distribution agreements

The value of a distribution agreement represents the value of the future flows expected from new business within the network of a partner covered by a distribution agreement. These intangible assets are estimated according to the specific terms and conditions of each distribution contract; they are amortised over the life of the distribution contract, taking into account any residual value.

The depreciation, amortisation and impairment charges relating to the portfolio of contracts of insurance companies and distribution agreements are recorded under "Amortisation of portfolio securities and similar and value of distribution agreements" in the income statement.

Portfolio of insurance company contracts

As part of the acquisition of insurance businesses, the acquirer must measure at fair value the insurance liabilities assumed and the assets under insurance contracts acquired. In accordance with IFRS 4, this fair value can be presented in two components:

- a liability measured in accordance with the insurer's accounting policies for the insurance contracts it issues;
- an intangible asset, the value of business acquired (VOBA) from insurance companies, representing the difference between:
 - ✓ the fair value of the contractual insurance rights acquired and the insurance obligations assumed;
 - ✓ the liability described above.

As part of the takeover of the CNP Group, a portfolio value was determined and recognised under intangible assets. It is excluded from the scope of IAS 36 and IAS 38 (paragraph 33 IFRS 4).

The portfolio value is tracked by entity and sub-segment and is amortised over the remaining life of the contracts on a basis reflecting the rate of emergence of the future profits generated by the asset. This duration is determined in the table below:

In number of years	France	Italy	Brazil	Spain	Ireland
Euro Savings and Retirement	11.9 – 19	4.5 – 19	3.8 – 12	6.3 – 12	11.9 – 19
Unit-linked savings	10.5	4.8	10.5	7.7	10.5
Borrower	5.9	6.4	6.8	3.3	1.7
Contingency	1.3 – 7.5	1.3 – 7.5	4.8 – 7.1	1.3 – 7.1	1.3 – 7.5

3.9 Property, plant and equipment

Property, plant and equipment consists primarily of land, buildings, plants, tools, equipment and computer hardware. They are recorded at cost less depreciation and impairment.

3.9.1 Acquisition cost of property, plant and equipment

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.

3.9.2 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
Automated teller machines	machine, installation

3.9.3 Depreciation periods

Property, plant and equipment is depreciated on a straight-line basis over its useful life.

The average useful lives are as follows:

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

Land is not depreciated.

3.9.4 Special case of investment properties

Classification on the Group's balance sheet

As at 31 December 2020, virtually all investment properties were located in La Banque Postale's insurance activities and as such were classified in the specific assets of the banking and insurance activities. The investment properties from other activities, representing an insignificant value, were classified under property, plant and equipment.

Principles

Investment property is real estate (land or construction) held by the Group for the purpose of deriving rentals or capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business.

In accordance with the option offered by IAS 40, the Group has chosen the cost valuation model for its properties (the recognition principles for which are presented in Note 2.5.4), with the exception of properties supporting unit-linked contracts, which are measured at fair value.

The fair value of properties (excluding unit-linked contracts) is also disclosed in the notes to the financial statements. This fair value corresponds to the realisable value of properties and shares in unlisted real estate companies. It is determined on the basis of a five-yearly appraisal carried out by an expert accepted by the regulatory authority. Between two appraisals, the value is subject to an annual estimate certified by an expert.

Impairment of investment properties

At each balance sheet date, the existence of any indication of impairment is assessed. One of the indices is an impairment of the property by more than 20% in relation to its cost. The existence of indications of impairment leads the Group to estimate the recoverable value of the property concerned.

The recoverable value is the higher of the value-in-use and the fair value less selling costs, as determined by the Group's annual appraisal of its real estate portfolio.

3.10 Leases

IFRS 16 – Leases was applied as at 1 January 2019 and replaces IAS 17 – Leases. As a consequence, for all external leases for which the Group is the lessee, the following items were recognised in the balance sheet:

- a lease liability equal to the discounted value of lease payments during the lease term (non-cancellable periods and optional periods if the lessee is reasonably certain to exercise the option);
- a right-of-use asset, depreciated over the term of the lease.

As at 1 January 2019, the Group elected to use the modified retrospective approach.

In this context, the Group decided to apply the following simplified measurements provided by the standard, namely:

- the exclusion of leases for low-value assets;
- the exclusion of leases with a remaining term of less than 12 months;
- the option not to capitalise costs directly linked to the signing of leases;
- as an alternative to performing an impairment test, the right-of-use asset will be adjusted by the amount of any provisions for onerous leases.

In addition, as stipulated by the standard, the finance leases were recognized as provided for by IAS 17.

Terms of leases is determined on the basis of an analysis of termination options before the lease term and renewal options that can exist. This position is consistent with that published by the IFRIC on 16 December 2019 insofar as the Group's open-ended leases may be terminated by either party at any time subject to a negligible penalty at most, and the net book value of the arrangements in question may not, in the cases at hand, constitute anything more than an insignificant penalty.

Discount rates were determined on the transition date, and are then determined in subsequent periods, in accordance with the standard and in reference to the incremental borrowing rate of the lessee for each term, and taking into account the timetable of debt repayments.

The rates are determined on the basis of the risk-free rate for the currency of the lease, on the Group's credit risk and on the estimated additional credit risk for subsidiaries;

The Group used the term of each lease as at the date of its entry into force so as to ensure consistency with the method used to determine the book value of the aforementioned right-of-use asset.

With regard to the right-of-use assets covered by the majority of its leases, the Group has chosen to apply, for the transition on 1 January 2019, the provision which allows for the calculation of the book value of the right-of-use asset as if this standard had been applied on the date of entry into force of the lease, taking account of known changes to the lease since its signing.

3.11 Impairment of goodwill, intangible assets and property, plant and equipment

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

Other intangible assets and property, plant and equipment 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 the net book value,

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

3.12 Other financial assets

3.12.1 Other non-current financial assets

This item primarily includes (see note 20) :

- 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. IFRS 9 offers an irrevocable option to classify them at fair value through non-recyclable equity, at each instrument's first recognition date. In this case, the unrealised gains or losses through equity are not recycled to profit or loss if they are sold. The income statement will only be impacted if there are any dividends related to these securities. The Group has chosen to classify its unconsolidated equity investments in this category, with the exception of the Visa securities. 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.
- the non-current portion of the fair value of financial derivatives relating to La Poste's bond debt (see note 28).

3.12.2 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 3.14 and 28).

3.13 Banking activities assets and liabilities

On the balance sheet, the assets and liabilities specific to the banking and insurance activities are grouped together in items dedicated to these activities, the content of which is similar to that presented by La Banque Postale Group in its own financial statements.

3.13.1 General accounting principles for financial assets and liabilities

Initial recognition

For their initial recognition, financial assets and liabilities are measured at their fair value plus or minus the transaction costs directly attributable to the acquisition (with the exception of financial assets and liabilities recognised at fair value through profit or loss for which the transaction costs are recognised in income or expenses at the time of their initial recognition).

In practice, the fair value is most often the sale or transaction price of the financial instrument.

Date of initial recognition

Securities are recorded in the balance sheet at the settlement-delivery date whilst derivatives are recorded at the trading date. Changes in fair value between the trading date and the settlement-delivery date are recorded in profit or loss.

Loans and receivables are recorded in the balance sheet at the disbursement date.

Distinction between debt instruments and equity instruments

A debt instrument constitutes a contractual obligation to pay out cash or some other financial asset, or to exchange instruments.

An equity instrument is a contract that evidences a residual interest in an entity's net assets, without a contractual obligation to pay out cash or exchange instruments.

3.13.2 Recognition of financial assets

According to IFRS 9, financial assets are classified according to the entity's defined accounting business model and contractual cash flow characteristics ("basic loan" criterion).

Business models

An accounting business model corresponds to the way in which a group of financial assets is collectively managed to generate revenue. Its aim is to best reflect the management practices for the assets concerned. It is identified within the Group from the objective facts that may be observed such as the analysis of the business line organisation, its information systems, its internal reports, its risk-monitoring method, or its past management decisions (for example, disposal history).

There are three types of business model:

- a model which consists of holding financial assets to collect their contractual cash flows ("hold to collect" model);
- a model which consists of collecting the contractual cash flows and selling the financial assets ("Collect and Sell" model);
- a specific model for other financial assets, notably those managed for transaction purposes.

The identification of a business model is supported by documentation within each Group business line.

By definition, it is very rare to change business models. Changes in business models must be decided by the business management team in agreement with the General Management in view of the internal and external changes that are significant for the business and observable by external parties. Thus, a change in business model may only correspond to the termination or launch of a significant activity. For example, it might concern the sale of a business line previously managed according to the "Hold and Collect" model: in this case, the entity no longer markets this type of financial instrument and reclassifies all the concerned assets in a "Transaction" type business model.

The reclassification of debt instruments that meet the "SPPI" test is mandatory if the business model changes and prohibited in all other cases.

This reclassification must be carried out on a prospective basis, without restating the balance sheet or income statement for previous periods.

Moreover, the reclassification must take place at the opening date of the first financial year starting after the effective date of the change in business model.

"Basic loan" criterion or "SPPI" test

The SPPI criterion aims to ensure that the contractual cash flows generated by the instrument are solely made up of principal repayment flows and interest payments on the remaining principal owed. In other words, the instrument must be a "basic loan".

The principal is defined as the fair value of the financial instrument at the time of its initial recognition in the balance sheet.

Interest may include several components, including:

- compensation received in respect of passing time or "the time value of the money";
- compensation for the credit risk incurred on the loaned amount;
- compensation to offset the liquidity or administrative costs, and;
- the sales margin.

Financial assets that meet the "basic loan" criterion are debt instruments that notably include classical loans, fixed rate and floating rate bonds and trade receivables.

Financial assets that do not meet the "basic loan" criterion notably include debt instruments such as UCITS and structured securities.

Derivative instruments and share-based or unconsolidated equity investments by definition do not comply with the "basic loan" criterion.

According to IFRS 9, financial assets are classified into one of the following four categories:

3.13.3 Financial assets measured at amortised cost

Debt instruments whose contractual flows are solely made up of payments of principal and interest on the remaining principal owed ("basic loan" or "SPPI" test criterion) are classified under amortised cost if the aim of the business model is to hold these financial assets to collect the contractual cash flows.

The aim of the "Hold to Collect" contractual flow model is to hold assets over a long period or up to maturity to collect the contractual flows. In this business model, few or no disposals take place. Some disposals are authorised (disposals carried out as part of an increase in credit risk, disposals close to the instrument's maturity date, frequent but insignificant disposals as well as isolated disposals even if these are significant).

Following their initial recognition, financial assets at amortised cost are recognised under the effective interest rate method and can be subject to impairment in accordance with IFRS 9.

The effective interest rate is the exact interest rate that discounts the future cash flows forecast over the expected lifetime of a financial asset to the financial asset's initial fair value. It includes the transaction costs and incidental revenue (administrative fees, commitment commissions if the drawdown is more probable than improbable or investment commissions) as well as all other premiums or discounts. It is an actuarial rate.

Within the Group, this financial asset category includes most of its large customer loans and receivables, as well as most securities that come under banking activity investments.

3.13.4 Financial assets measured at fair value through recyclable equity

Debt instruments whose contractual flows are solely made up of payments of principal and interest on the remaining principal owed ("basic loan" or "SPPI" test criterion) are classified at fair value through recyclable equity if the aim of the business model is to hold these financial assets to collect the contractual cash flows and sell the assets.

These assets are recognised at their fair value at their initial recognition in the balance sheet and can be subject to impairment in accordance with IFRS 9.

This category of financial instruments has the specific feature of being measured at fair value in the balance sheet, but presenting the impacts of a valuation at amortised cost in the income statement. Changes in fair value are recorded in recyclable reserves which ensure the balance between the two accounting methods in the balance sheet and income statement.

This is notably the case for the recognition of impairment. The book value of the asset remains the fair value and is not impacted by the amount of impairment calculated. The income statement is impacted by any change upwards (expense) or downwards (income) in the amount of impairment. The counterparty to these movements is recorded in recyclable reserves.

When these securities are sold, unrealised gains or losses previously recorded in equity are recycled to the income statement under "Net gains and losses on financial assets at fair value through recyclable equity".

3.13.5 Financial assets at fair value through non-recyclable reserves

For investments in equity instruments that are not held for trading, IFRS 9 offers an irrevocable option to

classify them at fair value through non-recyclable equity, at each instrument's first recognition date.

In this case, the unrealised gains or losses through equity are not recycled to profit or loss if they are sold. The income statement will only be impacted if there are any dividends related to these securities. The Group has chosen to classify its unconsolidated equity investments in this category, with the exception of the Visa securities.

Moreover, in the event of disposal, the Group has chosen to reclassify in reserves as at 1st January of the following financial year, the portion of non-recyclable reserves corresponding to any recorded gains or losses on disposal.

3.13.6 Financial assets at fair value through profit or loss

The "Financial assets at fair value through profit or loss" category is the default category under IFRS 9.

It includes debt securities that do not correspond to "basic loan" criteria (for example, UCITS), as well as investments in equity instruments that are not classified in the Financial assets at fair value through non-recyclable equity category.

This category also includes financial assets, including asset derivatives held for trading, i.e. acquired or issued with the aim of selling them within a short timescale. Within the Group, they notably include loans to local authorities eligible for assignment to Cafil.

Changes in the fair value of the financial assets in this category are recorded in the income statement.

3.13.7 Impairment of financial assets

The new provisioning methodology defined by IFRS 9 has now shifted toward an expected credit loss impairment model and away from an incurred loss only model.

IFRS 9 defines a provisioning model that applies to all financial assets with a counterparty risk (excluding equity instruments) not revalued at fair value through profit or loss, and notably to all financial assets measured at amortised cost and fair value through recyclable reserves. This model also applies to loan receivables, loan commitments and financial guarantees.

Accordingly, impairments representing "one-year expected credit losses", are accounted for as assets recognised at amortised cost and fair value through recyclable reserves as soon as they are recorded in the balance sheet, as long as they do not significantly increase credit risk. "One-year expected credit losses" correspond to the total losses incurred in the event of default, weighted by the probability of default at one year. These outstandings come under "Bucket 1".

Outstandings for which a significant deterioration in credit quality has been identified since the date they were first recognised are subject to impairment for the amount of the "expected credit loss over the remaining life of the instrument". "Expected credit loss over the remaining life of the instrument" corresponds to the total losses incurred in the event of default, weighted

by the probability of default over the expected life of the instrument. These outstandings come under "Bucket 2".

Financial assets which are in a default situation are downgraded to "Bucket 3" and are subject to impairment for the amount of the estimated credit loss on completion.

Significant increase in credit risk

An increase in credit risk is a relative, and not absolute, concept. This relative approach involves, therefore, being able to monitor the change in credit quality over time.

The Group relies on a certain number of indicators (the main ones are described in note 34) to detect any deteriorations in the credit quality of a counterparty.

Bucket 1 and bucket 2 provisioning methodology

Expected credit losses correspond to the difference between the cash flows that the entity is entitled to receive under the contractual provisions, and the cash flows that the entity expects to recover, discounted using the effective interest rate for the financial asset.

The cash flows that the entity is entitled to receive take into account all the contractual terms and conditions for the financial instrument over its expected lifetime (for example, early redemption options, extension, etc.), and include the cash flows from the exercise of contractual guarantees.

Expected credit losses are estimated according to the probability of counterparty default. The probability of default corresponds to the probability that the debtor defaults within a given time period.

For "Bucket 1", the time period is annual. For "Bucket 2", the time period is the instrument's lifetime.

Within the Group, impairment on loans is statistical (by homogeneous categories with similar risk characteristics), with the option of adjustment by an expert in certain cases, particularly for loans granted to legal entities.

In accordance with the provisions of IFRS 9, expected credit losses are calculated according to a methodology which includes reasonable and justifiable information on past events, current circumstances and forecasts of the economic environment (the "Forward looking" concept).

The "forward-looking" component is obtained using a modelled three-scenario approach. The final impairment corresponds to the average weighted by the probability of each scenario occurring.

Defaulting loans coming under "bucket 3"

IFRS 9 does not impose a definition of default. On the contrary, it encourages the selection of a definition consistent with that selected by the entity as part of its risk management policy. Within the Group, an individually identified financial asset is considered as being in default when it shows a credit event that indicates financial difficulties.

The Group considers the following as objective evidence of default:

- the existence of one or several payments in arrears of over three months;

- an application for a debt management plan has been filed with the Banque de France, even if there are no payment issues;
- the existence of legal proceedings;
- receivables considered to be "very risky" in view of its risk management policy.

Scope of home loans

Outstandings in default are weighted by the parameter of "best estimate of the expected loss on the exposure in default" adjusted to account for certain elements (notably the removal of the overweights taken into account in the risk monitoring analysis such as the impact of an economic slowdown, for example). This parameter is calculated according to the duration of the default and the type of guarantee.

If the impaired home loans are reappraised, the provisions may be entirely or partially reversed and the receivables removed from "Bucket 3", when the entire amount in arrears is paid and when payments have resumed on a regular basis for the amounts corresponding to the contractual deadlines for at least two months.

Scope of leasing and loans to legal entities

For this scope, the specific provisioning of outstandings is monitored on a monthly basis and adjusted by expert appraisal if applicable. 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. Removal from "Bucket 3" may be effective after a probationary period corresponding to a period without credit incidents (90 days, except for restructured credits operations for which the probationary period to exit bucket 3 is 12 months).

For all these scopes, the amount of impairment is recognised in "Cost of risk" in the income statement and the value of the financial asset is reduced through an impairment.

In accordance with the contagion principle, all outstandings to the same account holder are provisioned as soon as one receivable for this account holder is impaired within the Group.

Restructuring operations

Restructured receivables are receivables for which the entity has modified the original financial conditions due to the borrower's financial difficulties.

Restructuring is defined according to two main criteria:

- concessions by the institution;
- financial difficulties for the borrower.

The discounted rate recognised when a receivable is restructured is recorded in cost of risk and as a corresponding reduction in outstandings in the balance sheet. It corresponds to the difference between the nominal value of the receivable before restructuring and the value of the new expected future flows discounted at the original effective interest rate. The discount is recorded in the income statement in the interest margin according to an actuarial method over the duration of the loan.

Any cancellation of capital is directly recognised in profit or loss.

3.13.8 Deconsolidation of financial assets

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 in the balance sheet so as to reflect the ongoing involvement in the asset concerned.

Within the Group, most loan renegotiations result in deconsolidation, as the contractual rights are substantially modified.

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.

3.13.9 Financial debt

General principle for classifying financial debt

By default, all financial liabilities are classified in the amortised cost category.

At the closing date, these debts are assessed using the effective interest rate method and recorded in the balance sheet as "Liabilities to credit institutions", "Liabilities to customers", "Debts evidenced by a certificate" or "Subordinated debt" unless they are subject to fair value hedging.

Liabilities to credit institutions and customers

Liabilities to credit institutions and 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

Debt securities consist of negotiable debt securities issued by La Banque Postale.

Subordinated debt

Subordinated debt includes debt for which the repayment, in the event of liquidation of the debtor, is only possible after the claims of other preferred or unsecured creditors have been met. This debt is valued using the amortised cost method, unless it is subject to fair value hedging.

Financial liabilities at fair value through profit or loss

Financial liabilities recognised in this category correspond to the financial liabilities held for trading, including derivative liabilities, as well as liabilities that the Group designated from the start to be assessed at fair value through profit or loss by application of the option offered by IFRS 9, subject to compliance with the following conditions:

- elimination or significant reduction in accounting mismatches. The Group thus measures some structured issues at fair value through profit or loss;
- group of financial liabilities whose management and performance assessment take place at fair value;
- compound financial liabilities comprising one or several embedded derivatives that are not closely related.

The accounting treatment for financial liabilities for which this option has been exercised is as follows:

- changes in the fair value of these liabilities are recognised in profit or loss, with the exception of the portion relating to the Group's own credit risk.
- changes in the fair value relating to the Group's own credit risk component are recognised in non-recyclable reserves. This portion may not be recycled in profit or loss if the debt is redeemed early.

Distinction between debt and equity: Undated deeply subordinated notes

Subordinated notes are classified as debt instruments or equity according, in particular, to the analysis of their features, and more specifically, according to their compensation method, depending on whether it is discretionary or not.

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

Subordinate debentures issued that can be converted into ordinary shares also meet the "debt instrument" classification criteria, even if the coupons are treated as dividends deducted from equity. Deferred tax assets associated with the distribution of coupons representing a tax saving are recognised in profit or loss pursuant to the IAS 12 amendment forming part of the 2015-2017 annual improvements.

Financial liabilities including embedded derivatives

An embedded derivative is a component of a hybrid liability. It is separated out of the host contract and recognised separately when, from the contract's initiation, its economic characteristics and the related risks are not closely linked to those of the host

contract, except where the hybrid liability is measured as a whole at fair value through profit or loss. Within the Group, this category of liabilities notably includes the structured issues (Euro Stoxx indexing).

Reclassification of financial liabilities

The classification of a financial liability set at the initial recognition is definitive and no subsequent reclassification is authorised.

Deconsolidation of financial liabilities

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

3.13.10 Financial derivatives and hedge accounting

A derivative is a financial instrument or other contract with the following three characteristics:

- its value fluctuates according to interest rates, the price of the financial instrument, raw materials' prices, an exchange rate, a price index, a credit rating or credit index, or another underlying variable;
- it requires a low or zero initial investment or one that is lower than a non-derivative financial instrument with the same sensitivity to the underlying changes;
- it is settled at a future date.

Derivatives are classified into two categories:

Derivatives held for trading

Derivatives belong to the category of financial instruments held for trading, 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 outstanding are recognised in "Net gains or losses on financial instruments at fair value through profit or loss".

Hedging derivatives

While waiting for the macro-hedging standard to take effect, IFRS 9 offers the option to defer the application of new provisions relating to hedge accounting. However, the Group has decided to apply the provisions relating to IFRS 9 micro-hedging as of January 1, 2020.

With regard to macro-hedging, the European Union's provisions relating to the fair value hedging of a portfolio of interest rate items continue to apply.

Hedging derivatives that qualify as hedging instruments according to IFRS 9 (IAS 39 for macro-hedging) criteria are classified in the "Fair value hedges" or "Cash flow hedges" category, as applicable. They are recognised in the balance sheet as "Hedging derivatives". Other derivative instruments are classified in "Financial assets or liabilities at fair value through profit or loss" by default, even if they have been acquired 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 currency risk hedge linked to a net investment in a foreign operation.

Fair value hedges

Fair value hedges enable hedging of exposure to fluctuations in the fair value of financial assets or liabilities; 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 and 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 rediscounting 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 designated as fair value hedges for the Group's fixed rate resources.

Macro-hedging derivatives are accounted for using the same principles as those described above. The revaluation of the hedging component is recognised in "Revaluation adjustment on rate hedged portfolios".

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 under "Net gains and 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.

3.13.11 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and a net balance is presented in the balance sheet if and only if the Group has a legally enforceable right to offset the recognised amounts and provided it intends to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must be irrevocable and must be capable of being exercised in all circumstances.

Transactions on repurchase agreements whose principles of operation meet the two criteria required by the standard, are offset in the balance sheet when:

- they have the same counterparty;
- they have the same maturity dates set from the start;
- they are carried out in the same currency;
- they are settled through a settlement / delivery system guaranteeing delivery of securities against receipt of the associated cash;
- the securities are deposited with the same custodian.

Offsetting mainly concerns repurchase agreement transactions carried out with LCH Clearnet clearing house.

3.13.12 Guarantee commitments

Financial guarantees

According to IFRS 9, 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

sustains as a result of failure by a specified debtor to make a payment on a debt instrument.

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

Moreover, the financial guarantees given (which are not recognised at fair value through profit or loss) can be subject to impairment in accordance with IFRS 9 and are subject to a provision in liabilities in the balance sheet. The same "bucket" categorisation and provisioning principles as those described for financial assets at amortised cost or fair value through recyclable reserves are applied for these outstandings. The provision is recognised for cost of risk.

3.13.13 Financing commitments

Financing commitments that are not considered to be derivative instruments do not appear in the balance sheet.

However, as with financial guarantees granted, financing commitments (that are not considered as derivatives) may be subject to impairment in accordance with IFRS 9 and are covered by a provision in liabilities in the balance sheet.

3.13.14 Leases where the Group is lessor

On the lessor's side, leases are accounted for as finance or operating leases.

Leasing transactions are qualified as finance leases when they have the effect, in substance, of transferring to the lessee the risks and rewards of ownership of the leased asset. They can be analysed as financing granted to the lessee for the purchase of an asset.

The present value of the payments due under the contract, plus any residual value, is recorded as a receivable and included in the balance sheet under loans and receivables from customers.

The interest included in the rental income is recorded in the income statement under "Interest and similar income".

The rents received are apportioned over the term of the finance lease by dividing them into capital amortisation and interest, so as to achieve a constant periodic rate of return on the net investment. The interest rate used is the interest rate implicit in the contract.

Rental receivables from leases are also subject to the credit risk impairment methodology defined by IFRS 9.

The same "bucket" categorisation and provisioning principles as those described for financial assets at amortised cost or fair value through recyclable reserves are applied for these outstandings. The impairment is recorded against the cost of risk.

3.13.15 Insurance activities

The financial assets and liabilities of the fully consolidated insurance subsidiaries are assessed and recognised according to the provisions of IFRS 9 and presented according to the overlay approach.

While awaiting the forthcoming IFRS 17 Insurance Standard, the subsidiaries continue to apply IFRS 4 to the following contracts:

- 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 IFRS 9 correspond to investment policies with no discretionary profit-sharing clause, i.e. unit-linked savings policies with no euro-denomination 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 profit-sharing 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 fully consolidated 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.
- The provisions for contractual equalisation are constituted to meet the exceptional expenses related to operations guaranteeing risks due to

natural elements, atomic risks, civil liability risks due to pollution, spatial risks, risks associated with air transport, and risks associated with terrorist attacks and terrorism.

- The other provisions notably include provisions for claims and damages to be paid. The assessment of these provisions is based on the estimated value of foreseeable expenses net of any recoveries.

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 guaranteed income. 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 measured at fair value. 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 gains 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 recognising 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 unfavourable and unprecedented surrender rates.

Contribution of the insurance activities to the Group's financial statements

The Group has chosen not to present the insurance activities in separate line items on the assets side of the balance sheet and in the income statement but to provide this information in the existing balance sheet and income statement items.

Specific information on the insurance activities is provided in Note 39 "Additional information on banking and insurance activities".

Insurance investment

The investments are included in the following items:

- Financial assets at fair value through profit or loss;
- Assets designated at fair value through equity;
- Securities classified at amortised cost;
- Customer loans and receivables at amortised cost;
- Investment property.

Other assets related to the insurance activity

- The reinsurers' share of the technical provisions is included in "Accrual accounts - assets";
- The receivables arising from insurance and reinsurance transactions are included in "Accrual accounts - assets".

Technical provisions for the insurance activities and shadow accounting

They include, in particular:

- Technical provisions relating to insurance contracts (life, non-life);
- Deferred profit-sharing liabilities.

Other insurance liabilities

The liabilities arising from insurance and reinsurance transactions are included in "Accrual accounts - liabilities". They consist mainly of liabilities for cash deposits received from assignees.

Income and expenses related to the insurance activities

- The income and expenses related to the investments of the insurance activities are included in the income statement items relating to the classification of the underlying assets;
- The income relating to the insurance activity (premiums earned from insurance contracts and financial contracts with or without discretionary profit sharing) is classified under "Income from other activities";
- The expenses relating to the insurance activity (insurance service charges, changes in provisions) are classified under "Expenses from other activities".

3.14 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".

3.14.1 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 IFRS 9, some bonds backed by "fixed-for-floating" swaps are recognised at fair value through profit or loss. The credit risk component of the

change in fair value is recognised in "Other comprehensive income".

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 IFRS 9.

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.

3.14.2 Bonds measured at amortised cost

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

3.14.3 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 IFRS 9 regarding the termination of hedges.

3.15 Lease Liabilities

Lease liabilities recognised in the balance sheet are the result of the adoption of IFRS 16 from 1 January 2019 (see note 28).

3.16 Commitments to buy out non-controlling interests

Pursuant to the provisions of IAS 32 – *Financial Instruments: Presentation*, Le Groupe La Poste records a financial liability for put options granted to minority shareholders of consolidated subsidiaries. When the value of the liability exceeds the value of the non-controlling interests, IFRS do not specify how the consideration should be recognised.

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

3.17 Inventories and work-in-progress

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

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

3.18 Trade receivables

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

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

3.19 Provisions

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

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

Provisions for commitments on home loan savings agreements

Home loan savings accounts (CEL) and plans (PEL) 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.

They generate two types of commitments for the distributor institution:

- obligation to pay interest on deposits for an undetermined period of time at a fixed rate for Home Loan Savings Plans (PEL) opened before 28 February 2011, and at a rate that is reviewed annually for new generations;
- obligation to grant loans to customers at a rate fixed upon signature of the contract.

These commitments, with potentially unfavourable consequences for the Group, are subject to provisions presented in liabilities in the balance sheet (under "Provisions"), with changes recorded under net banking income in interest margin.

The provisions are estimated based on customers' behavioural statistics and market data for each

generation of plan in order to hedge the future expenses associated with the potentially unfavourable conditions of these products compared to the interest rates offered to retail customers for similar products that are unregulated in terms of compensation. They only concern commitments related to home loan savings accounts and plans that exist at the provision calculation date.

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, commitments that may be provisioned include outstandings on 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 of 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.

3.20 Employee benefits

3.20.1 Post-employment benefits

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

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

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

Actuarial gains and losses resulting from experience-based adjustments and the impact of changes to

actuarial assumptions are recognised as “other comprehensive income”.

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

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

3.20.2 End-of-career arrangements

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

3.21 Assets held for sale

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

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

3.22 Cash flow statement

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

The format of the cash flow statement has been rearranged in order to show the flows associated with La Banque Postale on the one hand and the flows associated with non-banking business activities on a separate basis on the other (including the business unit of La Poste providing staff to La Banque Postale).

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

La Banque Postale sub-group’s cash flows (including cash held at post offices) 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 (excluding flows related to subordinated debts) 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 customers;
- cash flows relating to liabilities to credit institutions;

- acquisitions and disposals of securities in the investment portfolio;
- cash flows relating to loans and advances;
- changes in the fair value of financial instruments.

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

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

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

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

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

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

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

Cash flows from financing activities include sources of financing (new borrowings) and related outflows (distribution of dividends to minority shareholders, La Poste savings bond redemptions and debt repayments).

Concerning La Banque Postale, only the changes in subordinated debt are classified as cash flows from financing activities.

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

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

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

NOTE 4 CHANGES IN THE CONSOLIDATION SCOPE

- 4.1 Main operation
- 4.2 Income statement at constant scope and exchange rates

The scope of consolidation is shown in Note 44.

4.1 Main operation

The Group's takeovers of CNP Assurances and BRT are presented in Note 1 on significant events of the fiscal year.

Takeover of Index Education

At the end of December 2020, Le Groupe La Poste (Digital Services business unit) acquired 77% of the capital of the company Index Evaluation.

This company specialises in publishing software dedicated to the organisation of schools in France (organisation of classrooms, teachers' and pupils' timetables, links with parents, etc.).

The company is fully consolidated as of 31 December 2020. Provisional goodwill of €60 million was recognised in the accounts.

It represents revenue of just over €20 million and a workforce of close to 110 people.

Acquisition of non-controlling interests in La Banque Postale IARD

On 7 April 2020, Le Groupe La Poste (La Banque Postale segment) acquired, Groupama's 35% stake in La Banque Postale IARD. Le Groupe La Poste hence holds a 100% stake in the company, which was already fully consolidated. This acquisition resulted in the purchase of securities from Groupama for an

amount of €167 million, without significant impact on equity, as a liability for a put option on non-controlling

interests was recognised in the Group's accounts for €170 million at December 31st 2019.

Pooling of the rate and insurance management activities of the subsidiaries of the La Banque Postale and Natixis groups

On 31 October 2020, La Banque Postale and Natixis finalised the agreement to combine the interest rate and insurance management activities announced in December 2019. It marks the creation of a leader in asset management in Europe, with more than €430 billion in assets under management and more than €590 billion administered through its services platform at the end of September 2020.

This merger was achieved through the creation of a joint structure (Ostrum Asset Management) owned at 45% by La Banque Postale (through its asset management division) and at 55% by Natixis (through its subsidiary Natixis Investment Managers), within the framework of balanced governance. In exchange for its stake in the new structure, LBP Asset Management contributed a set of assets and liabilities, resulting in a capital gain of €93 million on the Group's operating profit.

4.2 Income statement at constant scope and exchange rates

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.

	Reported net profit/(loss)		Restated net profit/(loss) excluding scope and exchange rate effects	
(€million)	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Revenues and NBI	31,185	25,983	26,956	25,808
Purchases and other expenses	(13,686)	(10,662)	(12,013)	(10,566)
Personnel expenses	(13,841)	(12,683)	(13,107)	(12,622)
Taxes and levies	(439)	(347)	(378)	(345)
Amortisation, provisions and impairment	(3,736)	(1,803)	(3,448)	(1,783)
Other operating expenses and income	535	413	529	418
Proceeds from asset disposals	84	13	93	14
Net operating expenses	(31,084)	(25,069)	(28,324)	(24,884)
Share in results of joint ventures	41	(25)	(10)	(25)
CURRENT OPERATING PROFIT/(LOSS) AFTER SHARE IN RESULTS OF JOINT VENTURES	142	889	(1,377)	899

Transition from actual data to data at constant scope and exchanges rates :

	31/12/2020		31/12/2019	
(€million)	Operating revenue	Operating profit/(loss)	Opérateur revenue	Operating profit/(loss)
Published consolidated financial statements	31,185	142	25,983	889
Impact of changes in scope and changes :				
CNP Assurances	2,302	1,405	-	-
BRT	1,487	81	-	-
Other	440	33	175	(10)
Consolidated financial statements excluding scope and exchange rate effects	26,956	(1,377)	25,808	899

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.

The Group is organised around five operating segments, in addition to the Real Estate and Shared Services segments:

SEGMENTS	ACTIVITIES
Services-Mail-Parcels	<ul style="list-style-type: none"> ▪ mail activity in France (i.e. pick-up, sorting and delivery of letter posts, advertising and press publications) and related services ▪ parcels activity carried out by La Poste under the Colissimo brand ▪ international mail (including e-commerce activity carried out by Asendia) ▪ Silver activity for personal and health assistance ▪ postman's new services
GeoPost	<ul style="list-style-type: none"> ▪ Express activity carried out by the GeoPost sub-group's brands, primarily DPD, Chronopost and Seur
La Banque Postale	<ul style="list-style-type: none"> ▪ Banking and Insurance activities of the La Banque Postale sub-group ▪ services provided by some La Poste staff to La Banque Postale under service agreements (division of La Poste)
La Poste Network	<ul style="list-style-type: none"> ▪ sale and distribution activities intended for the general public ▪ La Poste Mobile activities ▪ other non-Group products
Digital services	<ul style="list-style-type: none"> ▪ all the Group's digital activities
Real estate	<ul style="list-style-type: none"> ▪ management of all of the Group's real estate assets held by the Poste Immo sub-group ▪ activities of the La Poste Real Estate Department
Shared Services	<ul style="list-style-type: none"> ▪ "Corporate" activities of the Group's registered Office ▪ 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 2.

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

The amounts unallocated to the business segments primarily correspond to:

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

Segmentation of 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).

The expenses for the La Poste Retail Brand post office counters are re-invoiced to the businesses that use the network on the basis of service agreements, where the pricing mechanisms are based on measurable operating metrics (revenues, and statistics measuring the time required to perform various transactions, etc.).

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

5.2.1 Income statement by operating segment

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

2020 (€ million)	Services- Mail- Parcels	GeoPost	La Banque Postale	Digital Services	La Poste Network	Real Estate	Shared Services	Unalloca- ted (a)	Elimina- tions	Total
Non-Group revenues and NBI	11,866	10,925	7,707	609	52	24	2	0	0	31,185
Inter-segment revenues and NBI	290	116	17	190	3,681	808	1,101	0	(6,204)	0
Operating revenue	12,156	11,041	7,724	799	3,733	833	1,103	0	(6,204)	31,185
Share in results of joint ventures	0	0	48	0	(7)	0	0	0	0	41
Current operating profit/(loss) after share in results of joint ventures	(1,137)	793	1,457	(48)	(70)	81	(216)	(708)	(9)	142
Impact of the takeover of CNP Assurances	0	0	3,007	0	0	0	0	0	0	3,007
Operating profit/(loss)	(1,137)	793	4,464	(48)	(70)	81	(216)	(708)	(9)	3,149
Financial profit/(loss)	0	0	0	0	0	0	0	(243)	0	(243)
Income tax	0	0	0	0	0	0	0	(880)	0	(880)
Share in profits of associates	(0)	(9)	641	0	0	2	0	0	0	635
CONSOLIDATED NET PROFIT/(LOSS)	0	0	0	0	0	0	0	0	0	2,660
Depreciation, amortisation, provisions and impairment	(1,184)	(664)	(1,165)	(96)	(41)	(453)	(133)	0	0	(3,736)
Segment assets	3,740	9,846	735,989	1,137	290	4,426	8,536	(5,831)	0	758,132

2019 (€ million)	Services- Mail- Parcels	GeoPost	La Banque Postale	Digital Services	La Poste Network	Real Estate	Shared Services	Unalloca- ted (a)	Elimina- tions	Total
Non-Group revenues and NBI	12,091	7,679	5,624	511	51	26	1	0	0	25,983
Inter-segment revenues and NBI	285	89	23	187	3,781	813	1,100	0	(6,278)	0
Operating revenue	12,376	7,768	5,647	697	3,832	839	1,101	0	(6,278)	25,983
Share in results of joint ventures	0	1	0	0	(27)	2	0	0	0	(25)
Operating profit/(loss) after share in results of joint ventures	410	379	820	10	(14)	142	(191)	(665)	0	889
Financial profit/(loss)	0	0	0	0	0	0	0	(225)	0	(225)
Income tax	0	0	0	0	0	0	0	(134)	0	(134)
Share in profits of associates	0	12	282	0	0	11	0	0	0	305
CONSOLIDATED NET PROFIT/(LOSS)	0	0	0	0	0	0	0	0	0	835
Depreciation, amortisation, provisions and impairment	(243)	(504)	(414)	(68)	(40)	(396)	(137)	0	0	(1,802)
Segment assets	4,299	7,102	271,178	968	204	4,409	8,340	(5,500)	0	291,000

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

5.2.2 Balance sheet by operating segment

31/12/2020 (€ million)	Services-Mail-Parcels	GeoPost	La Banque Postale	Digital Services	La Poste Network	Real Estate	Shared services	Eliminations	Total
ASSETS									
Intangible and tangible assets and goodwill	1,050	4,506	6,104	672	108	3,126	471	(12)	16,024
Right of use assets	164	2,055	105	63	0	608	22	0	3,017
Equity associates	0	210	696	0	0	30	(1)	0	935
Other non-current assets	56	140	(64)	18	3	10	4,627	(4,148)	643
Current assets	2,881	2,934	1,028	384	180	241	3,416	(1,480)	9,584
Specific assets of banking and insurance activities	0	0	728,120	0	0	0	0	(191)	727,929
TOTAL	4,151	9,846	735,989	1,137	290	4,015	8,536	(5,831)	758,132
Investments ^(a)	382	1,027	3,642	146	33	215	121	0	5,565
LIABILITIES									
Equity	0	0	0	0	0	0	31,959	0	31,959
Bonds and other financial debt (current and non-current)	624	2,860	0	468	0	1,142	9,113	(5,317)	8,891
Lease liabilities	176	2,153	0	74	0	1,082	23	0	3,509
Other non-current liabilities	4,213	2,656	5,291	353	1,343	328	913	(618)	14,480
Other current liabilities	8	148	97	3	0	0	251	0	506
Specific liabilities of banking and insurance activities	0	0	699,329	0	70	0	0	(612)	698,788
TOTAL	5,020	7,818	704,717	899	1,413	2,552	42,259	(6,547)	758,132
31/12/2019									
(€ million)									
ASSETS									
Intangible and tangible assets and goodwill	1,484	3,057	1,424	413	117	3,199	480	(12)	10,161
Right of use assets	119	1,327	130	56	0	924	26	0	2,582
Equity associates	6	764	3,585	0	0	30	(1)	0	4,384
Other non-current assets	39	99	(220)	171	3	9	3,990	(3,024)	1,066
Current assets	2,650	1,856	999	328	84	248	3,846	(2,373)	7,638
Specific assets of banking and insurance activities	0	0	265,260	0	0	0	0	(91)	265,169
TOTAL	4,299	7,102	271,178	968	204	4,409	8,340	(5,500)	291,000
Investments ^(a)	393	483	315	278	36	330	183	0	2,019
LIABILITIES									
Equity	0	0	0	0	0	0	13,531	0	13,531
Bonds and other financial debt (current and non-current)	712	2,122	0	494	0	1,092	7,154	(4,401)	7,173
Lease liabilities	131	1,409	0	61	0	997	27	0	2,624
Other non-current liabilities	3,841	1,669	1,235	328	1,267	320	1,218	(644)	9,233
Other current liabilities	14	154	6	1	0	0	0	0	175
Specific liabilities of banking and insurance activities	0	0	258,734	0	0	0	0	(471)	258,263
TOTAL	4,698	5,355	259,975	884	1,267	2,408	21,930	(5,516)	291,000

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

5.3 Geographical information

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

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

2020				
(€ million)	France	European Union (excluding France)	Other	Total
Revenues from commercial activities	12,143	9,128	2,207	23,478
Net banking income	6,595	382	730	7,707
OPERATING REVENUE	18,738	9,510	2,937	31,185
Segment assets	704,012	31,856	22,264	758,132
Investments (a)	396	346	4,823	5,565

2019				
(€ million)	France	European Union (excluding France)	Other	Total
Revenues from commercial activities	12,493	6,136	1,730	20,359
Net banking income	5,624	0	0	5,624
OPERATING REVENUE	18,117	6,136	1,730	25,983
Segment assets	283,810	6,610	580	291,000
Investments (a)	1,615	309	95	2,019

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

NOTES TO THE INCOME STATEMENT

NOTE 6 REVENUES

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

(€ million)	2020	2019
Services-Mail-Parcels revenues	11,866	12,091
Correspondence and other La Poste products and services	5,387	6,136
Advertising mail	776	971
Press ^(a)	421	456
Products and services of the subsidiaries (domestic mail)	706	789
International mail	1,430	1,373
Parcels	2,246	1,859
E-commerce - sale of goods ^(b)	901	506
GeoPost revenue	10,925	7,679
Express Rest of World	9,039	5,935
Express France	1,885	1,744
Digital Services revenue	609	511
La Poste Network revenue ^(c)	52	51
Real Estate revenue ^(d)	26	27
TOTAL	23,478	20,359

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

(b) The e-commerce activity is carried out by Asendia.

(c) La Poste Network revenues include commissions received on third-party sales (excluding Mail, Parcels and Financial Services) carried out at post office counters and on sales of miscellaneous products, as well as the cost of using La Poste Network invoiced to La Poste Mobile.

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

NOTE 7 NET BANKING INCOME

The Group's net banking Income broke down as follows:

(€ million)	2020	2019
Interest and similar income	4,425	4,257
Interest and similar expenses	(1,839)	(1,920)
Commission income	2,239	2,640
Commission expenses	(3,033)	(308)
Net gains and losses	5,102	558
- Financial instruments at fair value through profit or loss	4,962	110
- Financial instruments at fair value through equity	(157)	126
- Derecognition of financial assets at amortised cost ^(a)	297	322
Income from other activities	23,717	1,307
Expenses from other activities	(22,226)	(890)
Impact of the overlay approach (gross impact)	(679)	(21)
TOTAL	7,707	5,624

(a) Given the context of persistently low interest rates and the extremely low level of early repayments and renegotiations the Bank had to review the rules about the sale of real estate loans. As a result, the duration of these loans has been extended. In order to maintain its risk profile, fixed-rate debt securities of the ALM portfolio were sold during the year of 2020 without calling into question the portfolio management model.

NOTE 8 PURCHASES AND OTHER EXPENSES

Purchases and other expenses broke down as follows:

(€ million)	2020	2019
External services and general sub-contracting	3,542	2,781
Purchases	890	790
Outsourced transport	7,038	4,956
International mail delivery services	496	482
Rental expenses ^(a)	326	303
Maintenance and repair costs	576	512
Telecommunications expenses	205	188
Travel and assignments	100	190
Other expenses	514	461
TOTAL	13,686	10,662

(a) This line item only includes rents for lease contracts which have not been restated under IFRS 16 (mainly short-term leases or leases for leases for low-value assets), as well as rental costs (see note 18.3).

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NOTE 9 PERSONNEL EXPENSES AND HEADCOUNT

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

(€ million)	2020	2019
Wages and salaries, bonuses and allowances	10,105	9,418
Pension contributions	812	825
Other social security contributions	1,864	1,791
Employee welfare costs	235	216
Change in post-employment provisions ^(a)	17	7
Change in provisions for social security contingencies and staff litigation	(2)	(9)
Change in other employee provisions	91	(298)
Compensation-based taxes and duties	720	734
TOTAL	13,841	12,683
Average headcount (full-time employee equivalent per year)	248,906	249,304

(a) with the exception of actuarial gains and losses recognized directly in other comprehensive income (see Changes in consolidated equity)

The "Pension contributions" line item corresponds to contributions paid in to post-employment defined benefits plans. Since the implementation in 2006 of the new system for funding pension benefit obligations for civil servants assigned to La Poste, this line item includes the full discharge contribution provided for by law in relation to the funding arrangements for the pensions of government employees.

NOTE 10 TAXES AND LEVIES

Taxes and levies consist of the following items:

(€ million)	2020	2019
Local taxes	151	133
Other taxes and levies ^(a)	288	214
TOTAL	439	347

(a) Of which in 2020 €83 million for non-deductible VAT on lease contracts and in 2019 €82 million..

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 in 2020 a 99% reduction in its corporate tax base for all local taxation

(property tax and Territorial Economic Contribution) accordance with the provisions of Article 1635 sexies of the French General Tax Code and Decree No. 2020-1829 du 31 December 2020.

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)	2020	2019
Net depreciation and amortisation	1,972	1,630
Intangible assets ^(a)	536	356
Tangible assets ^(a)	716	709
Right of use assets ^(a)	720	565
Net provisions and impairment ^(e)	1,091	(6)
Goodwill ^(b)	33	36
Right of use assets ^(a)	416	(17)
Intangible assets, property, plant and equipment ^(a)	594	(21)
Inventories ^(c)	1	(1)
Accounts receivable ^(c)	24	2
Losses on unrecoverable receivables	28	25
Provisions for contingencies and losses ^(d)	(5)	(30)
Cost of risk (Banking activities) ^(e)	674	178
Cost of risk and other impairments, charges and risks (Banking activities)	548	58
Banking activities cost of risk – unrecoverable receivables	126	120
TOTAL	3,736	1,802

(a) A description of the changes in the depreciation, amortisation and impairment of non-current assets is provided in notes 16, 17 and 18.

(b) The impairment of goodwill is broken down in note 15.2.

(c) A breakdown of changes in the impairment of inventories and accounts receivable is provided in notes 22 and 23.

(d) Changes in provisions for contingencies and losses are detailed in note 27.

(e) See the comments in the significant event of the year (note 1.5) on the impact of the covid 19 crisis.

NOTE 12 OTHER OPERATING INCOME AND EXPENSES

Other operating revenue and expenses broke down as follows:

Income/(expenses) (€ million)	2020	2019
Capitalised production	353	348
Royalties	(55)	(40)
Revenues recorded following an acquisition of control ^(a)	76	1
Other current operating revenue and expenses	161	104
TOTAL	535	413

(a) In 2020, €45 million impact of the revaluation of the previously held investment in BRT and €24 million impact of the revaluation of the previously held investment in Lenton.

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)	2020	2019
Interest expense on financing transactions ^(a)	(155)	(148)
Interest expense on lease liabilities	(77)	(68)
Change in the fair value of borrowings and debt-related swaps ^(b)	5	(2)
Income from cash and cash equivalents ^(c)	(2)	3
TOTAL	(229)	(215)

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

(b) Excluding the effect of change in credit risk on the fair value of borrowings, recognised in OCI.

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

13.2 Other financial items

(€ million)	2020	2019
Discounting expense on provisions for employee benefits and return on plan assets	(5)	(16)
Net foreign exchange gains	(8)	0
Other financial income and expenses	(2)	6
TOTAL	(14)	(10)

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)	2020	2019
Current tax (expense)	(697)	(136)
Deferred tax income/(expense)	(183)	2
TOTAL TAX INCOME/(EXPENSE)	(880)	(134)

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)	2020	2019
Change in unrealised gains and losses on financial instruments (recyclable and non-recyclable items)		
Amount before tax	1,530	254
Tax impact	(464)	(74)
AMOUNT NET OF TAX	1,066	180
Translation adjustments		
Amount before tax	(840)	34
Tax impact	0	0
AMOUNT NET OF TAX	(840)	34

14.3 Tax proof

The explanation of the tax reconciliation is as follows:

(€ million)	2020	2019
Net profit/(loss), Group share	2,084	822
Share in profits of equity associates and joint ventures	(676)	(280)
Income tax	880	134
Non-controlling interests	576	13
Consolidated profit (loss) before tax and share in profits of equity associates and joint ventures	2,864	689
Income tax rate	32.02%	34.43%
Theoretical tax expense ^(a)	(917)	(237)
Impact of takeover of CNP Assurances	963	0
Deferred tax assets creation (limitation) ^(b)	(1,005)	94
<i>Impairment of deferred tax assets recorded as of 31 decembre 2019</i>	(298)	0
<i>Other unrecognized deferred taxes</i>	(707)	0
Tax rate differential for foreign subsidiaries	37	51
Effect of the French income tax rate decrease ^(c)	(41)	(3)
Reduced rate on capital gains	55	0
Dividends and share of income from tax transparent companies	20	(8)
Unused tax losses created during the year or used tax losses created in previous years <i>(excluding tax consolidation)</i>	27	(11)
Tax benefits, tax credits and foreign tax allowances	1	14
Revaluation of investments previously held and impairment of goodwill	22	0
Impairment	(11)	(12)
Other	(29)	(21)
Tax restatements	37	103
ACTUAL TAX CHARGE	(880)	(134)

(a) Including the 3.3% social solidarity contribution.

(b) See note 1.5 for the impact of the covid 19 crisis on net deferred tax assets

(c) The latest Finance law provides that the income tax rate in France will decrease progressively to reach 25.83% in 2022.

14.4 Deferred tax recognised on the balance sheet

(€ million)	Deferred tax assets	Deferred tax liabilities	Total
31/12/2018	412	188	225
Impact of IFRS 16 first time application	7	(1)	8
Impact on net profit/(loss)	20	18	2
Reclassifications	(27)	(27)	
Impact on equity	(50)	17	(67)
Change in consolidation scope	2	3	(1)
31/12/2019	365	198	167
Impact on net profit/(loss)	(349)	(167)	(183)
Assets / Liabilities held for sale	(2)	(2)	
Reclassifications	143	143	
Impact on equity	(9)	161	(171)
Change in consolidation scope	85	1,257	(1,171)
Translation adjustments	(92)	(92)	
31/12/2020	141	1,497	(1,357)

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)	31/12/2020	31/12/2019
Deferred tax assets		
Employee benefits	373	384
Other non-deductible provisions	18	92
Other timing differences	75	98
Financial instruments	15	0
Tax loss carry-forwards	43	171
Asset/liability offsets ^(a)	(383)	(381)
TOTAL ASSETS	141	365
Deferred tax liabilities		0
Regulated provisions	107	108
Revaluation of contributions to Poste Immo	26	33
Financial instruments	1,501	200
Deductible goodwill	168	166
Other tax timing differences	78	73
Asset/liability offsets ^(a)	(383)	(381)
TOTAL LIABILITIES	1,497	193

(a) 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)	31/12/2020			
	French companies in the tax consolidation group	Non-consolidated French companies	Foreign companies	Total
Home Loan Savings Provision	192	0	0	192
Employee benefits	1,242	11	31	1,284
Other timing differences	964	41	44	1,049
Ordinary tax losses	1,356	174	206	1,736
TOTAL	3,754	226	280	4,261

Unrecognised deferred tax asset bases amounted to €2,211 million as at 31 December 2019.

NOTES TO THE BALANCE SHEET

NOTE 15 GOODWILL

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

15.1 Breakdown of goodwill

(€ million) CGU	Segment	31/12/2020	31/12/2019
DPD Europe ^(a)	GeoPost	2,810	1,509
Digital Services ^(b)	Digital services	459	237
Asendia	Services-Mail-Parcels	198	202
Health	Services-Mail-Parcels	157	140
Mediapost	Services-Mail-Parcels	121	104
La Banque Postale Prévoyance	La Banque Postale	94	94
DPD Russia	GeoPost	82	106
EDE	Services-Mail-Parcels	67	67
Tigers	GeoPost	48	50
Lenton Group	GeoPost	44	0
Tocqueville Group	La Banque Postale	27	27
JadLog	GeoPost	22	31
La Banque Postale Asset Management	La Banque Postale	20	22
Stuart	GeoPost	13	13
Other Services-Mail-Parcels companies	Services-Mail-Parcels	8	8
Other GeoPost companies	GeoPost	5	5
DPD Laser	GeoPost	0	11
TOTAL		4,175	2,625
Services-Mail-Parcels		551	520
GeoPost		3,023	1,724
La Banque Postale		142	143
Digital Services		459	237

(a) Of which in 2020, €1,265 million from the takeover of BRT (see note 1.2).

(b) Of which in 2020, € 150 million from takeover of Softeam in december 2019 (fully consolidated company from January 1, 2020).

15.2 Change in the net book value of goodwill

(€ million)	H1 2020	2019
Opening balance	2,625	2,478
of which : Gross amount	2,916	2,762
Impairment	(291)	(284)
Acquisitions ^(a)	1,648	157
Translation adjustments ^(b)	(64)	26
Impairment ^(c)	(33)	(36)
Other	(1)	(1)
CLOSING BALANCE	4,175	2,625
of which : Gross amount	4,470	2,916
Impairment	(295)	(291)

- (a) Of which in 2020, acquisitions in the GeoPost segment : BRT for €1,265 million (see note 1.2), Geis for €50 million and the takeover of Lenton Group Ltd at the end of 2019 for €72 million and the acquisition of Softeam Group in the Digital segment for €150 million at the end of 2019, and Index Education for €60 million. And in 2019, €67 million for the acquisition of EDE, entities of the Digital Services segment for €60 million and Seur franchises (DPD Europe CGU) for €19 million.
- (b) Of which in 2020, DPD Russia for -€23 million, Jadlog for -€9 million, DPD Pologne for -€8 million and DPD UK for -€7 million. And which in 2019, DPD Russia for +€15 million.
- (c) Of which in 2020, goodwill of acquisitions of Lenton Group Ltd and DPD Laser for €23 million and €9 million. And In 2019, goodwill of DPD Russia was depreciated for €36 million.

15.3 Impairment

15.3.1 Impairment of goodwill

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

Goodwill is allocated to Cash Generating Units as shown in note 15.1.

The impairment test involves comparing the net book value of the CGUs, including any goodwill, to their recoverable value, calculated according to the method explained in note 3.11.

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

2020	Discount rate		Standard growth rate	Number of projected years
	Euro zone	Other		
Services-Mail-Parcels	5.5% à 7.8%	7.8%	-5% à 2%	5
GeoPost	6.7% à 7.6%	7.3% à 18.3%	2%	5
La Banque Postale	7.6% à 8.1%	-	2%	5
Digital Services	7.0%	-	2%	5
2019				
Services-Mail-Parcels	6.3%	7.8%	2%	5
GeoPost	7.4% à 8.9%	6.9% à 24%	2%	5
La Banque Postale	6.4% à 7.1%	-	2%	5
Digital Services	6.3%	-	2%	4

The tests performed on the Group's goodwill in 2020 led to depreciate Lenton Group Ltd goodwill for an amount of €23 million and DPD Laser for an amount of €9 million.

In 2019, goodwill of DPD Russia was depreciated for €36 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 2020.

15.3.2 Impairment of CGUs without goodwill

Due to the context of the Covid-19 health crisis, an impairment test was carried out on La Poste's Mail CGU leading to an impairment of assets for a value of €900 million in 2020. This point is explained in Note 1.5 of the highlights.

NOTE 16 INTANGIBLE ASSETS

(€ million)	Software, patents and licences	Intangible assets in progress	Other intangible assets	TOTAL
GROSS AMOUNT				
Balance as at 31/12/2018	2,111	489	1,528	4,127
Acquisitions	83	362	59	503
Disposals	(42)	(2)	(41)	(85)
Change in consolidation scope	0	1	(23)	(22)
Transfers	121	(382)	257	(4)
Translation adjustments	3	0	0	4
Balance as at 31/12/2019	2,276	467	1,780	4,523
Acquisitions (a)	3,180	322	76	3,578
Disposals	(96)	(9)	(31)	(136)
Change in consolidation scope (b)	3,057	(3)	95	3,149
Transfers	133	(219)	108	23
Translation adjustments	(727)	(1)	(3)	(731)
BALANCE AS AT 31/12/2020	7,822	558	2,026	10,406

DEPRECIATION AND IMPAIRMENT				
Balance as at 31/12/2018	(1,705)		(1,063)	(2,768)
Depreciation for the year	(209)		(147)	(356)
Impairment	0	0	(1)	(1)
Reversal on impairment	0	0	0	0
Reversals on disposals	41	0	41	82
Change in consolidation scope	0		17	17
Transfers	(23)		25	1
Translation adjustments	(1)		0	(1)
Balance as at 31/12/2019	(1,898)	0	(1,128)	(3,026)
Depreciation for the year	(754)	0	(166)	(920)
Impairment	(40)	0	(262)	(302)
Reversal on impairment	0	0	37	37
Reversals on disposals	83	0	31	114
Change in consolidation scope	(400)	0	(74)	(475)
Transfers	(852)	0	857	5
Translation adjustments	25	0	2	27
BALANCE AS AT 31/12/2020	(3,837)	0	(704)	(4,540)

NET AMOUNT				
As at 31/12/2019	378	467	652	1,497
AS AT 31/12/2020	3,986	558	1,322	5,866

(a) Of which in 2020, 3,043 million euros corresponding to the distribution agreement signed as part of the partnership between CNP Assurances and Caixa Seguridade (see note 1.4).

(b) Of which CNP Assurances for €2,681 million.

(c) Of which impairment of La Poste SA's Mail CGU for €201 million (see note 1.5)

The "transfer" lines relate to the commissioning of assets and to reclassifications to other assets line items.

NOTE 17 PROPERTY, PLANT AND EQUIPMENT

(€ million)	Land and buildings	Machinery and equipment	Vehicles	Other	Assets under construction	TOTAL
GROSS AMOUNT						
Balance as at 31/12/2018	5,402	2,990	932	3,357	537	13,217
Transfer of finance leases ^(a)	99	10	12	6	0	127
Restated balance as at 01/01/2019	5,303	2,980	920	3,351	537	13,090
Acquisitions	17	121	124	171	532	965
Disposals	(95)	(113)	(127)	(127)	(32)	(495)
Change in consolidation scope	(4)	(16)	(1)	(20)	(1)	(40)
Transfers	60	227	3	236	(455)	71
Translation adjustments	10	5	2	8	3	28
Balance as at 31/12/2019	5,290	3,206	921	3,620	584	13,621
Acquisitions	9	130	112	222	436	910
Disposals	(96)	(68)	(84)	(122)	(11)	(382)
Change in consolidation scope	145	114	62	381	12	714
Transfers	193	131	2	54	(420)	(41)
Translation adjustments	(24)	(12)	(7)	(19)	(5)	(67)
BALANCE AS AT 31/12/2020	5,516	3,501	1,006	4,135	596	14,755
DEPRECIATION AND IMPAIRMENT						
Balance as at 31/12/2018	(1,897)	(2,380)	(439)	(2,512)	0	(7,228)
Transfer of finance leases ^(a)	(12)	(1)	(3)	(6)	0	(23)
Restated balance as at 01/01/2019	(1,884)	(2,378)	(435)	(2,507)	0	(7,205)
Depreciation for the year	(172)	(165)	(118)	(253)	0	(709)
Impairment	(9)	0	0	(1)	0	(9)
Reversals on impairment	29	0	0	2	0	32
Reversals on disposals	41	110	102	119	0	370
Change in consolidation scope	3	12	0	14	0	29
Transfers	51	(28)	0	(99)	0	(76)
Translation adjustments	(3)	(3)	(2)	(5)	0	(13)
Balance as at 31/12/2019	(1,945)	(2,453)	(453)	(2,731)	0	(7,582)
Depreciation for the year	(183)	(164)	(109)	(261)	0	(716)
Impairment ^(b)	(9)	(19)	(7)	(338)	0	(373)
Reversals on impairment	11	0	0	33	0	44
Reversals on disposals	52	66	64	111	0	294
Change in consolidation scope	(38)	(82)	(53)	(299)	0	(473)
Transfers	14	(1)	0	(5)	0	7
Translation adjustments	7	6	4	11	0	27
BALANCE AS AT 31/12/2020	(2,091)	(2,648)	(554)	(3,478)	0	(8,771)
NET AMOUNT						
As at 31/12/2019	3,345	752	468	889	584	6,039
AS AT 31/12/2020	3,425	853	452	657	596	5,983

(a) Finance lease assets, which were previously included in Property, plant and equipment, are now included in Right of use assets.

(b) Of which impairment of La Poste SA's Mail CGU for €288 million (see note 1.5).

The right of use assets, stemming from the application of IFRS 16, are detailed in note 18. The transfer lines correspond to the commissioning of assets and to the reclassification of certain tangible assets to "Assets held for sale" (see note 25).

NOTE 18 LEASES (lessee)

- 18.1 Rights of use assets
- 18.2 Lease liabilities
- 18.3 Lease amounts recognised in profit or loss
- 18.4 Lease amounts recognised in consolidated cash flow statement

18.1 Right of use assets

Right of use assets are detailed below by nature of leased assets:

(€ million)	Land and buildings	Machinery and equipment	Vehicles	Other	TOTAL
Right of use assets as at 1 January 2019	2,066	125	190	17	2,398
Transfer of finance leases	87	8	9	0	104
Balance as at 01/01/2019	2,153	133	199	17	2,502
Increase	617	87	65	1	770
Decrease	(63)	(1)	(1)	(1)	(67)
Amortisation	(429)	(47)	(83)	(6)	(565)
Provision	17	0	0	0	17
Change in consolidation scope and translation adjustments	(32)	0	4	0	(27)
Other	0	0	0	0	0
Assets held for sale	(42)	(6)	(1)	0	(49)
Balance as at 31/12/2019	2,220	167	182	12	2,582
Increase	880	27	162	2	1,071
Decrease	(51)	(2)	(3)	0	(56)
Amortisation	(574)	(49)	(92)	(6)	(720)
Provision ^(a)	(395)	0	(21)	0	(416)
Change in consolidation scope and translation adjustments	570	5	(6)	2	571
Other	1	0	0	0	1
Assets held for sale	(18)	3	1	0	(14)
BALANCE AS AT 31/12/2020	2,633	151	222	11	3,017

(a) Of which impairment of La Poste SA's Mail CGU for €411 million (see note 1.5).

18.2 Lease liabilities

Lease liabilities are presented in note 28 for industrial and commercial activities.

Lease liabilities for banking activities amount €115 million and are included in the item "Other financial liabilities and accruals account" of "Specific liabilities of banking and insurance activities" (see note 31).

18.3 Lease amounts recognised in profit or loss

(€ million)	2020	2019
Net operating expenses	1,545	933
Short-term lease expenses	103	124
Low value lease expenses	36	28
Rental expenses	149	142
Non-deductible VAT on rent expenses	83	82
Right of use assets amortisation	720	565
Right of use assets provision	416	(17)
Other	39	9
Cost of net financial debt	77	68
Interest expense on lease liabilities	77	68
TOTAL	1,623	1,001

(a) Of which €29 million from the CNP Assurances Group.

18.4 Lease amounts recognised in consolidated cash flow statement

<i>(€ million)</i>	2020	2019
Cash flows from operating activities	409	385
Short-term lease expenses	103	124
Low value lease expenses	36	28
Rental expenses	149	142
Non-deductible VAT on rent expenses	83	82
Other	39	9
Cash flows from financing activities	790	631
Interest paid on lease liabilities	77	68
Repayment of lease liabilities	713	563
TOTAL	1,199	1,016

NOTE 19 EQUITY ASSOCIATES AND JOINT VENTURES

19.1 Change in investments in associates and joint ventures

19.2 Information on CNP Assurances

19.1 Change in investments in associates and joint ventures

The Group has an interest in joint ventures and associates which are not individually material, except for an interest in the CNP Assurances associate, for which additional information is provided in note 19.2.

(€ million)	CNP Assurances ^(a)	Holding d'infrastructures Gazières ^(b)	Arial CNP Assurances ^(b)	Other Subsidiaries Assurances ^(b)	Ostrum AM	BRT ^(c)	Yurtici Kargo	AEW Europe	Ninja Logistics	Lenton Group Ltd ^(d)	Real Estate sub-group	Other	TOTAL	La Poste Mobile ^(e)	TOTAL Companies with negative net assets C
Nature of control	Associate	Joint control	Joint control	Joint control	Joint control	Associate	Associate	Associate	Associate	Associate	Associate/ Joint control			Joint control	
Balance as at 31/12/2018	3,207	0	0	0	0	526	15	53	52	27	32	71	3,982	(32)	(32)
Group share in the profit or loss	276	0	0	0	0	29	3	6	(24)	2	13	2	307	(27)	(27)
Dividend payments	(123)				0	(8)	(2)	(4)	0	0	(8)	(2)	(147)	0	0
Net change in the fair value of financial instruments and AFS securities	177				0	0	0	0	0	0	0	0	177	0	0
Impairment	0				0	0	0	0	0	0	0	0	0	0	0
Change in consolidation scope	0				0	0	0	0	0	34	0	4	38	0	0
Capital increase	0				0	0	0	0	37	0	(8)	2	31	20	20
Transfers and reclassifications	2				0	0	0	0	0	0	0	0	2	0	0
Translation adjustments	(8)				0	0	(1)	(1)	2	0	0	1	(7)	0	0
Balance as at 31/12/2019	3,531	0	0	0	0	547	14	54	67	63	30	76	4,384	(39)	(39)
Group share in the profit or loss	637	42	0	9	(3)	0	10	4	(16)	0	3	(3)	683	(7)	(7)
Dividend payments	0	(37)	0	(3)	0	0	(1)	(3)	0	0	(4)	(3)	(51)	0	0
Net change in the fair value of financial instruments	(781)	0	0	0	0	0	0	0	0	0	0	0	(780)	0	0
Impairment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Change in consolidation scope and increase in control percentage	(3,504)	390	47	50	116	(547)	0	0	0	(63)	0	22	(3,490)	0	0
Capital increase	0	54	0	0	0	0	0	0	56	0	1	1	113	0	0
Other changes	(1)	(21)	0	0	0	0	0	0	0	0	0	(1)	(23)	0	0
Translation adjustments	117	0	0	(4)	0	0	(5)	1	(6)	0	0	(5)	98	0	0
BALANCE AS AT 31/12/2020	0	427	47	52	114	0	19	56	101	0	30	88	935	(46)	(46)

(a) CNP Assurances is fully consolidated from March 1, 2020 (see note 1.1).

(b) Subsidiaries of CNP Assurances, consolidated using the equity method from March 1, 2020, of which mainly Filassistance International for €31 million.

(c) BRT is fully consolidated from January 1, 2020 (see note 1.2).

(d) Lenton Group Ltd is fully consolidated from January 1, 2020.

(e) Recorded in "Other provisions for contingencies and loss" (see note 27).

19.2 Information on CNP Assurances

CNP Assurances was accounted for by the equity method in the Group's financial statements until 4 March 2020, the date on which control was acquired (see note 1.1 Significant events).

(€ million)	31/12/2019
Interest percentage ^(a)	20.15%
Fair value of the Group's investment (based on market price)	2,453

(a) See note 3.1.3

Detailed information on CNP Assurances is presented in its registration document, available at:

<http://www.cnp.fr/en/The-Group/Publications/Registration-Documents>

Reconciliation of the financial information with the investment value on the balance sheet as at 31 december 2019

(€ million)	31/12/2019
Equity attributable to owners of the parent	19,393
Restatements (deeply-subordinated notes)	(1,891)
Equity at % of interest held by Le Groupe La Poste	3,527
Net goodwill	4
INVESTMENT VALUE ON LE GROUPE LA POSTE BALANCE SHEET ^(a)	3,531

(a) The value of the investment in the CNP Assurances associate corresponds to the 20.15% share of Le Groupe La Poste in CNP Assurances' equity as published at 31 December 2019, restated for deeply-subordinated notes (excluding Group part) issued to third parties.

NOTE 20 OTHER FINANCIAL ASSETS

(€ million)	31/12/2020		31/12/2019	
	Current	Non-current	Current	Non-current
Unconsolidated investments	0	323	0	498
Deposits and guarantees paid	13	51	10	25
Provisions for deposits and guarantees paid	0	0	0	0
Financial derivatives	14	75	14	98
Loans for local authority housing	3	53	3	56
Provisions for loans for local authority housing	0	(20)	0	(21)
Financial assets held for investment purposes	300	0	325	0
Other financial assets	52	46	122	73
Provisions for other financial assets	0	(26)	0	(26)
TOTAL	382	502	475	701

Unconsolidated equity investments

(€ million)	31/12/2020		31/12/2019
	Percentage held	Balance sheet value	Balance sheet value
Crédit Logement	6%	100	94
Domiserve	100%	37	38
KissKissBankBank	100%	20	30
Eziness	100%	19	0
XAnge Digital 3	33%	18	20
Mandarine Gestion	12%	12	18
Toit et joie	100%	12	12
Transactis	50%	12	12
XAnge Capital 2	36%	11	12
Ethique Perfusion	100%	7	0
STET	5%	7	7
XPANSION2	15%	7	7
Softteam Group ^(a)	100%	0	136
Other - French companies	0%	40	63
Other - foreign companies (see details in Note 45)	0%	23	50
TOTAL		323	498

(a) Investment in Softteam acquired in December 2019 and consolidated in 2020.

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 leases.

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 28.5.

Loans for local authority housing

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

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.

NOTE 21 SPECIFIC ASSETS OF BANKING ACTIVITIES AND INSURANCE ACTIVITIES

- 21.1 Financial assets at fair value through profit or loss
- 21.2 Financial hedging derivatives
- 21.3 Financial assets at fair value through OCI
- 21.4 Securities classified at amortised cost
- 21.5 Credit institutions loans and receivables at amortised cost
- 21.6 Customer loans and receivables at amortised cost
- 21.7 Revaluation adjustment on hedged portfolios- fair value hedges
- 21.8 Other financial assets and accrual accounts
- 21.9 Investment property

21.1 Financial assets at fair value through profit or loss

<i>(€ million)</i>	31/12/2020	31/12/2019
Government paper and similar securities	18,630	1,375
Bonds and other fixed income securities	29,032	5,328
UCITS	99,203	1,152
Debt instruments	146,865	7,855
Shares and other variable income securities	38,175	197
Equity instruments	38,175	197
Customer	9,291	1,968
Loans and advances	9,291	1,968
Rate	790	589
Foreign exchange	103	111
Credit	5	43
Equity instruments	399	0
Derivatives	1,298	743
TOTAL	195,629	10,763

21.2 Financial hedging derivatives

<i>(€ million)</i>	31/12/2020	31/12/2019
Interest-rate derivatives	1,443	1,488

21.3 Financial assets at fair value through OCI

(€ million)	31/12/2020	31/12/2019
Equity and other variable income securities	170	111
Other long term securities	2	1
Government paper and similar securities - Nominal value	125,443	4,105
Government paper and similar securities - Depreciation	(56)	0
Credit institutions loans and receivables at amortised cost	125,387	4,104
Bonds	105,317	10,600
Bonds - depreciation	(316)	(4)
Bonds and other fixed income securities	105,001	10,596
TOTAL	230,559	14,813

21.4 Securities classified at amortised cost

(€ million)	31/12/2020	31/12/2019
Sight loans and receivables from credit institutions	21,891	25,247
Term deposits and loans from income securities	2,127	2,821
TOTAL	24,018	28,068

21.5 Credit institutions loans and receivables at amortised cost

(€ million)	31/12/2020	31/12/2019
Current accounts in debit	2,142	364
Doubtful receivables	41,500	0
Non-allocated securities	10	8
Sight loans and receivables from credit institutions	43,652	372
Accounts and loans	361	860
Centralised at CDC	67,521	67,409
Securities received under repo agreements	2,799	1,892
Term deposits and loans from credit institutions	70,681	70,161
Subordinated loans	101	101
TOTAL	114,434	70,635

21.6 Customer loans and receivables at amortised cost

<i>(€ million)</i>	31/12/2020	31/12/2019
Ordinary customer receivables	782	703
Factoring	5,060	5,574
Other accounts and customer loans at sight	120	103
Provisions	(91)	(84)
Customer sight loans and receivables	5,870	6,295
Short-term credit facilities	12,965	10,653
Home loans	80,985	78,082
Equipment loans	7,156	6,443
Credit to financial customers	466	390
Securities received under repurchase agreements	13,185	6,866
Other loans	2,450	2,728
Provisions	(1,081)	(699)
term customer loans and receivables	116,127	104,462
Finance lease transactions	3,224	2,869
TOTAL	125,222	113,626

21.7 Revaluation adjustment on hedged portfolios- fair value hedges

<i>(€ million)</i>	31/12/2020	31/12/2019
Revaluation adjustment on hedged portfolios (fair value hedges)	220	207

21.8 Other financial assets and accrual accounts

(€ million)	31/12/2020	31/12/2019
Other receivables	3,841	1,397
Securities transactions settlement accounts in debt	2	1
Depreciation	(63)	(6)
Other miscellaneous receivables	3,780	1,391
Reinsurance companies' share of underwriting provisions-life	21,365	396
Other receivables insurance and reinsurance	2,767	244
Loans and advances	257	0
miscellaneous insurance assets	1,781	152
Other insurance assets	26,169	791
Accrued income	951	315
Prepaid expenses	84	58
Collection accounts	45	11
Other accruals	508	591
Accrual accounts	1,588	974
TOTAL	31,538	3,157

21.9 Investment property

(€ million)	31/12/2020	31/12/2019
Gross amount	3,339	0
Depreciation	(252)	0
Provisions	(4)	0
TOTAL	3,083	0

All of the investment properties in the accounts at the end of December 2020 come from CNP Assurances group.

NOTE 22 Inventories and work-in-progress

(€ million)	31/12/2020			31/12/2019
	Gross amount	Provisions	Net amount	Net amount
Raw materials, supplies inventories and goods inventories	175	(1)	174	128
Finished and semi-finished product inventories and work in progress	47	(1)	46	26
TOTAL	222	(2)	220	154

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

NOTE **23** Trade and other accounts receivable

(€ million)	31/12/2020	31/12/2019
Advances and deposits paid	263	163
Trade receivables and related accounts	3,363	2,493
<i>Provisions on trade receivables and related accounts</i>	(137)	(103)
International mail receivables	889	853
CICE tax credit receivable	1	2
Other receivables	739	627
<i>Provisions on other receivables</i>	(18)	(20)
TOTAL	5,100	4,014

International Mail receivables (€889 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 32) of

€856 million owed to foreign postal operators for mail to be delivered outside of France passed on by La Poste to these post operators for delivery.

NOTE 24 Cash and cash equivalents

- 24.1 Cash and cash equivalents
- 24.2 Cash and central bank deposits (Banking activities)

24.1 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.

(€ million)	31/12/2020	31/12/2019
Cash equivalents	1,409	1,842
Cash at bank	1,349	610
Cash on hand	5	5
TOTAL	2,763	2,456

Cash equivalents

Cash equivalents consisted mainly of term deposits accessible at any time, or within three months, for an amount of €902 million (€1,152 million as at 31 December 2019), and units in money-market units for an amount of €450 million (€659 million as at 31 December 2019).

24.2 Cash and central bank deposits (Banking activities)

(€ million)	31/12/2020	31/12/2019
Cash on hand (including cash held at post offices)	1,283	1,168
Central banks	500	21,245
TOTAL	1,783	22,412

NOTE 25 Assets and liabilities held for sale

As at December 31, 2020, these assets and liabilities stem particular from subsidiaries whose sale is planned in the coming months, and as at 2019, corresponded to properties under promise of sale.

NOTE 26 EQUITY

- 26.1 Share capital
- 26.2 Hybrid debt
- 26.3 Non-controlling interests

26.1 Share capital

As at 31 December 2020, the share capital amounted to €3.8 billion, divided into 2 682 425 682 ordinary shares with a par value of €2 each. As at that date, 66% of the capital was owned by Caisse des Dépôts and 34% was owned by the French government.

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

The Extraordinary General Meeting of 6 April 2011 approved the capital increase of €2.7 billion to be subscribed by the French State (€1.2 billion) and Caisse des Dépôts (€1.5 billion):

- 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 issued entitled 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 French State and Caisse des Dépôts had 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).

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.

Contribution of CNP Assurances shares on 4 March 2020

The Combined General Meeting of 4 March 2020 carried out the following transactions:

- “technical” reduction of La Poste's share capital by reducing the nominal value of the shares from €4 to €2, with allocation of this capital reduction to issue premium.
- contribution by CDC of 280,616,340 CNP Assurances shares with a total value of €1,863 million, remunerated by a share capital increase for a total amount of €1,523 million, corresponding to the creation of 761,672,922 new shares, together with a contribution premium of €340 million.
- contribution by the French State of 7,645,754 CNP Assurances shares with a total value of €105 million, remunerated by a share capital increase for a total amount of €42 million, corresponding to the creation of 20,752,760 new shares, together with a contribution premium of €64 million.
- €1,900 million increase in share capital by capitalisation of the share premium resulting from the “technical” reduction, with the issue of 950,000,000 new shares with a par value of €2.

26.2 Hybrid debt

April 2018 hybrid securities issue

In April 2018, Le Groupe La Poste carried out a public €750 million hybrid securities issue denominated in euros. The securities issued are undated and have an initial call date of 29 January 2026. According to IAS 32 standard, they were recorded in consolidated equity.

26.3 Non-controlling interests

The non-controlling interests amounted to €13,712 million as at 31 December 2020, compared to €907 million as at 31 December 2019. By the end of 2020, they essentially corresponded to the following:

- €12,741 million to minority interests in the CNP Assurances group (see Note 43.1);
- €750 million in perpetual securities issued by La Banque Postale on 14 November 2019 (perpetual bonds callable after 7 years, with a fixed semi-annual coupon of 3.875%).

NOTE 27 OTHER PROVISIONS FOR CONTINGENCIES AND LOSSES

As at 31 December 2020, the specific provisions for the Insurance and Banking activities, classified as Specific liabilities of banking and insurance activities is presented in Note 31.8.

<i>(€ million)</i>	Employee-related disputes	Other disputes	Other	TOTAL
Non-current provisions	18	3	104	124
Current provisions	52	114	325	491
Balance as at 31/12/2018	70	117	428	615
Addition for the year	27	19	109	155
Reversal for use	(16)	(58)	(95)	(169)
Reversal of provisions no longer required	(20)	(23)	(38)	(81)
Other movements	(2)	28	(44)	(17)
Non-current provisions	14	9	93	116
Current provisions	45	75	267	386
Balance as at 31/12/2019	59	83	360	503
Addition for the year	27	53	154	234
Reversal for use	(17)	(15)	(106)	(138)
Reversal of provisions no longer required	(12)	(10)	(12)	(34)
Other movements	0	(18)	14	(4)
CNP Assurances (effect of the first full consolidation as of March 1, 2020)	0	151	163	315
Non-current provisions	12	15	89	116
Current provisions	45	231	483	759
Balance as at 31/12/2020	57	246	572	876

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, and include at the end of 2018 a €50 million provision covering the financial penalty issued by the ACPR to La Banque Postale (paid in 2019).

As at 31 December 2020, **other provisions** included:

- a €136 million provision covering the penalty issued by the French Competition Authority against two companies of the Group (idem as at 31 December 2019).
- a €46 million provision covering the negative net asset value of equity associates and joint ventures, compared to €39 million as at 31 December 2019 (see note 19.1).
- miscellaneous risks linked to the operational activity of the Group.

NOTE 28 BONDS AND OTHER FINANCIAL DEBT

- 28.1 Breakdown of financial debt
- 28.2 Breakdown of debt by maturity
- 28.3 Changes in financial debt
- 28.4 Bonds and deeply subordinated debt
- 28.5 Non-banking activities derivatives
- 28.6 Other financial debt

28.1 Breakdown of financial debt

(€ million)	31/12/2020		31/12/2019	
	Short-term	Medium-and long-term	Short-term	Medium-and long-term
Financial debt at amortised cost	1,451	6,253	506	5,443
Bonds	999	6,151	0	5,358
La Poste savings bonds	53	0	54	0
Commercial paper	300	0	300	0
Current bank facilities	31	0	57	0
Deposits and guarantees received	36	28	76	26
Other borrowings at amortised cost	32	74	19	58
Borrowings designated at fair value		646		673
Hedged borrowings		406		444
Subordinated debt		406		444
Financial derivative liabilities relating to bonds	7	52	14	29
Interest accrued not due on borrowings	75	0	64	0
Total	1,534	7,357	584	6,590
BONDS AND FINANCIAL DEBT	8,891		7,173	
Lease liabilities ^(a)	633	2,876	493	2,131
LEASE LIABILITIES	3,509		2,625	

(a) The breakdown of liabilities by currency as at 31 December 2020 was as follows: Euros €2,796 million, Sterling Pound €574 million, other currencies €139 million.

(b) The breakdown of liabilities by currency as at 31 December 2019 was as follows: Euros €1,971 million, Sterling Pound €526 million, other currencies €128 million.

28.2 Breakdown of debt by maturity

Maturity of < 1 year	Maturity of 1 to 5 years		Maturity of > 5 years		Total			
	2020	2019	2020	2019	2020	2019		
<i>(€ million)</i>								
Financial debt at amortised cost								
Bonds	999	0	2,166	2,420	3,985	2,938	7,151	5,358
Lease liabilities	633	492	1,726	1,230	1,150	903	3,509	2,625
La Poste savings bonds	53	54	0	0	0	0	53	54
Commercial paper	300	300	0	0	0	0	300	300
Current bank facilities	31	57	0	0	0	0	31	57
Deposits and guarantees received	36	76	24	24	4	2	63	102
Other borrowings at amortised cost	32	19	74	58	0	0	106	76
Borrowings at fair value	0	0	0	0	0	0	0	0
Bonds	0	0	646	673	0	0	646	673
Hedged borrowings	0	0	0	0	0	0	0	0
Subordinated debt	0	0	0	0	406	444	406	444
Financial derivative liabilities	7	14	52	28	0	2	59	43
Other derivatives	0	0	0	0	0	0	0	0
Accrued interest not due	75	64	0	0	0	0	75	64
TOTAL	2,166	1,076	4,688	4,433	5,545	4,289	12,399	9,797

28.3 Changes in financial debt

The following table shows the changes in financial debt in 2020 and 2019, and identifies the changes with an impact on cash and those without.

(€million)	Bonds and other financial debt	Debt-related derivative assets (including security deposits)	Lease liabilities	Non-banking CFS	La Banque Postale subordinated debt	La Banque Postale lease liabilities	GROUP CFS
Balance as at 31/12/2018	6,229	(127)			3,080		
Flows with cash impact							
Proceeds from new borrowings ^(b)	2,981			2,981			2,981
Repayment of borrowings ^(c)	(1,948)			(1,948)			(1,948)
Repayment of lease liabilities			(529)	(529)		(34)	(563)
Other cash flows from financing activities	38			38			38
Flows without cash impact							
Change in interest accrued not yet due	(16)						
Lease liabilities as at 1 January 2019 (IFRS 16)	(10)		2,570			138	
Increase of lease liabilities			731			38	
Changes in consolidation scope and exchange rates	15	4	(30)				
Changes in fair value (excluding La Banque Postale) ^(d)	(7)	2					
Other non-cash flows and reclassifications	(3)	4	(67)		17		
Debt of subsidiaries held for sale	(14)		(50)				
Balance as at 31/12/2019	7,173 ^(a)	(116) ^(a)	2,625		3,097	142	
Flows with cash impact							
Proceeds from new borrowings ^(b)	2,844			2,844	1,750		4,594
Repayment of borrowings ^(c)	(1,077)			(1,077)	(1,564)		(2,641)
Repayment of lease liabilities			(679)	(679)		(34)	(713)
Other cash flows from financing activities	(72)			(72)			(72)
Flows without cash impact							
Change in interest accrued not yet due	15						
Increase of lease liabilities			1,062			7	
Changes in consolidation scope and exchange rates	61	(10)	572		6,988	0	
Changes in fair value (excluding La Banque Postale) ^(d)	(32)	15					
Other non-cash flows and reclassifications	(25)	22	(55)		(84)	0	
Debt of subsidiaries held for sale	4		(17)				
BALANCE as at 31/12/2020	8,891 ^(a)	(89) ^(a)	3,509 ^(a)		10,187	115	

(a) See note 29.1

(b) Proceeds from new borrowings:

On 21 April 2020, La Poste issued two bonds recognised at the amortised cost:

- Bond of €1,150 million at a fixed rate of 1.375% with an 12-year term (maturity date: April 2032);
- Bond of €650 million at a fixed rate of 0.625% with a 6,5-year term (maturity date: October 2026).

Commercial paper was issued in 2020 for €1,039 million (€1,276 million in 2019).

On 17 September 2019, La Poste issued a dual tranche bond completed in October 2019 and recognised at the amortised cost:

- Bond of €1 billion at a fixed rate of 0.375% with an 8-year term (maturity date: September 2027);
- Bond of €700 million at a fixed rate of 1% with a 15-year term (maturity date: September 2034).

(c) Repayment of borrowings:

Commercial papers were repaid for €1,039 million (1,126 million in 2019).

In 2019, La Poste redeemed a bond with a nominal value of €800 million, which was issued in 2004 for €580 million and completed in 2007 for €220 million. This bond is recognised at the amortised cost.

(d) Changes in fair value (excluding La Banque Postale):

In accordance with IFRS 9, some bonds backed by "fixed-for-floating" swaps are recognised at fair value through profit or loss.

The credit risk component of the change in fair value is recognised in "Other comprehensive income" (-€1 million in 2020, and -€2 million in 2019).

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 IFRS 9.

28.4 Bonds and deeply subordinated debt

As at 31 December 2020, the Group bonds which a nominal value 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
				<i>Other bonds at fair value</i>	
TOTAL BONDS AT FAIR VALUE				580	
2006	2021	Euro	4.250%	1,000	Amortised cost
2012-2013	2024	Euro	2.750%	1,000	Amortised cost
2015	2025	Euro	1.125%	750	Amortised cost
2018	2028	Euro	1.450%	500	Amortised cost
2019	2027	Euro	0.375%	1,000	Amortised cost
2019	2034	Euro	1.000%	700	Amortised cost
2020	2026	Euro	0.625%	650	Amortised cost
2020	2032	Euro	1.375%	1,150	Amortised cost
				<i>Other bonds at amortised cost</i>	420
TOTAL BONDS AT AMORTISED COST				7,170	

The breakdown of the bond-rate by type of rate as at 31 December 2020 was as follows:

(€ million)	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	7,798	100%	(646)	7,151	92%
Floating-rate borrowings	0		646	646	8%
<i>Of which borrowings covered by partial or total rate-refixing swaps (see note below)</i>	0		646		
TOTAL BORROWINGS	7,798	100%	0	7,798	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 2020, the floating-rate borrowings covered by these "rate refixing" swaps amounted to 646million, i.e. 8.3% of total borrowings. These borrowings are still shown on the "Floating-rate borrowings" line.

"Rate-refixing" swaps represent a nominal amount of €580 million which €380 million qualified as cash flow hedges.

Breakdown of debt by currency

All bonds are fully denominated in euros as at 31 December 2020.

The subordinated notes, which are denominated in US dollars, are hedged in a cash-flow hedge of currency and interest rate risk via a cross-currency swap.

28.5 Non-banking activities derivatives

(€ million)	Fair value as at 31/12/2020		Fair value as at 31/12/2019	
	Assets	Liabilities	Assets	Liabilities
Trading derivatives at fair value through profit or loss				
Fixed-for-floating derivatives	83	0	111	0
Floating-for-fixed derivatives	0	6	0	10
TOTAL	83	6	111	10
Hedging derivatives				
Cash flow hedges	1	52	1	25
TOTAL DERIVATIVES RELATING TO DEBT	84	58	112	36
Other				
Currency / exchange derivatives	5	2	0	7
TOTAL NON-BANKING ACTIVITIES DERIVATIVES	89	59	112	43
Amortisable balance on interrupted hedging derivatives				
Cash flow hedging derivatives	6	0	7	0

28.6 Other financial debt

La Poste savings bonds

This line represents La Poste's savings bond liabilities. All of the bonds had matured by the end of 2020.

Commercial paper

Commercial paper issued by La Poste and not matured as at 31 December 2020 had maturities of six months at most and represented €300 million (idem as at 31 December 2019).

Deposits and guarantees paid

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

NOTE 29 GROUP NET DEBT

29.1 Group net debt position 29.2 Changes to Group net debt

29.1 Group net debt position

(€million)	Note	31/12/2020	31/12/2019
Cash and cash equivalents (balance sheet line)	24	2,763	2,456
Debt-related derivative assets	20	89	12
Security deposits paid in connection with derivatives, recognised as assets		0	4
Investment securities with initial maturities of over 3 months and UCITS	20	300	325
Net financial receivable against La Banque Postale		445	439
Cash and other asset items (1)		3,598	3,336
Medium and long-term bonds and other financial debt	28.1	8,891 {	6,589
Short-term bonds and other financial debt			584
Lease liabilities			2,625
Gross debt (2)		12,400	9,798
NET DEBT (2)-(1)		8,802	6,462
Increase (Decrease) in net debt as at 31 december 2020		2,340	

29.2 Changes to Group net debt

(€million)	Cross-references	31/12/2020	31/12/2019
Cash flows from operating activities	CFS ^(a)	1,354	1,988
Cash flows from investing activities	CFS	(1,769)	(1,368)
Cancellation of the change in cash management financial assets	CFS	(25)	(25)
Cash flow from investing activities excluding the acquisitions and disposals of cash management financial assets ^(b)		(1,794)	(1,493)
Dividends paid to the shareholders and remuneration of hybrid subordinated notes	CFS	(43)	(221)
Purchase of non-controlling interests	CFS	(19)	(27)
Net financial interest expense		(234)	(213)
Change in the fair value of financial instruments		14	5
Impact of changes in consolidation scope on gross debt (including lease liabilities)		(624)	10
Non-cash changes in lease liabilities (IFRS 16)		(1,006)	(664)
Net debt of held-for-sale subsidiaries		5	56
Other items ^(c)		7	8
Cash flows and change in debt from financing activities		(1,900)	(1,046)
DECREASE (INCREASE) IN NET DEBT SINCE 1 JANUARY		(2,340)	(551)
Net debt at the beginning of the period		(6,462)	(3,442)
Impact of the first-time application of IFRS 16 as at 1 January 2019			(2,469)
Net debt at the end of the period		(8,802)	(6,462)

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

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

(c) The "Other items" line includes the impact of currency fluctuations on net debt.

NOTE 30 EMPLOYEE BENEFITS

- 30.1 Change in provisions for employee benefits
- 30.2 Description of employee benefits
- 30.3 Actuarial assumptions
- 30.4 Change in post-employment benefit commitments
- 30.5 Analysis of post-employment benefit expenses
- 30.6 Expected cash outflows

30.1 Change in provisions for employee benefits

Provisions for employee benefits have changed as follows during 2020:

€ million	31/12/2019		Changes in consolidation scope	Increase	Decrease for use	Provision no longer required	Interest cost	Other changes	31/12/2020	
	Current	Non-current							Current	Non-current
Post-employment benefits for La Poste's government employees	7	243	0	6	(7)	0	3	10	8	254
Retirement benefits for the Group's contract staff	16	554	296	47	(57)	0	4	54	21	892
Post-employment benefits	23	796	296	53	(64)	0	7	64	29	1,146
End-of-career arrangements	402	1,155	0	442	(387)	0	(2)	0	406	1,204
Severance payments	107	32	0	21	(1)	0	0	0	96	63
Long-term sick leave/long-term paid leave	48	33	0	0	(7)	0	0	0	44	30
Accrued leave	132	124	0	20	0	0	0	0	142	134
Other long-term benefits	1	12	56	5	(2)	0	0	0	1	70
Other benefits	288	201	56	45	(10)	0	0	0	283	297
TOTAL	713	2,152	352	540	(461)	0	5	64	718	2,647
	2,865								3,365	

30.2 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.).

30.2.1 Pension commitments for government employees at La Poste

Article 150 of the 2006 Amending Finance Act, published in the *Journal Officiel* of 31 December 2006, implemented an employer contribution made in full

discharge of the obligation regarding the pensions of government employees working at La Poste.

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

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

Other commitments for post-employment benefits include:

- employee welfare services provided to government employees, primarily including 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.

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

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

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

Pension commitments for the Group's foreign subsidiaries primarily relate to the GeoPost sub-group and the GeoPost UK subsidiary. GeoPost UK's commitments are partially covered by a pension fund.

30.2.5 End-of-career arrangements

La Poste employees may benefit, under certain conditions, from early end-of-career arrangement plans. These arrangements are offered to people who meet a minimum-age requirement from 53 to 60 years of age and according to certain conditions (position that is physically demanding or not, active or office roles, number of years of service...).

During the term of the plan, the beneficiaries receive 70% of a full time remuneration while working in an operational activity for a smaller portion of the time.

The provisions relating to early end-of-career arrangement plans recognised as at 31 December 2020 factor in the expected enrolments to the plan available until 30 June 2022, as well as enrolments to the plans operating previously.

30.2.6 Other long-term benefits

These are paid leave schemes:

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

sheet date. This provision is measured at every balance-sheet date for every employee concerned, on the basis of future entitlements, as expressed by a number of payable index points.

30.3 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 2020 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 2019);
- provisions for retirement commitments relating to end-of-career arrangements that form part of agreements are calculated on the basis of the definite enrolments in these plans as at the balance-sheet date, as well as of Management's best estimate of likely future enrolments up until the expiry date of these agreements. A one-point increase in the expected rate of enrolment would have increased the provision by around €30 million as at 31 December 2020.
- 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
2020				
Euro zone	(0.1)%	0.1%	0.3%	0.6%
UK zone	0.4%	0.8%	1.1%	1.2%
2019				
Euro zone	0.2%	0.5%	0.8%	1.1%
UK zone	1.3%	1.6%	1.8%	2.0%

30.4 Change in post-employment benefit commitments

(€ million)	2020	2019
Commitment at the beginning of the period	1,040	907
Cost of services provided	77	43
Discount unwinding costs	12	16
Benefits paid	(61)	(32)
Employee contributions	1	2
Actuarial (gain) loss relating to changes in assumptions	93	94
Actuarial (gain) loss due to experience adjustments	(5)	(4)
Translation adjustments	(14)	12
Change in consolidation scope	296	2
Other	(30)	
COMMITMENT AT THE END OF THE PERIOD	1,410	1,040
Plan assets at the beginning of the period	220	179
Expected return on assets	4	5
Employer contributions	19	20
Employee contributions	2	2
Benefits paid	(13)	(16)
Actuarial differences	13	20
Translation adjustments	(11)	10
PLAN ASSETS AT THE END OF THE PERIOD	235	220
Commitments	1,410	1,040
Plan assets	(235)	(220)
NET COMMITMENT	1,176	820
<i>of which non-current provision</i>	<i>1,153</i>	<i>797</i>
<i>of which current provision</i>	<i>23</i>	<i>23</i>

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

(€ million)	2020	2019
Actuarial (gain) loss at the beginning of the period	122	53
Actuarial (gain) loss relating to changes in assumptions	93	94
Actuarial (gain) loss due to experience adjustments	(5)	(4)
Actuarial differences on plan assets	(13)	(20)
ACTUARIAL (GAIN) LOSS AT THE END OF THE PERIOD	198	122

Breakdown of plan assets

Types of assets	31/12/2020	31/12/2019
Equities	10%	20%
Government bonds	41%	17%
Diversified investment funds	0%	24%
LDI funds (Liability-Driven Investment)	28%	21%
Insurance contracts	11%	14%
Other	11%	4%

Discount rate sensitivity

A 50 basis point reduction in the discount rate would increase the Group's net post-employment benefit commitment by around €115 million.

30.5 Analysis of post-employment benefit expenses

(€ million)	31/12/2020	31/12/2019
Cost of services provided	77	43
Discount unwinding costs	12	16
Expected return on assets	(4)	(5)
EXPENSE (INCOME) FOR THE PERIOD	85	54

30.6 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)	Cash outflows
2021	55
2022	46
2023	41
2024	38
2025	39

As at 31 December 2020, the average duration of post-employment benefits was 20 years.

NOTE 31 BANKING ACTIVITIES FINANCIAL LIABILITIES

- 31.1 Financial liabilities at fair value through profit or loss
- 31.2 Financial hedging derivatives
- 31.3 Liabilities to credit institutions and similar transactions
- 31.4 Liabilities to customers
- 31.5 Debt evidenced by a certificate
- 31.6 Revaluation adjustment on hedged portfolios – fair value hedges
- 31.7 Other financial liabilities and accrual accounts
- 31.8 Specific provisions for the insurance and Banking activities and shadow accounting
- 31.9 Subordinated debt

31.1 Financial liabilities at fair value through profit or loss

<i>(€ million)</i>	31/12/2020	31/12/2019
Bonds	1,215	805
Other debt evidenced by a certificate	400	0
Debt securities	1,614	805
Rate	737	547
Foreign exchange	829	36
Credit	14	58
Equity instruments	77	
Other	8	
Derivatives	1,664	641
TOTAL	3,279	1,445

31.2 Financial hedging derivatives

<i>(€ million)</i>	31/12/2020	31/12/2019
Interest-rate derivatives	684	582
Currency exchange derivatives	79	9
TOTAL	684	582

31.3 Liabilities to credit institutions and similar transactions

(€ million)	31/12/2020	31/12/2019
Ordinary accounts payable	1,005	1,109
Overnight deposits and borrowings	173	45
Other amounts due	3	25
Sight liabilities to credit institutions	1,181	1,178
Deposits and loans	9,289	4,170
securities given under repurchase agreements	23,062	25,367
Term liabilities to credit institutions	32,351	29,537
TOTAL	33,533	30,715

31.4 Liabilities to customers

(€ million)	31/12/2020	31/12/2019
Livret A passbook savings accounts	64,602	61,498
Home Loan Savings Plans and Accounts (PEL & CEL)	31,321	31,365
Other special accounts	23,556	22,060
Special savings accounts	119,480	114,922
of which ordinary trade payables	81,372	70,642
Overnight deposits and borrowings	2,867	1,255
Other amounts due to customers	1,076	964
Sight liabilities to customers	85,315	72,861
Term deposits	146	37
Equities and securities given under repurchase agreement	24,853	2,725
Term liabilities to customers	24,998	2,763
TOTAL	229,793	190,546

31.5 Debt evidenced by a certificate

(€ million)	31/12/2020	31/12/2019
Certificates of deposit and treasury bills	8,267	10,884
Bonds	13,372	12,855
TOTAL	21,639	23,739

31.6 Revaluation adjustment on hedged portfolios – fair value hedges

(€ million)	31/12/2020	31/12/2019
Revaluation adjustment on hedged portfolios - fair value hedges	726	839
TOTAL	726	839

31.7 Other financial liabilities and accrual accounts

(€ million)	31/12/2020	31/12/2019
Deferred income	502	491
Other accruals	1,204	1,514
Accrual accounts	1,706	2,005
Debt securities	82	291
Guarantee deposits received	955	1,327
Lease liabilities	115	142
Other sundry payables	2,504	521
Other miscellaneous payables	2,619	663
Settlement accounts for securities transactions	8	9
Liabilities arising from insurance and reinsurance operations	13,324	143
Other	139	120
Other insurance liabilities	13,463	263
TOTAL	18,834	4,556

31.8 Specific provisions for the insurance and Banking activities and shadow accounting

(€ million)	31/12/2020	31/12/2019
Non-life insurance	9,502	1,483
Life insurance	222,155	945
<i>of which actuarial life insurance provisions</i>	<i>209,860</i>	<i>829</i>
Financial instruments with DPF	112,374	0
<i>of which actuarial life insurance provisions</i>	<i>103,133</i>	<i>0</i>
Financial instruments without DPF	3,931	0
Specific provisions for the insurance and banking activities	347,961	2,427
Deferred participation reserve	31,870	125
Home Loan Savings risk provisions ^(a)	204	184
TOTAL	380,035	2,736

(a) See detail below

The provision for deferred participation reserve results from the application of "shadow accounting". It represents the share of policyholders of life insurance subsidiaries in unrealized capital gains and losses and depreciations recorded on assets, when the remuneration of the contracts is linked to their performance.

The provision for Home Loan Savings risk covers the negative impact of Home Loan Savings deposits for lending institutions authorised to accept them, given the commitments that they imply (see Note 3.21).

This provision was subject to a net decrease of €20 million as at 31 december 2020 which broke down as follows:

(€ million)	Amounts collected	PEL and CEL amounts granted	2020 provisions	2019 provisions	Net movements 2019/2020
Age					
Over 10 years	9,935	0	109	74	35
4 to 10 years	15,821	0	65	90	(25)
Under 4 years	1,179	0	6	9	(3)
Total Home Loan Savings Plans (PEL)	26,935	13	180	172	8
Total Home Loan Savings Accounts (CEL)	4,386	69	24	12	12
TOTAL	31,321	82	204	184	20

31.9 Subordinated debt

(€ million)	31/12/2020	31/12/2019
Subordinated debts	10,187	3,097

Subordinated debts are detailed as follows :

(€ million)	date of issue	Maturity date	rate served	amount of the issue in foreign currencies	Currency	31/12/2020 (a)	31/12/2019 (a)
Repayable subordinated debt						10,009	3,097
La Banque Postale	30/11/2010	30/11/2020	4.38%	750	EUR		775
La Banque Postale	23/04/2014	23/04/2026	2.75%	750	EUR	765	779
La Banque Postale	19/11/2015	19/11/2027	2.75%	750	EUR	749	749
La Banque Postale	09/06/2016	09/06/2028	3.00%	500	EUR	543	507
La Banque Postale	05/10/2016	05/10/2028	2.25%	100	EUR	105	102
La Banque Postale	19/01/2017	09/06/2028	2.25%	150	EUR	164	185
La Banque Postale	26/10/2020	26/01/2031	0.88%	500	EUR	497	0
CNP Assurances	07/04/2011	30/09/2041	6.85% until September 2021 then Euribor 12M + 440 bp	700	EUR	748	
CNP Assurances	24/06/2003	23/06/2023	4,7825% until 2013 and Euribor 3M + 2% from 24/06/2013	200	EUR	207	
CNP Assurances	11/04/2011	30/09/2041	7,375% until September 2021 then Libor 12M + 448,2 bp	300	GBP	355	
CNP Assurances	05/06/2014	05/06/2045	4,25% until June 2025 then reset fixed rate swap 5 ans + 360 bp	500	EUR	575	
CNP Assurances	10/12/2015	10/06/2047	4,5% until June 2027 then Euribor 3M + 460 bp	750	EUR	912	
CNP Assurances	22/01/2016	22/01/2049	6% for the duration of the title	500	USD	472	
CNP Assurances	20/10/2016	20/10/2022	1,875% for the duration of the title	1,000	EUR	1,037	
CNP Assurances	05/02/2019	05/02/2029	2,75% for the duration of the title	500	EUR	585	
CNP Assurances	27/11/2019	27/07/2050	2,00% until June 2030 then Euribor 3M + 300 bp	750	EUR	782	
CNP Assurances	10/12/2019	15/01/2027	0,80% for the duration of the title	250	EUR	255	
CNP Assurances	30/06/2020	30/09/2051	2,5% until September 2031 then Euribor 3M + 100 bps	750	EUR	759	
CNP Assurances	08/12/2020	08/03/2028	0.38%	500	EUR	500	
Perpetual subordinated debt						178	
CNP Assurances	15/11/2004		4,93% until 2016 and Euribor 3M + 1,60% from 15/11/2016	90	EUR	88	
CNP Assurances	15/11/2004		Euribor 3M + 0,70% until 2016 then Euribor 3M + 1,60%	93	EUR	90	
TOTAL DEEPLY SUBORDINATED DEBT						10,187	3,097

(a) Balance sheet value including hedging effect and accrued interest.

NOTE 32 TRADE AND OTHER PAYABLES

<i>(€ million)</i>	31/12/2020	31/12/2019
Trade payables and related accounts ^(a)	4,905	2,110
Tax and social security liabilities	2,147	1,847
Payable to suppliers of non-current assets	320	293
International mail payables	856	729
Customer advances and deposits	181	188
Other operating payables	341	281
TOTAL	8,749	5,448

(a) Of which €1,775 million from CNP Assurances

ADDITIONAL INFORMATION

NOTE 33 INFORMATION ON RISKS EXCLUDING BANKING ACTIVITIES

- 33.1 Credit and counterparty risk
- 33.2 Liquidity risk
- 33.3 Interest-rate risk
- 33.4 Currency risk

The main purpose of the Group's financial liabilities is to finance the Group's operating activities, ensure liquidity and allow for acquisitions. The Group takes out derivative instruments, mainly interest rate swaps and currency swaps in an effort to manage interest rate and currency risk associated with its financing in euro and in foreign currencies.

The Group also holds financial assets such as cash and cash equivalents and short-term investments, which are generated directly by its business activities and the associated risks of which (counterparty and liquidity) are managed daily.

Le Groupe La Poste takes a cautious approach to risk management based on a system of alerts and notional limits for each of the financial risks to which it is exposed through its financial activities. These limits and alerts are set down in a document called the "Limits Handbook", which is updated regularly based on changes in the business activities of the Financial Transactions and Treasury Department.

An execution report for the Limits Handbook is presented to La Poste's Audit Committee every year. In 2020, it presents the adaptations made to the operational organization and the management of financial risks in the specific context of the Covid 19 health crisis

33.1 Credit and counterparty risk

Credit risk involves a risk of the Group suffering a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. This risk mainly arises from investment securities, derivative instruments and trade receivables.

Investment securities

La Poste's cash and cash equivalents are invested in interest bearing accounts, bank term deposits and Negotiable Debt Securities (TCN) from a minimal short-term rating of A2/P2 at purchase. Credit risks are controlled by a system of limits representing the maximum nominal amount not to be exceeded per UCITS or issuer. The Group also excludes the more risky types of investment securities (structured products or products with unguaranteed capital).

In the event where an investment portfolio sees one of its short-term ratings fall below A2/P2 rating, this security must be sold "at best", unless the Group Financial Committee makes an overriding decision.

In addition, to limit the risk of loss on the asset investment portfolio (excluding cash UCITS), a maximum loss limit has been introduced. This limit represents the statistical loss on the asset investment portfolio within a 97.5% interval. Its calculation is based on including CDS for each security in the portfolio, weighted by its residual maturity.

Derivative instruments

La Poste is exposed to a risk of its market counterparties defaulting, given its presence in derivatives markets.

Exposure related to its instruments is assessed through the net market value of derivatives per counterparty after taking into account guarantees received or provided for collateralisation agreements.

Commitments with La Poste's counterparties are subject to systematic collateralisation agreements that reduce the risk of default at the franchise level.

Trade and other accounts receivable

Provisions are calculated on an individual basis, based on an assessment of the risk of non-recovery. No Group customer accounts for more than 10% of consolidated revenues.

33.2 Liquidity risk

The Group strives to have sufficient financial resources to finance current business activities and the capital expenditure needed for future growth at all times. The aim of cash management is to find resources at the lowest cost and ensure they can be obtained at any given moment.

Liquidity risk is measured through cash flow forecasts (annual, monthly and weekly depending on the issue) and dealt with by:

- negotiating confirmed credit facilities with financial institutions. The Group has a five-year €1 billion syndicated credit line expiring in March 2025 (renewable twice for one year), for which it has received commitments from the eleven banks in the banking pool (see note 38.3.2);
- keeping at all times a minimum amount of cash and cash equivalents for less than one year taken individually and for an average duration not exceeding 90 days, of a minimum amount called "Security cash". This amount is set at €1.2 billion

and is defined and monitored by the Group's Financial Committee;

- By issuing short-term negotiable debt securities (Negotiable European Commercial Paper and Euro Commercial Paper) in order to compensate for the shortages in cash and bond debt (senior, hybrid or green) to meet the Group's long-term needs. issuing short term Negotiable European Commercial Paper and Euro Commercial Paper;
- By the prospective monitoring of indicators linked to short and long term equity markets in order to anticipate liquidity crisis situations.

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.

These liabilities do not have any specific clause likely to significantly modify the terms.

As at 31/12/2020 (€ million)	Balance sheet amount	2021 flows		2022 flows		2023-2025 flows		2026 flows and beyond	
		Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal
Bonds	7,797	160	1,000	118	0	238	2,750	207	4,000
Borrowings at amortised cost	7,151	135	1,000	92	0	212	2,170	207	4,000
Borrowings at fair value	646	25	0	25	0	25	580	0	0
Borrowings subject to fair value hedging	0	0	0	0	0	0	0	0	0
Subordinated debt	406	22	0	22	0	65	0	389	407
Other financial debt	4,062	67	1,084	57	565	121	1,260	165	1,154
Lease liabilities	3,509	67	633	57	540	121	1,186	165	1,150
La Poste savings bonds	53	0	53	0	0	0	0	0	0
Commercial paper	300	0	300	0	0	0	0	0	0
Current bank facilities	31	0	31	0	0	0	0	0	0
Deposits and guarantees received	63	0	36	0	6	0	18	0	4
Other borrowings at amortised cost	106	0	32	0	19	0	56	0	0
Derivatives	(30)	(32)	0	(33)	0	(31)	58	(1)	(3)
Derivative liabilities	59	(6)	0	(7)	0	(6)	63	(1)	(3)
Derivative assets	(89)	(26)	0	(26)	0	(25)	(5)	0	0
TOTAL	12,235	217	2,084	163	565	392	4,067	759	5,559

33.3 Interest-rate risk

The Group's interest rate risk stems from changes in market rates (principally Eonia, to be replaced by the ester rate during the 2021 financial year, and 3-month Euribor), which would result in higher interest expense on borrowings, lower returns on investments or the loss of opportunity when market conditions are more favourable than the historical average.

To better manage interest rate risk, the Group has established:

- an active strategy in the management of its bond debt based on the use of derivative instruments to take advantage of market opportunities and reduce the cost of its bonds;
- an active strategy in the management of its investments based on the use of derivatives to guarantee returns and adjust the Group's exposure to fluctuations in interest rates;
- prospective monitoring over 12 rolling months of its net debt and investment position indexed to market rates, and the fluctuation of financial income and

expense resulting from adverse change in market rates (triggering an alert when the estimated impact exceeds €10 million). Monitoring of this nature serves notably to allow active debt and investment management strategies to be adjusted as and to limit the impact of change in interest rates, upward or downward.

Sensitivity analysis

A uniform sudden 50-basis point increase in the market yield curve would not result in the increase in the Group's annual financial expense, after taking into account debt management derivative instruments

A uniform sudden 50-basis point increase in the market yield curve would result in a €8.2 million profit in income (compared with €6.5 million as at 31 December 2019), 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.

33.4 Currency risk

The Group exercises international activities, from France or foreign subsidiaries, through its Services-Mail-Parcels and GeoPost business units.

In order to support its growing globalisation and the resulting currency risk, the Group has established a currency risk management Policy. This policy targets as a priority:

- acquisition flows of foreign currency investment securities;
- foreign currency financial debt and loans;
- foreign currency net assets held and consolidated by the Group.

This policy defines the governance, hedging conditions and materiality thresholds for these different types of exposure.

To date, and in accordance with the established thresholds and conditions, the Group uses currency derivative instruments backed:

- to its subordinated debt in US dollars (\$500 million), hedged at 100% using a euro dollar currency swap
- to its US dollar equity investments, partly hedged by euro dollar currency swaps (\$34 million), and in Singaporean dollars (partially hedged for 150 million Singaporean dollars)
- to significant commercial activities exposure to foreign currencies from its subsidiaries (mainly Asendia and DPD UK).

The bulk of these operating activities generates income and expenses denominated in the subsidiaries' functional and accounting currency. Residual currency risk related to operations only involves marginal amounts in relation to the size of the Group.

As at 31 December 2020, the accounting currency effect on revenue amounted to €-122 million, stemming mainly from the Brazilian real (€-36 million), the ruble (€-24 million) and the pound sterling (€-23 million). The accounting impact of currency fluctuations on operating profit/(loss) was not significant in 2020.

NOTE 34 INFORMATION ON RISKS RELATING TO BANKING ACTIVITIES

- 34.1 Structural risk factors
- 34.2 Credit risk
- 34.3 Market risk and hedging accounting
- 34.4 Liquidity risk
- 34.5 Interest-rate risk

34.1 Structural risk factors

La Banque Postale has mapped all of the risks to which it is or could be exposed. This risk mapping is reviewed regularly to identify those that could have a material adverse effect on its business, its financial position and its results (or its ability to achieve its objectives), 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 banking activities. Market risk also represents a structural risk factor, which La Banque Postale monitors closely. La Banque Postale is also exposed to the risks associated with its subsidiaries and equity investments in insurance companies in particular following the increase in its stake in CNP Assurances on March 4, 2020, reaching 62.84% as of December 31, 2020.

34.2 Credit risk

34.2.1 Impacts of the Covid-19 crisis on credit risk assessment

The main impacts of the health crisis on the credit risk are presented in Note 1.5.

Throughout 2020, LBP's Group Risk Department has carried out numerous studies with the aim of achieving a cost of risk level that reflects the reality of the risks of its loan portfolio regarding Individuals and Legal entities in the short and medium term, beyond the losses already recorded on some of its financing.

At the end of this work, it should be mentioned that La Banque Postale considers that the general risk monitoring and provisioning system enables the level of risk in the credit portfolio to be accurately and appropriately assessed, while meeting the expectations of the European supervisor. Thus, all the principles detailed in Section 4.2 are still being applied by La Banque Postale in the uncertain context of the crisis. In other words, the classification and provisioning of the bank's exposures continues to be based on:

- Automatic mechanisms for identifying Significant Impairments of Potential Risks and for classifying or proposing classification in the IFRS 9 "buckets";

- Control and validation measures involving the teams of the Group Risk Department, and possible individual or collective adjustment decisions taken as part of the exposure monitoring system (Watch List process, sector measures, etc.).

Consequently, it is possible to present the impacts of the Covid-19 pandemic (and its macro-economic consequences) on the assessment of credit risk for La Banque Postale according to two main categories:

- General impacts for the entire portfolio, both Individuals and Legal entities, linked to the recalibration of all the models and scenarios underlying the calculation of the bank's statistical provisions;
- Impacts specific to certain customer segments, related to management measures taken by the Group Risk Department, after an analytical review of its entire portfolio.

General measures to adjust the bank's statistical provisions

Firstly, all of the "Probability of default" models used in IFRS 9 provision calculations have been reviewed to take into account the known effects of the crisis. The most recent behavioural information and/or changes in risk profiles (rating migration) have been integrated, as well as new projection scenarios, in order to obtain parameters that are relevant at one year and at maturity (and to avoid inconsistent levels of provisions - particularly on the Low Default Portfolio - and their pro-cyclicality effects).

In addition, the macroeconomic scenarios used for provisioning have also undergone a major revision, adapted to LBP's specific situation in order to integrate the effects of the crisis into the calculation of "Forward Looking" Expected Credit Losses: the projection of the variables used in each of these scenarios has been re-estimated in order to systematically integrate the known effects of the Covid-19 crisis. In addition, the weights associated with each of these scenarios were also revised to reflect possible macroeconomic developments.

These elements are presented in detail below.

34.2.2. General framework

The Risk Department covers credit risk, specifically, the risk incurred in the event of default by a counterparty or counterparties considered as a single beneficiary within the meaning of Regulation (EU) No. 575/2013 of the European Parliament and Council on prudential requirements applicable to credit institutions and investment companies (CRR of June 26, 2013), in particular articles 387 to 403 and 493.

The Management Board sets the common basic principles (strategic priorities, values, risk appetite, governance) validated by the Supervisory Board, on the basis of which each business line sets out its priorities for action and control of the associated risk, under the supervision of the Group Risk Department (DRG) and the Compliance Department.

34.2.3. Significant increase in credit risk – the principles

The principles

La Banque Postale defines seven principles to assess increased credit risk in accordance with IFRS and the European Banking Authority's (EBA) guidelines defining the conditions for migration from bucket 1 to bucket 2.

Principle 1 – Credit risk monitoring: IFRS 9*.-+/- indicates that the assessment of credit quality is carried out from the outset at the commitment level. This credit quality assessment from the initial recognition must be carried out at each year-end to determine the allocation of the asset concerned.

La Banque Postale considers that a financial instrument is classified as sensitive if its credit quality has significantly deteriorated compared to the initial recognition (comparison of the asset's credit quality in relation to its situation at the date of entry in the balance sheet or commitment date for off-balance sheet instruments).

Principle 2 – Rating indicator to monitor credit quality: The Group monitors the credit risk of each contract based on a counterparty credit quality rating system. Consequently, the rating for a contract at any given time is determined on the basis of the counterparty's rating at that time. At any given time, all contracts for a single third party have the same rating.

To assess any deterioration in credit risk, the Bank has a rating system based on:

- internal rating models used to manage and monitor risks, and;
- external ratings used in day-to-day risk management, with associated prioritisation rules.

La Banque Postale's risk management monitoring systems collect information about the rating at the start of the commitment and store it with the aim of identifying significant increases in credit risk along with the latest known rating in order to comply with the first principle.

When La Banque Postale, for a given customer and its associated commitments, does not have an internal or external rating, other elements for assessing the significant deterioration in credit risk since inception

are used. For portfolios with an internal and/or external rating, the assessment of the significant increase in credit risk is based on the rating, along with quantitative and/or qualitative analysis by the business line concerned, if applicable.

Principle 3 – Monitoring of credit quality with the addition of a backstop: In addition to principle 1, La Banque Postale adds an absolute threshold criteria. The approach defined by La Banque Postale is a combined approach of a relative threshold and then an absolute threshold.

La Banque Postale's absolute threshold is based on two indicators:

- Rating indicator: an absolute level of credit quality below which assets are considered to be highly impaired is set by customer segment and/or asset type;
- Arrears indicator: payment arrears of over 30 days. According to IFRS 9, payment arrears of over 30 days are considered to constitute a significant increase in credit risk as arrears of over 30 days indicate lower credit quality.

Principle 4 – Use of the 12 month indicator for retail customers: The assessment of significant increase in credit risk involves assessing the risk of default over the asset's remaining lifetime at each year-end. Instead of assessing the change in risk of default over the lifetime, IFRS 9 allows the use of a 12-month indicator if this assessment is a reasonable estimate of the risk at maturity.

Principle 5 – The low credit risk concept: IFRS 9 allows the use of the low credit risk concept at year-end. A financial instrument is considered to be low risk when its credit risk has not significantly increased since its initial recognition. The concept of "Low Credit Risk" may be equivalent to a universal definition such as "investment grade" which, according to CRR regulations, corresponds to a credit level of 3 or less. This exemption only applies to debt securities in accordance with EBA guidelines.

La Banque Postale does not use the Low Credit Risk exemption for its credit operations. However, this exemption is used for debt securities, during bucket validations in accordance with principle 6.

Principle 6 – Consideration of qualitative information: In the non-retail customer portfolio, the presumption of migration to bucket 2 requires a specific qualitative analysis by the Watch List Committee to confirm or reject the significant deterioration according to the rating indicator.

An asset restructured due to the counterparty's financial difficulties remains in default for 12 months, then if no incident has been reported, it moves back to bucket 2 for a period of 24 months in accordance with prudential regulations.

Principle 7 – Migration to bucket 2 before default: In accordance with IFRS 9, La Banque Postale must identify, as far as possible, any assets that have sustained a significant increase in credit risk before they default. Exceptionally, certain commitments may be exempt from migration to bucket 2 before default.

The assessment process for a significant increase in credit risk

The operational procedures implemented enable monitoring and/ or detection of events indicating the possible deterioration of the credit quality of a counterparty.

The criteria for bucket 2 classification of a commitment are described by exposure class:

- Retail customers – private individuals;
- Retail customers – professionals;
- Central administrations & Central banks;
- Credit institutions;
- Corporate customers;
- Public sector entities.

The criteria do not constitute an exhaustive list and the relevance of the information must be assessed according to the observed customer segment (with the exception of retail customers). Other events indicating credit quality deterioration or risk-generating facts may be taken into account following an analysis carried out by the risk unit concerned.

These events are considered by the Group Risk Department business lines, which have good knowledge of their counterparties or the related customer groups.

As an illustration, in the specific context of the management of the Covid-19 crisis and its impact on the portfolio, it was considered that for certain categories of customers (retail customers), the introduction of a moratorium was a factor of RSD that could lead to downgrading to bucket 2.

The operational entities are responsible for the exposure that they generate and must immediately detect events that raise concern about a deterioration in the credit quality of their customers.

It should be noted that all assets that are not included in bucket 3 or bucket 2 are classified in bucket 1. These are assets with no significant increase in credit risk since their initial recognition.

34.2.4 Provisioning – methodological approach in relation to expected credit loss

The expected credit loss concept

The methodology for calculation of Expected Credit Losses (ECL) must reflect a measurement of the possible probabilistic amounts, taking into account the time value of money and all available information. This methodology was described in Note 2.15.7 (Bucket 1 and Bucket 2 provisioning methodology).

12 month expected credit loss (12-month ECL)

The methodology for calculation of Expected Credit Losses (ECL) must reflect a measurement of the possible probabilistic amounts, taking into account the time value of money and all available information. This methodology was described in Note 2 (Bucket 1 and Bucket 2 provisioning methodology).

At each year-end, when the risk associated with a commitment has not significantly increased since its initial recognition, La Banque Postale assesses the impairment for credit loss of this exposure at the amount of expected credit loss for the next 12 months.

The 12-month ECL represents the portion of expected credit losses at the maturity of a financial instrument resulting from default events that are possible within 12 months after the closing date.

This formula applies to all commitments classified in bucket 1 with maturities of one year or less.

At each year-end, when the risk associated with a commitment has not significantly increased since its initial recognition, La Banque Postale assesses the impairment for credit loss of this exposure at the amount of expected credit loss at its maturity.

Expected credit loss at maturity (lifetime ECL)

At each year-end, when the risk associated with a commitment has increased significantly since its initial recognition, the Bank assesses the impairment for credit loss of this exposure at the amount of expected credit loss at its maturity.

Definition of the parameters for calculating the expected credit loss

La Banque Postale calculates the ECL using three main components: the probability of default, the loss in the event of default and the exposure to default.

Maturity refers to the final payment date of a loan commitment or financial instrument, at which the amount loaned and the interest must be paid, or when the authorisation amount or date ends.

It corresponds to the maximum contractual period including extension options, with the exception of revolving type products, renewable credit cards and overdrafts for which behavioural maturity must be used.

For contracts without a contractual maturity, the maximum maturity is 12 months while, in the event of debtor insolvency, La Banque Postale would contest the overdraft authorisation within a period of less than 12 months, in accordance with French banking law.

Renewable loans are financial instruments for which there is no fixed maturity, no amortisation plan and no contractual termination period. The maturity selected for these instruments depends on the lifetime estimated by La Banque Postale, which may exceed the duration of the contractual commitment. The maturity selected at Group level is the behavioural maturity.

Probability of Default (PD): IFRS 9 introduces the concept of expected credit loss and, indirectly, the concept of probability of default adjusted to the situation at the closing date (PDPit) This parameter does not correspond to the average over the cycle (PDTTC) under the prudential framework in force for the internal approach. This variable makes it possible to estimate the probability of a commitment defaulting over a given period. Estimates of default probability, referred to as "Point in Time" (PIT) estimates, are based on the future and current assessment and are linked to the customer and product.

The probability of "Point in Time" default is used for all La Banque Postale portfolios, whether or not they have an internal rating.

Loss Given Default (LGD): The Loss Given Default corresponds to the ratio between the contractual and

expected cash flows taking into account discounting effects and other expenses committed at the instrument's default date. The LGD is expressed as a percentage of the exposure at default.

This parameter in IFRS 9 differs from the Basel concept. Prudentially, the Loss Given Default is restated for the prudent margin, the downturn effect and other expenses. IFRS 9 does not contain any specific indications with regard to the observation period and the collection of the historical data used to calculate the LGD parameters. This parameter must take into account forward looking and passage of time concepts.

La Banque Postale has chosen to use an adjusted modelled LGD, in accordance with IFRS 9, for portfolios with a loss model in the event of default, depending on the type of product and the guarantee, and may determine an LGD at the recommendation of an expert, according to the segment, product and type of guarantee, to be reviewed at least once a year.

Exposure at Default (EAD): The exposure corresponds to the calculation basis for the amount of expect credit loss. It is based on the value exposed to credit risk, whilst taking into account the flow rate according to the type of amortisation and expected early redemption (forecast cash flow) This parameter is calculated based on the amounts at the start of the period.

The provisioning base corresponds to the balance sheet and off-balance sheet outstandings (unused portion) converted into credit equivalent (the credit conversion factor or CCF).

To take into account early redemption and the flow rate, the Bank applies an early redemption rate to the provisioning calculation base for each portfolio. This rate is periodically reviewed by La Banque Postale's ALM team according to the trends in observed early repayments.

Forward Looking

In accordance with IFRS 9, the expected credit losses take into account the effects of future economic conditions: the "Forward Looking" is based on a modelled approach and expert judgement. La Banque Postale uses three scenarios (a central scenario, and two alternative scenarios) defined by the Economic Studies Departments of Caisse des Dépôts et Consignations and La Banque Postale. The forecast horizon for future economic conditions is 5 years:

- The scenarios selected are global and consistent economic scenarios: they apply uniformly throughout La Banque Postale with potentially opposite impacts on certain product or customer segments, reflecting the portfolio's diversification. (As an illustration, it is not possible, in a given scenario, to have a different interest rate projection for measuring the life time probabilities of default of retail customers and those of sovereign customers);
- The proposed scenarios are not necessarily adverse scenarios on the strict aspect of the credit risk: IFRS 9 scenarios are not intended to quantify risks of loss in a highly deteriorated environment

with a very low probability of occurrence in relation to the macroeconomic situation in force at the date of the estimate, but rather plausible scenarios in general, with a probability of occurrence that differs by one standard deviation from the central scenario;

- The scenarios selected are generally scenarios used in other governing processes of the institution (strategic plan, budget, ICAAP stress test exercises, regulatory reporting) to ensure a high level of overall consistency in terms of financial steering and a good consolidation capacity at Group level.

These scenarios are documented and include forecasts for all the macroeconomic variables required to operate the models developed to obtain the PD and LGD at maturity. The probability of occurrence of each scenario is subject to documentation by La Banque Postale's economists.

The system is based on a significant number of models. All the models used in the IFRS 9 system are subject to an independent review by the Model Validation team and are validated by the Model Validation Committee before use.

The scenarios used by La Banque Postale to calculate provisions under IFRS 9 are as follows:

- Central scenario: gradual return of activity to its pre-crisis level: this scenario is based on the cautious assumption of a gradual withdrawal of sanitary measures and therefore a slow "normalisation" of activity. For the United States and the Euro zone, the sharp falls in GDP in 2020 should be followed by marked rebounds in 2021 and a return to their respective potential growth rates from 2022 onwards. The dis-saving movement accompanying the recovery would be hampered by economic and social uncertainty, which is very likely to remain high in 2022. In addition, all private and public agents will be more indebted, which would in particular affect the investment capacity of companies.

This scenario is a scenario proposed by Caisse des Dépôts et Consignations and its projections are detailed below:

Variables	Scenarios 2021 (effective)					
	OR	N+1	N+2	N+3	N+4	N+5
GDP France (annual growth rate)	(10.0)	7.0	1.5	1.3	1.2	1.2
Unemployment rate (average annual rate)	10.2	10.5	10.1	9.6	9.3	9.0
10-year OATs (annual average)	0	0.1	0.3	0.5	0.7	0.8
CAC40 (annual growth rate)	(22.3)	9.6	3.2	3.2	3.2	3.2
Property prices (annual growth rate)	4.3	(5.0)	2.0	1.8	1.7	1.7

Variables	Scenarios 2020					
	OR	N+1	N+2	N+3	N+4	N+5
GDP France (annual growth rate)	1.3	1.4	1.4	1.3	1.3	1.3
Unemployment rate (average annual rate)	8.3	8.3	8.2	8.1	8.0	8.0
10-year OATs (annual average)	0.4	0.6	0.9	1.2	1.6	nd
CAC40 (annual growth rate)	10.3	3.7	3.7	3.7	3.7	3.7
Property prices (annual growth rate)	3.1	2.5	2.0	1.5	1.5	1.5

- Adverse low interest rate scenario: French interest rates rise sharply and then remain at a high level, low inflation. In this scenario, a steepening of the French government yield curve is envisaged from the beginning of 2021 and for an extended period (beyond 2025), without an inflationary shock. French growth would thus be deprived of the rebound expected for 2021 and would be weakened for several years. The stock markets would be in sharp decline and the real estate market in sharp decline. This scenario is a scenario proposed by Caisse des Dépôts et Consignations and its projections are detailed below:

Variables	Scenarios 2021 (effective)					
	OR	N+1	N+2	N+3	N+4	N+5
GDP France (annual growth rate)	(10.0)					
Unemployment rate (average annual rate)	10.2					
10-year OATs (annual average)	0					
CAC40 (annual growth rate)	(22.3)					
Property prices (annual growth rate)	4.3					

Variables	Scenarios 2020					
	OR	N+1	N+2	N+3	N+4	N+5
GDP France (annual growth rate)	1.3	0.8	1.0	1.0	nd	nd
Unemployment rate (average annual rate)	8.3	8.8	9.0	9.0	nd	nd
10-year OATs (annual average)	0.4	(0.2)	(0.2)	0	nd	nd
CAC40 (annual growth rate)	10.3	nd	nd	nd	nd	nd
Property prices (annual growth rate)	3.1	nd	nd	nd	nd	nd

- Favourable alternative scenario: faster than expected recovery of economic activity thanks to the easing of the health crisis. The health crisis is easing quickly. The resulting constraints are therefore removed. As a result, the economic support measures implemented in recent months in a large number of countries, both monetary and fiscal, are having their full effect. The return to the pre-crisis level of activity is more rapid than in the central scenario and the rebound is more lasting. However, this positive scenario only allows us to return to the activity levels envisaged before the health crisis by 2023. Monetary policies therefore remain accommodative, but they are normalising a little faster than in the central bank. This scenario is a scenario proposed by La Banque Postale's Economic Studies and its projections are detailed below:

Variables	Scenarios 2021 (effective)					
	OR	N+1	N+2	N+3	N+4	N+5
GDP France (annual growth rate)	(10.0)	9.0	3.5	2.0	1.8	1.4
Unemployment rate (average annual rate)	10.2	9.6	8.3	7.3	6.9	6.5
10-year OATs (annual average)	0	0.7	1.3	1.6	1.6	1.6
CAC40 (annual growth rate)	(22.3)	nd	nd	nd	nd	nd
Property prices (annual growth rate)	4.3	nd	nd	nd	nd	nd

Variables	Scenarios 2020					
	OR	N+1	N+2	N+3	N+4	N+5
GDP France (annual growth rate)	1.3	1.5	2.2	1.9	1.8	nd
Unemployment rate (average annual rate)	8.3	8.2	7.6	7.0	6.5	nd
10-year OATs (annual average)	0.4	0.7	1.6	1.9	2.3	nd
CAC40 (annual growth rate)	10.3	nd	nd	nd	nd	nd
Property prices (annual growth rate)	3.1	nd	nd	nd	nd	nd

The probability of occurrence of each of these scenarios is summarised in the table below:

Scenarios	Scenarios 2020	Effective scenarios in 2021
	Central	50%
Rate cut	45%	15%
Favourable alternative	5%	20%

La Banque Postale chose not to adopt the scenarios proposed by the ECB, for all the reasons mentioned earlier in this section but also to take account of the concentration of its portfolio in France.

34.2.5 Operational implementation

Impairment is calculated in a centralised way for the entire Group by the Group Risk Department teams.

34.2.6 Exposure to credit risk

Change in book value and allowances for losses over the period

Allowances for losses correspond to the impairment of assets and provisions on off-balance sheet commitments recognised in net profit/(loss) (Cost of risk) in respect of credit risk.

The different stages of impairment ("Healthy Assets – Bucket 1", "Deteriorated Assets – Bucket 2" and "Impaired Assets – Bucket 3") as well as the definition of impaired assets from acquisition or creation are explained in Note 34.2.2 "Significant increase in credit risk – the principles".

The following tables present a conciliation between the opening and closing balances of the allowances for losses recognised in Cost of risk and the associated book values, by accounting category and instrument type.

The "Modifications to flows not resulting in derecognition" line enables the identification of impacts on the gross book value and the allowance for loss relating to a restructuring for risk during the period.

Financial assets at amortised cost

31/12/2020	Gross book value	Allowance for losses	Net amount
(€ million)			
Securities at amortised cost	24,049	(30)	24,019
Loans and receivables - Credit and similar institutions at amortised cost	114,486	(1)	114,485
Customer loans and receivables at amortised cost	126,471	(1,216)	125,255
TOTAL	265,006	(1,247)	263,759

31/12/2019	Gross book value	Allowance for losses	Net amount
(€ million)			
Securities at amortised cost	28,074	(6)	28,068
Loans and receivables - Credit and similar institutions at amortised cost	70,636	(1)	70,635
Customer loans and receivables at amortised cost	114,450	(822)	113,628
TOTAL	213,160	(829)	212,331

	Assets subject to a 12-month ECL (Bucket 1)		Assets subject to a lifetime ECL (Bucket 2)		Impaired assets (Bucket 3)		TOTAL		
	Gross book value	Allowance for losses	Gross book value	Allowance for losses	Gross book value	Allowance for losses	Gross book value (a)	Allowance for losses (b)	Net book Value (a) + (b)
(€ million)									
At 1 January 2020	208,681	(100)	3,106	(150)	1,374	(580)	213,160	(829)	212,331
Transfers of active assets from one bucket to another	(5,906)	9	5,479	(181)	427	(65)	0	(237)	(237)
Transfers of 12-month ECL (Bucket 1) to Lifetime ECL (Bucket 2)	(6,808)	14	6,808	(232)	0	0	0	(217)	(217)
Return of Lifetime ECL (Bucket 2) to 12-month ECL (Bucket 1)	1,217	(6)	(1,217)	43	0	0	0	36	36
Transfers of 12-month ECL (Bucket 1) to Impaired Lifetime ECL (Bucket 3)	(480)	2	0	0	480	(79)	0	(77)	(77)
Transfers of lifetime ECL (Bucket 2) to Impaired Lifetime ECL (Bucket 3)	0	0	(222)	13	222	(53)	0	(40)	(40)
Return of Impaired Lifetime ECL (Bucket 3) to 12-month ECL (Bucket 1)	165	(2)	0	0	(165)	30	0	28	28
Return of Impaired Lifetime ECL (Bucket 3) to Lifetime ECL (Bucket 2)	0	0	111	(5)	(111)	37	0	32	32
Total after transfer	202,775	(91)	8,585	(331)	1,801	(645)	213,160	(1,066)	212,094
Change in Gross book values and Allowances for losses	49,732	(82)	2,289	(117)	(175)	18	51,845	(181)	51,664
New production: purchase, granting, origination, etc.	95,861	(113)	3,598	(177)	436	(172)	99,895	(462)	99,433
Deconsolidation: sale, redemption, maturity, etc.	(50,542)	32	(1,319)	60	(466)	83	(52,328)	175	(52,153)
Write-offs	0	0	0	0	(133)	106	(133)	106	(27)
Change in flows not giving rise to deconsolidation	0	0	0	0	(12)	0	(12)	0	(12)
Changes in the model / methodology	0	0	0	0	0	0	0	0	0
Changes in consolidation scope	4,217	0	10	0	0	0	4,227	0	4,227
Other	196	(1)	0	0	0	1	196	0	196
Total	252,507	(173)	10,874	(448)	1,626	(627)	265,005	(1,247)	263,758
Impact of fair value adjustments of micro-hedged instruments	0	0	0	0	0	0	0	0	0
As at 31 December 2020	252,507	(173)	10,874	(448)	1,626	(627)	265,005	(1,247)	263,758

	Assets subject to a 12-month ECL		Assets subject to a lifetime ECL		Impaired assets		TOTAL		
	(Bucket 1)		(Bucket 2)		(Bucket 3)		Gross book value (a)	Allowance for losses (b)	Net book Value (a) + (b)
	Gross book value	Allowance for losses	Gross book value	Allowance for losses	Gross book value	Allowance for losses			
(€ million)									
At 1 January 2019	203,581	(84)	2,413	(117)	1,444	(567)	207,438	(768)	206,670
Transfers of active assets from one bucket to another	(517)	2	293	10	225	(75)	0	(63)	(63)
Transfers of 12-month ECL (Bucket 1) to Lifetime ECL (Bucket 2)	0	5	0	(48)	0	0	0	(43)	0
Return of Lifetime ECL (Bucket 2) to 12-month ECL (Bucket 1)	0	(3)	0	48	0	0	0	44	0
Transfers of 12-month ECL (Bucket 1) to Impaired Lifetime ECL (Bucket 3)	0	1	0	0	0	(72)	0	(70)	0
Transfers of lifetime ECL (Bucket 2) to Impaired Lifetime ECL (Bucket 3)	0	0	0	14	0	(51)	0	(37)	0
Return of Impaired Lifetime ECL (Bucket 3) to 12-month ECL (Bucket 1)	0	0	0	0	0	22	0	21	0
Return of Impaired Lifetime ECL (Bucket 3) to Lifetime ECL (Bucket 2)	0	0	0	(4)	0	25	0	21	0
Total after transfer	203,064	(81)	2,706	(107)	1,668	(642)	207,438	(831)	206,608
Change in Gross book values and Allowances for losses	5,616	(18)	400	(42)	(294)	62	5,722	1	5,723
New production: purchase, granting, origination, etc.	41,820	(130)	938	(83)	341	(144)	43,098	(357)	0
Deconsolidation: sale, redemption, maturity, etc.	(36,205)	112	(538)	40	(509)	116	(37,251)	269	0
Write-offs	0	0	0	0	(116)	90	(116)	90	0
Change in flows not giving rise to deconsolidation	0	0	0	0	(10)	0	(10)	0	0
Changes in the model / methodology	0	0	0	0	0	0	0	0	0
Changes in consolidation scope	0	0	0	0	0	0	0	0	0
Other	1	0	0	0	(1)	0	1	0	0
Total	208,680	(100)	3,106	(150)	1,374	(580)	213,160	(829)	212,330
Impact of fair value adjustments of micro-hedged instruments	1	0	0	0	0	0	1	0	1
As at 31 December 2019	208,681	(100)	3,106	(150)	1,374	(580)	213,160	(829)	212,331

Financial assets at fair value through recyclable equity

	31/12/2020	
	Fair Value	o/w allowance for losses
(€ million)		
Debt instruments at fair value through equity	230,388	(372)
TOTAL	230,388	(372)

	31/12/2019	
	Fair Value	o/w allowance for losses
(€ million)		
Debt instruments at fair value through equity	14,700	(4)
TOTAL	14,700	(4)

	Assets subject to a 12-month ECL (Bucket 1)		Assets subject to a lifetime ECL (Bucket 2)		Impaired assets (Bucket 3)		TOTAL	
	Gross book value	Allowance for losses	Gross book value	Allowance for losses	Gross book value	Allowance for losses	Gross book value	Allowance for losses
(€ million)								
At 1 January 2020	14,663	(3)	38	(1)	0	0	14,700	(4)
Transfers of active assets from one bucket to another	(509)	1	501	(9)	0	0	(8)	(8)
Transfers of 12-month ECL (Bucket 1) to Lifetime ECL (Bucket 2)	(509)	1	501	(9)	0	0	(8)	(8)
Return of Lifetime ECL (Bucket 2) to 12-month ECL (Bucket 1)								
Transfers of 12-month ECL (Bucket 1) to Impaired Lifetime ECL (Bucket 3)								
Transfers of lifetime ECL (Bucket 2) to Impaired Lifetime ECL (Bucket 3)								
Return of Impaired Lifetime ECL (Bucket 3) to 12-month ECL (Bucket 1)								
Return of Impaired Lifetime ECL (Bucket 3) to Lifetime ECL (Bucket 2)								
Total after transfer	14,154	(2)	539	(10)	0	0	14,692	(12)
Change in gross book values and allowances for losses	215,577	(359)	117	(2)	0	0	215,694	(361)
New production: purchase, granting, origination, etc.	30,505	0	73	0	0	0	30,578	0
Deconsolidation: sale, redemption, maturity, etc.	(35,483)	0	(179)	0	0	0	(35,662)	0
Write-offs	0	0	0	0	0	0	0	0
Change in flows not giving rise to deconsolidation	0	0	0	0	0	0	0	0
Change in the model / methodology	0	0	0	0	0	0	0	0
Changes in consolidation scope	218,213	(37)	186	0	0	0	218,399	(37)
Other	2,342	(322)	37	(2)	0	0	2,379	(324)
As at 31 December 2020	229,731	(361)	656	(12)	0	0	230,386	(373)

	Assets subject to a 12-month ECL (Bucket 1)		Assets subject to a lifetime ECL (Bucket 2)		Impaired assets (Bucket 3)		TOTAL	
	Gross book value	Allowance for losses	Gross book value	Allowance for losses	Gross book value	Allowance for losses	Gross book value	Allowance for losses
(€ million)								
At 1 January 2019	15,708	(3)					15,708	(4)
Change in gross book values and allowances for losses	(1,045)		38	(1)			(1,008)	(1)
New production: purchase, granting, origination, etc.	4,747		37				4,785	
Deconsolidation: sale, redemption, maturity, etc.	(6,179)						(6,179)	
Write-offs							0	
Change in flows not giving rise to deconsolidation							0	
Change in the model / methodology							0	
Changes in consolidation scope							0	
Other	386			(1)			386	(1)
As at 31 December 2019	14,663	(3)	38	(1)	0	0	14,700	(4)

Off-balance sheet (financing and guarantee commitment)

	31/12/2020		
	Gross book value	Allowance for losses	Net amount
(€ million)			
Financing and guarantee commitments	28,521	0	0
Provisions for financing and guarantee commitments	0	99	0
Total financing and guarantee commitments	28,521	99	28,422

	31/12/2019		
	Gross book value	Allowance for losses	Net amount
(€ million)			
Financing and guarantee commitments	29,051	0	
Provisions for financing and guarantee commitments	0	40	
Total financing and guarantee commitments	29,051	40	29,010

	Assets subject to a 12-month ECL		Assets subject to a lifetime ECL		Impaired assets		TOTAL		
	(Bucket 1)		(Bucket 2)		(Bucket 3)		Gross book value (a)	Allowance for losses (b)	Net book Value (a) – (b)
	Gross book value	Allowance for losses	Gross book value	Allowance for losses	Gross book value	Allowance for losses			
(€ million)									
At 1 January 2020	28,545	25	475	14	30	1	29,051	40	29,011
Transfers of active assets from one bucket to another	(405)	0	395	9	10	2	0	11	(11)
Transfers of 12-month ECL (Bucket 1) to Lifetime ECL (Bucket 2)	(490)	(1)	490	13	0	0	0	12	(12)
Return of Lifetime ECL (Bucket 2) to 12-month ECL (Bucket 1)	93	1	(93)	(4)	0	0	0	(3)	3
Transfers of 12-month ECL (Bucket 1) to Impaired Lifetime ECL (Bucket 3)	(17)	0	0	0	17	2	0	2	(2)
Transfers of Lifetime ECL (Bucket 2) to Impaired Lifetime ECL (Bucket 3)	0	0	(4)	0	4	0	0	0	0
Return of Impaired Lifetime ECL (Bucket 3) to 12-month ECL (Bucket 1)	9	0	0	0	(9)	0	0	0	0
Return of Impaired Lifetime ECL (Bucket 3) to Lifetime ECL (Bucket 2)	0	0	2	0	(2)	0	0	0	0
Total after transfer	28,140	25	870	23	40	3	29,051	51	29,000
Change in gross book values and Allowances for losses	(782)	21	258	26	(5)	1	(530)	48	(578)
New production: purchase, granting, origination, etc.	9,715	31	582	31	14	1	10,311	63	0
Deconsolidation: sale, redemption, maturity, etc.	(10,497)	(10)	(324)	(5)	(19)	0	(10,841)	(15)	0
As at 31 December 2020	27,358	46	1,128	49	35	4	28,521	99	28,422

(€ million)	Assets subject to a 12-month ECL (Bucket 1)		Assets subject to a lifetime ECL (Bucket 2)		Impaired assets (Bucket 3)		TOTAL		
	Gross book value	Allowance for losses	Gross book value	Allowance for losses	Gross book value	Allowance for losses	Gross book value	Allowance for losses	Net book Value
	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)	(a) - (b)
At 1 January 2019	26,842	24	257	9	29	14	27,128	47	27,081
Transfers of active assets from one bucket to another	(177)	0	167	0	9	(3)	0	(4)	4
Transfers of 12-month ECL (Bucket 1) to Lifetime ECL (Bucket 2)	0	(1)	0	1	0	0	0	0	0
Return of Lifetime ECL (Bucket 2) to 12-month ECL (Bucket 1)	0	1	0	(1)	0	0	0	0	0
Transfers of 12-month ECL (Bucket 1) to Impaired Lifetime ECL (Bucket 3)	0	0	0	0	0	0	0	0	0
Transfers of Lifetime ECL (Bucket 2) to Impaired Lifetime ECL (Bucket 3)	0	0	0	0	0	0	0	0	0
Return of Impaired Lifetime ECL (Bucket 3) to 12-month ECL (Bucket 1)	0	0	0	0	0	(4)	0	(4)	0
Return of Impaired Lifetime ECL (Bucket 3) to Lifetime ECL (Bucket 2)	0	0	0	0	0	0	0	0	0
Total after transfer	26,666	23	424	9	38	11	27,128	43	27,085
Change in gross book values and Allowances for losses	1,879	2	51	5	(8)	(10)	1,923	(3)	1,925
New production: purchase, granting, origination, etc.	11,802	34	182	8	14	6	11,998	49	0
Deconsolidation: sale, redemption, maturity, etc.	(9,923)	(33)	(131)	(4)	(22)	(16)	(10,075)	(52)	0
As at 31 December 2019	28,545	25	475	14	30	1	29,051	40	29,010

Modified financial assets

Modified financial assets correspond to assets restructured for financial difficulties. These are receivables for which the entity has modified the initial financial conditions (interest rate, duration) for economic or legal reasons due to the borrower's financial difficulties, under conditions that would not have been envisaged in other circumstances. They concern receivables classified as defaulting, and since 1

January 2014, healthy receivables, at the time of their restructuring. A more detailed definition is provided in Note 2 "Principal accounting policies". An asset retains modified financial asset status when a restructuring event occurs, up to its derecognition.

For assets subject to restructuring during the period, the book value established after the restructuring is as follows:

(€ million)	Book value before transfer under restructuring	Amount of discount recognised in the income statement	Gross book value
31/12/2020			
Loans and receivables – Customers	135	(12)	123
Debt securities			
TOTAL	135	(12)	123

(€ million)	Book value before transfer under restructuring	Amount of discount recognised in the income statement	Gross book value
31/12/2019			
Loans and receivables – Customers	114	(10)	104
Debt securities			
TOTAL	114	(10)	104

Restructured assets whose stage of impairment corresponds to bucket 2 (impaired assets) or bucket 3 (impaired assets) may be returned to bucket 1 (healthy assets) in the event of subsequent improvement in the credit quality leading to the view that there is no longer a significant deterioration in credit quality. The amount of the impairment loss is then reduced to a level of expected losses within 12 months.

The gross carrying amount of the modified assets concerned by this reclassification during the period is :

(€ million)	31/12/2020
	Transfer to Bucket 1
Loans and receivables – Customers	7
Debt securities	
TOTAL MODIFIED FINANCIAL ASSETS	7

(€ million)	31/12/2019
	Transfer to Bucket 1
Loans and receivables – Customers	17
Debt securities	
TOTAL MODIFIED FINANCIAL ASSETS	17

Maximum Exposure to credit risk

	31/12/2020		
	Maximum net exposure to credit risk	Assets held as collateral and other credit enhancement techniques	Without guaranteed
<i>(€ million)</i>			
31/12/2020			
Financial assets at fair value through profit or loss	100,362	7,068	93,294
Financial assets held for trading	7,815	7,068	747
Financial assets designated at fair value option	6,012	0	6,012
Financial assets at fair value non-SPII	86,535	0	86,535
Hedging derivatives	1,443	1,443	
Financial assets measured at fair value through recyclable equity	230,388	153	230,234
Debt securities	230,388	153	230,234
Financial assets measured at amortised cost	263,757	87,364	176,394
Loans and advances to credit institutions	114,484	2,804	111,681
Loans and advances to customers	125,255	84,560	40,695
Debt securities	24,018		24,018
Off-balance sheet (financing and guarantee commitment)	28,521	1,227	27,294
Funding commitments given	25,891	1,227	24,664
Guaranteed commitments given	2,630	0	2,630
TOTAL MAXIMUM EXPOSURE TO CREDIT RISK	624,471	97,255	527,216

Credit risk concentration

Credit risk concentration by economic agent

	As at 31/12/2020			
	Book value			TOTAL
	Healthy or degraded assets		Impaired assets	
	Assets subject to a 12-month ECL	Assets subject to a lifetime ECL		
<i>(€ million)</i>	(Bucket 1)	(Bucket 2)	(Bucket 3)	
Retail clients	65,569	6,597	1,165	73,331
Administration	100,157	42	2	100,201
Central banks	41,500	-	0	41,500
Credit institutions	5,609	50	0	5,659
Financial companies	14,672	158	15	14,845
Non-financial companies	25,000	4,027	444	29,471
Impairment	(173)	(448)	(626)	(1,247)
TOTAL	252,334	10,426	1,000	263,760

	As at 31/12/2019			
	Book value			TOTAL
	Healthy or degraded assets		Impaired assets	
	Assets subject to a 12-month ECL	Assets subject to a lifetime ECL		
<i>(€ million)</i>	(Bucket 1)	(Bucket 2)	(Bucket 3)	
Retail clients	68,806	2,216	1,145	72,167
Administration	101,260	1	1	101,262
Central banks	0	0	0	0
Credit institutions	4,506	0	0	4,506
Financial companies	8,289	18	0	8,306
Non-financial companies	25,820	871	228	26,919
Impairment	(100)	(150)	(580)	(829)
TOTAL	208,581	2,956	794	212,331

Financial assets at fair value through recyclable equity	As at 31/12/2020			
	Book value			
	Healthy or degraded assets		Impaired assets	TOTAL
	Assets subject to a 12-month ECL	Assets subject to a lifetime ECL		
(€ million)	(Bucket 1)	(Bucket 2)	(Bucket 3)	
Retail clients	0	0	0	0
Administration	128,139	42	0	128,181
Central banks	2,612	0	0	2,612
Credit institutions	46,018	45	0	46,063
Financial companies	6,017	0	0	6,017
Non-financial companies	46,946	569	0	47,515
TOTAL	229,732	656	0	230,388
<i>Of which impairment</i>	<i>(361)</i>	<i>(11)</i>	<i>0</i>	<i>(372)</i>

Financial assets at fair value through recyclable equity	As at 31/12/2019			
	Book value			
	Healthy or degraded assets		Impaired assets	TOTAL
	Assets subject to a 12-month ECL	Assets subject to a lifetime ECL		
(€ million)	(Bucket 1)	(Bucket 2)	(Bucket 3)	
Retail clients	0	0	0	0
Administration	4,415	0	0	4,415
Central banks	0	0	0	0
Credit institutions	8,956	10	0	8,966
Financial companies	179	0	0	179
Non-financial companies	1,113	28	0	1,141
TOTAL	14,663	38	0	14,700
<i>Of which impairment</i>	<i>(3)</i>	<i>(1)</i>	<i>0</i>	<i>(4)</i>

Off-balance sheet (financing and guarantee commitment)	As at 31/12/2020			
	Commitment amount			
	Healthy or degraded commitments		Impaired commitments	TOTAL
	Commitments subject to a 12-month ECL	Commitments subject to a lifetime ECL		
(€ million)	(Bucket 1)	(Bucket 2)	(Bucket 3)	
Retail clients	10,433	423	28	10,884
Administration	5,583	4	0	5,587
Central banks	0	0	0	0
Credit institutions	2,794	24	0	2,818
Financial companies	1,694	8	0	1,702
Non-financial companies	6,854	670	7	7,531
<i>Provisions ⁽¹⁾</i>	<i>(46)</i>	<i>(50)</i>	<i>(3)</i>	<i>(99)</i>
TOTAL	27,312	1,079	32	28,423

Off-balance sheet (financing and guarantee commitment)	As at 31/12/2019			
	Commitment amount			
	Healthy or degraded commitments		Impaired commitments	TOTAL
	Commitments subject to a 12-month ECL	Commitments subject to a lifetime ECL		
(€ million)	(Bucket 1)	(Bucket 2)	(Bucket 3)	
Retail clients	10,919	196	26	11,141
Administration	5,522	0	0	5,522
Central banks	0	0	0	0
Credit institutions	1,621	100	0	1,721
Financial companies	2,312	0	0	2,312
Non-financial companies	8,171	180	4	8,354
Provisions ^(a)	(25)	(14)	(1)	(40)
TOTAL	28,520	462	29	29,010

(a) Expected or realised losses relating to off-balance sheet commitments are recognised as provisions under liabilities on the balance sheet

Retail credit risk exposure by rating class

Financial assets at amortised cost	As at 31/12/2020			
	Gross book value			
	Healthy or degraded assets		Impaired assets	TOTAL
	Assets subject to a 12-month ECL	Assets subject to a lifetime ECL		
(€ million)	(Bucket 1)	(Bucket 2)	(Bucket 3)	
PD < 1%	52,212	3,265	0	55,477
1% < PD < 3%	10,355	1,090	0	11,445
3% < PD < 10%	2,574	636	0	3,210
PD > 10%	428	1,606	0	2,034
Doubtful contracts - disputes	0	0	1,165	1,165
TOTAL	65,569	6,597	1,165	73,331

Financial assets at amortised cost	As at 31/12/2019			
	Gross book value			
	Healthy or degraded assets		Impaired assets	TOTAL
	Assets subject to a 12-month ECL	Assets subject to a lifetime ECL		
(€ million)	(Bucket 1)	(Bucket 2)	(Bucket 3)	
PD < 1%	57,456	15	0	57,471
1% < PD < 3%	8,081	169	0	8,250
3% < PD < 10%	3,246	735	0	3,982
PD > 10%	22	1,296	0	1,318
Doubtful contracts - disputes	0	0	1,145	1,145
TOTAL	68,806	2,216	1,145	72,167

Off-balance sheet (financing and guarantee commitment)	As at 31/12/2020			
	Commitment amount			
	Healthy or degraded commitments		Impaired commitments	TOTAL
	Commitments subject to a 12-month ECL	Commitments subject to a lifetime ECL		
(€ million)	(Bucket 1)	(Bucket 2)	(Bucket 3)	
PD < 1%	7,959	186	0	8,145
1% < PD < 3%	2,002	76	0	2,078
3% < PD < 10%	358	41	0	399
PD > 10%	114	120	0	234
Doubtful contracts - disputes	0	0	28	28
TOTAL	10,433	423	28	10,884

Off-balance sheet (financing and guarantee commitment)	As at 31/12/2019			
	Commitment amount			
	Healthy or degraded commitments		Impaired commitments	TOTAL
	Commitments subject to a 12-month ECL	Commitments subject to a lifetime ECL		
(€ million)	(Bucket 1)	(Bucket 2)	(Bucket 3)	
PD < 1%	9,691	7	0	9,698
1% < PD < 3%	957	46	0	1,003
3% < PD < 10%	269	38	0	307
PD > 10%	1	105	0	106
Doubtful contracts - disputes	0	0	26	26
TOTAL	10,919	196	26	11,141

Corporate credit risk exposure

Financial assets at amortised cost	As at 31/12/2020			
	Gross book value			
	Healthy or degraded assets		Impaired assets	TOTAL
	Assets subject to a 12-month ECL	Assets subject to a lifetime ECL		
(€ million)	(Bucket 1)	(Bucket 2)	(Bucket 3)	
AAA	1,411	136	0	1,547
AA	5,152	322	48	5,522
A	12,856	352	15	13,223
Other	20,253	3,375	396	24,024
TOTAL	39,672	4,185	459	44,316

Financial assets at amortised cost	As at 31/12/2019			
	Gross book value			
	Healthy or degraded assets		Impaired assets	TOTAL
	Assets subject to a 12-month ECL	Assets subject to a lifetime ECL		
(€ million)	(Bucket 1)	(Bucket 2)	(Bucket 3)	
AAA	1,569	2	3	1,574
AA	9,978	54	34	10,067
A	3,393	6	0	3,399
Other	19,168	828	190	20,186
TOTAL	34,108	889	228	35,225

Financial assets at fair value through recyclable equity	As at 31/12/2020			
	Fair value			
	Healthy or degraded assets		Impaired assets	TOTAL
	Assets subject to a 12-month ECL	Assets subject to a lifetime ECL		
(€ million)	(Bucket 1)	(Bucket 2)	(Bucket 3)	
AAA	2,464	0	0	2,464
AA	9,183	0	0	9,183
A	19,554	0	0	19,554
Other	21,763	569	0	22,332
TOTAL	52,964	569	0	53,533

Financial assets at fair value through recyclable equity	As at 31/12/2019			
	Fair value			
	Healthy or degraded assets		Impaired assets	TOTAL
	Assets subject to a 12-month ECL	Assets subject to a lifetime ECL		
(€ million)	(Bucket 1)	(Bucket 2)	(Bucket 3)	
AAA	0	0	0	0
AA	268	0	0	268
A	290	0	0	290
Other	734	28	0	762
TOTAL	1,291	28	0	1,319

Off-balance sheet (financing and guarantee commitment)	As at 31/12/2020			
	Commitment amount			
	Healthy or degraded commitments		Impaired commitments	TOTAL
	Commitments subject to a 12-month ECL	Commitments subject to a lifetime ECL		
(€ million)	(Bucket 1)	(Bucket 2)	(Bucket 3)	
AAA	469	80	0	549
AA	1,213	89	0	1,302
A	1,814	56	0	1,870
Other	5,052	453	7	5,512
TOTAL	8,548	678	7	9,233

Off-balance sheet (financing and guarantee commitment)	As at 31/12/2019			
	Commitment amount			
	Healthy or degraded commitments		Impaired commitments	TOTAL
	Commitments subject to a 12-month ECL	Commitments subject to a lifetime ECL		
(€ million)	(Bucket 1)	(Bucket 2)	(Bucket 3)	
AAA	725	0	0	725
AA	2,469	1	0	2,470
A	2,265	5	0	2,269
Other	5,024	174	4	5,202
TOTAL	10,483	180	4	10,667

Administration and central banks credit risk exposure

	As at 31/12/2020			
	Gross book value			
	Healthy or degraded assets		Impaired assets	TOTAL
	Assets subject to a 12-month ECL	Assets subject to a lifetime ECL		
(€ million)	(Bucket 1)	(Bucket 2)	(Bucket 3)	
AAA	2,271	0	0	2,271
AA	127,308	4	0	127,312
A	4,882	4	1	4,887
Other	7,195	34	1	7,230
TOTAL	141,656	42	2	141,700

	As at 31/12/2019			
	Gross book value			
	Healthy or degraded assets		Impaired assets	TOTAL
	Assets subject to a 12-month ECL	Assets subject to a lifetime ECL		
(€ million)	(Bucket 1)	(Bucket 2)	(Bucket 3)	
AAA	2,886	0	0	2,886
AA	88,158	0	0	88,158
A	2,825	1	1	2,827
Other	7,391	1	0	7,392
TOTAL	101,261	1	1	101,262

	As at 31/12/2020			
	Fair value			
	Healthy or degraded assets		Impaired assets	TOTAL
	Assets subject to a 12-month ECL	Assets subject to a lifetime ECL		
(€ million)	(Bucket 1)	(Bucket 2)	(Bucket 3)	
AAA	5,159	0	0	5,159
AA	102,296	0	0	102,296
A	4,161	0	0	4,161
Other	19,135	42	0	19,177
TOTAL	130,751	42	0	130,793

	As at 31/12/2019			
	Fair value			
	Healthy or degraded assets		Impaired assets	TOTAL
	Assets subject to a 12-month ECL	Assets subject to a lifetime ECL		
(€ million)	(Bucket 1)	(Bucket 2)	(Bucket 3)	
AAA	805	0	0	805
AA	2,836	0	0	2,836
A	404	0	0	404
Other	370	0	0	370
TOTAL	4,415	0	0	4,415

Off-balance sheet (financing and guarantee commitment)	As at 31/12/2020				
	Commitment amount				
	Healthy or degraded commitments		Impaired commitments	TOTAL	
	Commitments subject to a 12-month ECL	Commitments subject to a lifetime ECL			
(€ million)	(Bucket 1)	(Bucket 2)	(Bucket 3)		
AAA	120	0	0	120	
AA	854	3	0	857	
A	2,123	1	0	2,124	
Other	2,487	0	0	2,487	
TOTAL	5,584	4	0	5,588	

Off-balance sheet (financing and guarantee commitment)	As at 31/12/2019				
	Commitment amount				
	Healthy or degraded commitments		Impaired commitments	TOTAL	
	Commitments subject to a 12-month ECL	Commitments subject to a lifetime ECL			
(€ million)	(Bucket 1)	(Bucket 2)	(Bucket 3)		
AAA	0	0	0	0	
AA	1,147	0	0	1,147	
A	3,256	0	0	3,256	
Other	1,119	0	0	1,119	
TOTAL	5,522	0	0	5,522	

Credit institutions credit risk exposure

Financial assets at amortised cost	As at 31/12/2020				
	Gross book value				
	Healthy or degraded assets		Impaired assets	TOTAL	
	Assets subject to a 12-month ECL	Assets subject to a lifetime ECL			
(€ million)	(Bucket 1)	(Bucket 2)	(Bucket 3)		
AAA		0	0	0	
AA	954	0	0	954	
A	1,852	0	0	1,852	
Other	2,803	50	0	2,853	
TOTAL	5,609	50	0	5,659	

Financial assets at amortised cost	As at 31/12/2019				
	Gross book value				
	Healthy or degraded assets		Impaired assets	TOTAL	
	Assets subject to a 12-month ECL	Assets subject to a lifetime ECL			
(€ million)	(Bucket 1)	(Bucket 2)	(Bucket 3)		
AAA	1	0	0	1	
AA	2,177	0	0	2,177	
A	1,828	0	0	1,828	
Other	500	0	0	500	
TOTAL	4,506	0	0	4,506	

Financial assets at fair value through recyclable equity	As at 31/12/2020			
	Fair value			
	Healthy or degraded assets		Impaired assets	TOTAL
	Assets subject to a 12-month ECL	Assets subject to a lifetime ECL		
(€ million)	(Bucket 1)	(Bucket 2)	(Bucket 3)	
AAA	8,723	0	0	8,723
AA	10,272	0	0	10,272
A	20,677	25	0	20,702
Other	6,345	20	0	6,365
TOTAL	46,017	45	0	46,062

Financial assets at fair value through recyclable equity	As at 31/12/2019			
	Fair value			
	Healthy or degraded assets		Impaired assets	TOTAL
	Assets subject to a 12-month ECL	Assets subject to a lifetime ECL		
(€ million)	(Bucket 1)	(Bucket 2)	(Bucket 3)	
AAA	50	0	0	50
AA	756	0	0	756
A	5,138	0	0	5,138
Other	3,011	10	0	3,021
TOTAL	8,956	10	0	8,966

Off-balance sheet (financing and guarantee commitment)	As at 31/12/2020			
	Commitment amount			
	Healthy or degraded commitments		Impaired commitments	TOTAL
	Commitments subject to a 12-month ECL	Commitments subject to a lifetime ECL		
(€ million)	(Bucket 1)	(Bucket 2)	(Bucket 3)	
AAA	85	9	0	94
AA	1,645	0	0	1,645
A	844	0	0	844
Other	219	15	0	234
TOTAL	2,793	24	0	2,817

Off-balance sheet (financing and guarantee commitment)	As at 31/12/2019			
	Commitment amount			
	Healthy or degraded commitments		Impaired commitments	TOTAL
	Commitments subject to a 12-month ECL	Commitments subject to a lifetime ECL		
(€ million)	(Bucket 1)	(Bucket 2)	(Bucket 3)	
AAA	0	0	0	0
AA	1,121	0	0	1,121
A	500	0	0	500
Other	0	100	0	100
TOTAL	1,621	100	0	1,721

Credit risk exposure by geographical area

	As at 31/12/2020			
	Gross book value			
	Healthy or degraded assets		Impaired assets	TOTAL
	Assets subject to a 12-month ECL	Assets subject to a lifetime ECL		
(€ million)	(Bucket 1)	(Bucket 2)	(Bucket 3)	
France (including overseas territories - DOM-TOM)	239,830	10,346	1,513	251,689
Other EU countries	12,248	288	76	12,612
Other European countries	51	36	1	88
Other	377	204	36	617
Impairment	(173)	(448)	(626)	(1,247)
TOTAL	252,333	10,426	1,000	263,759

	As at 31/12/2019			
	Gross book value			
	Healthy or degraded assets		Impaired assets	TOTAL
	Assets subject to a 12-month ECL	Assets subject to a lifetime ECL		
(€ million)	(Bucket 1)	(Bucket 2)	(Bucket 3)	
France (including overseas territories - DOM-TOM)	194,520	3,102	1,340	198,963
Other EU countries	13,644	3	19	13,667
Other European countries	78	0	1	79
Other	438	0	13	452
Impairment	(100)	(150)	(580)	(829)
TOTAL	208,581	2,956	794	212,331

	As at 31/12/2020			
	Fair value			
	Healthy or degraded assets		Impaired assets	TOTAL
	Assets subject to a 12-month ECL	Assets subject to a lifetime ECL		
(€ million)	(Bucket 1)	(Bucket 2)	(Bucket 3)	
France (including overseas territories - DOM-TOM)	121,038	60	0	121,098
Other EU countries	67,693	308	0	68,001
Other European countries	8,469	125	0	8,594
Other	32,532	163	0	32,695
TOTAL	229,732	656	0	230,388
<i>Of which impairment</i>	(361)	(11)	0	(372)

	As at 31/12/2019			
	Fair value			
	Healthy or degraded assets		Impaired assets	TOTAL
	Assets subject to a 12-month ECL	Assets subject to a lifetime ECL		
(€ million)	(Bucket 1)	(Bucket 2)	(Bucket 3)	
France (including overseas territories - DOM-TOM)	5,065	19	0	5,085
Other EU countries	6,090	18	0	6,108
Other European countries	367	0	0	367
Other	3,140	0	0	3,140
TOTAL	14,663	38	0	14,700
<i>Of which impairment</i>	(3)	(1)	0	(4)

Off-balance sheet (financing and guarantee commitment)	As at 31/12/2020			
	Commitment amount			
	Healthy or degraded commitments		Impaired commitments	TOTAL
Commitments subject to a 12-month ECL (Bucket 1)	Commitments subject to a lifetime ECL (Bucket 2)	(Bucket 3)		
(€ million)				
France (including overseas territories - DOM-TOM)	26,912	1,120	34	28,066
Other EU countries	425	8	0	433
Other European countries	8	0	0	8
Other	13	1	0	14
Provisions ^(a)	(46)	(50)	(3)	(99)
TOTAL	27,312	1,079	31	28,422

Off-balance sheet (financing and guarantee commitment)	As at 31/12/2019			
	Commitment amount			
	Healthy or degraded commitments		Impaired commitments	TOTAL
Commitments subject to a 12-month ECL (Bucket 1)	Commitments subject to a lifetime ECL (Bucket 2)	(Bucket 3)		
(€ million)				
France (including overseas territories - DOM-TOM)	28,020	475	30	28,526
Other EU countries	510	0	0	511
Other European countries	2	0	0	2
Other	12	0	0	12
Provisions ^(a)	(25)	(14)	(1)	(40)
TOTAL	28,520	462	29	29,010

(a) Expected or realised losses relating to off-balance sheet commitments are recognised as provisions under liabilities on the balance sheet.

34.2.7. 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. These exposures include deposits centralised at Caisse des Dépôts.

31/12/2020 (€ million)	Bank portfolio	Assets at fair value through profit or loss	Total direct exposure (a)	Repo	Off-balance sheet	Total direct and indirect exposure (b)	Exposure (as a %)
Germany	4,716	291	5,007	393	0	5,400	1.8%
Austria	2,488	6	2,494	133	0	2,627	0.9%
Belgium	10,448	312	10,760	1,521	0	12,281	4.2%
Spain	12,911	124	13,035	0	0	13,035	4.5%
France	208,599	3,527	212,126	12,375	1,036	225,537	77.1%
Italy	8,389	783	9,172	154	0	9,326	3.2%
Netherlands	341	5	346	0	0	346	0.1%
Poland	355	36	391	0	0	391	0.1%
Portugal	1,370	80	1,450	0	0	1,450	0.5%
Other European countries	208	55	263	9	1	273	0.1%
Supranational	4,814	732	5,546	16	0	5,562	1.9%
TOTAL EUROPE	254,639	5,951	260,590	14,601	1,037	276,228	94.4%
Brasil	2,918	12,216	15,134	0	0	15,134	5.2%
Canada	269	0	269	0	0	269	0.1%
Korea, South	64	0	64	94	0	158	0.1%
Japan	65	474	539	0	0	539	0.2%
Other countries	153	57	210	0	0	210	0.1%
TOTAL REST OF THE WORLD	3,469	12,747	16,216	94	0	16,310	5.6%
TOTAL	258,108	18,698	276,806	14,695	1,037	292,538	100%

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

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

31/12/2019 (€ million)	Bank portfolio	Assets at fair value through profit or loss	Total direct exposure (a)	Repo	Off-balance sheet	Total direct and indirect exposure (b)	Exposure (as a %)
Germany	2,795	0	2,795	228	0	3,023	2.9%
Austria	14	0	14	0	0	14	0.0%
Belgium	3,660	0	3,660	310	0	3,970	3.7%
Spain	1,743	196	1,939	0	0	1,939	1.8%
France	87,151	629	87,780	6,328	761	94,869	89.5%
Italy	292	681	973	3	0	976	0.9%
Netherlands	178	0	178	0	0	178	0.2%
Poland	16	0	16	0	0	16	0.0%
Portugal	420	0	420	0	0	420	0.4%
Other European countries	94		94			94	0.1%
Supranational	0		0			0	0.0%
TOTAL EUROPE	96,363	1,506	97,869	6,869	761	105,499	99.5%
Brasil	0	0	0	0	0	0	0.0%
Canada	361		361			361	0.3%
Korea, South	48		48			48	0.0%
Japan	123		123			123	0.1%
Other countries	6		6			6	0.1%
TOTAL REST OF THE WORLD	538	0	538	0	0	538	0.5%
	0	0	0	0	0	0	0.0%
TOTAL	96,902	1,506	98,407	6,869	761	106,037	100%

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

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

34.3 Market risk and hedging accounting

34.3.1 Derivatives operations: breakdown by maturity (notional)

The breakdown of derivatives market value is presented by contractual residual maturity

Hedging derivativ

(€ million)	31/12/2020							
	Less than 1 year	1 to 5 years	> 5 years	TOTAL	Less than 1 year	3 months to 1 year	> 5 years	TOTAL
	ASSETS				LIABILITIES			
Interest rate instruments	11	766	665	1,442	11	327	346	684
Interest rate swaps	11	766	665	1,442	11	327	346	684
Caps-floors-collars								
Foreign currency instruments	0	0	0	0	7	0	72	79
Firm foreign exchange transactions	0	0	0	0	7	0	72	79
Credit instruments	0	0	0	0	0	0	0	0
Other instruments	0	0	0	0	0	0	0	0
Total fair value hedging derivatives	11	766	665	1,442	18	327	418	763

	31/12/2019							
	Less than 1 year	1 to 5 years	> 5 years	TOTAL	Less than 1 year	3 months to 1 year	> 5 years	TOTAL
	ASSETS				LIABILITIES			
<i>(€ million)</i>								
Interest rate instruments	44	895	549	1,488	5	197	379	582
Interest rate swaps	44	895	549	1,488	5	197	379	582
Caps-floors-collars	0	0	0	0	0	0	0	0
Other interest rate instruments	0	0	0	0	9	0	0	9
Foreign currency instruments	0	0	0	0	9	0	0	9
Firm foreign exchange transactions	0	0	0	0	0	0	0	0
Credit instruments	0	0	0	0	0	0	0	0
Other instruments	0	0	0	0	0	0	0	0
Total fair value hedging derivatives	44	895	549	1,488	14	197	379	591

Trading derivatives

	31/12/2020							
	Less than 1 year	1 to 5 years	> 5 years	TOTAL	Less than 1 year	3 months to 1 year	> 5 years	TOTAL
	ASSETS				LIABILITIES			
<i>(€ million)</i>								
Interest rate instruments	11	264	606	881	10	233	584	827
Interest rate swaps	6	225	545	776	5	203	554	762
Options Caps-floors-collars	5	39	61	105	5	30	30	65
Foreign currency instruments	11	65	81	157	110	322	449	881
Firm foreign exchange transactions	11	65	81	157	110	322	449	881
Credit instruments	0	5	0	5	0	14	0	14
Other instruments	89	302	8	399	14	70	0	84
Total fair value trading derivatives	111	636	695	1,442	134	639	1,033	1,806

	31/12/2019							
	Less than 1 year	1 to 5 years	> 5 years	TOTAL	Less than 1 year	3 months to 1 year	> 5 years	TOTAL
	ASSETS				LIABILITIES			
<i>(€ million)</i>								
Interest rate instruments	19	227	457	703	16	210	423	650
Interest rate swaps	17	208	440	665	15	190	404	609
Options Caps-floors-collars	2	19	18	39	1	20	20	41
#REF!	0		0	0	0	0	0	0
Foreign currency instruments	112	24	3	139	37	24	2	63
Firm foreign exchange transactions	112	24	3	139	37	24	2	63
Credit instruments	0	43	0	43	0	58	0	58
Other instruments	0	0	0	0	0	11	0	12
Total fair value trading derivatives	131	294	460	885	53	303	426	783

34.3.2 General risk management strategy framework

General framework

Market risks reflect the potential impact of changes in the financial markets on the Bank's net profit/(loss) or its balance sheet. They include price risk, currency risk and commodity risk.

Most of the items in the balance sheet generate interest income and expenses whose amounts are exposed to interest rate changes, either through the implementation of new transactions where the rate is unknown, or through the comparative assessment of the rate at which existing transactions would have been implemented. In the first case, it is a cash flow risk, whereas in the second case, it is a fair value risk.

The final version published by the International Accounting Standards Board (IASB) of the Hedge Accounting Directive of IFRS 9 allows reporting entities to defer application of the new hedge accounting requirements. La Banque Postale Group has therefore decided for the time being to maintain the principles of IAS 39 with regard to hedge accounting. With regard to macro-hedging, the European Union's provisions relating to fair value hedging of a portfolio of interest rate items continue to apply.

Reform of benchmark interest rates

The new EU Benchmark Regulation 2016/1011, also known as "BMR", is the European legislative response to strengthen the regulatory framework applicable to benchmark interest rates, and in particular InterBank Offered Rates (IBORs). Reforming benchmark interest rates entails the replacement of or change of the market-wide calculation method of a current benchmark interest rate with an alternative reference rate. It will affect rates both inside the Euro zone (EONIA, EURIBOR) and outside the Euro zone (LIBOR). This regulation has been applicable since 1 January 2018, but a transitional period for its adoption has been granted due to operational and legal complexities. The deadline for applying the new BMR-compliant benchmark rates is 1 January 2022.

La Banque Postale Group is affected by this reform, as some of its financial instruments are indexed to an IBOR rate that will be replaced or whose calculation method will be modified. As such, the Group anticipates significant operational (strategic, IT), legal and accounting impacts. In addition, a project organisation and governance has been set up to provide operational training on the various impacts of compliance with the BMR Regulation and the disappearance of certain benchmark rates (EONIA, LIBORs). This project covers, among other things:

- The mapping of the positions affected by rate reforms;
- The updating of contracts to comply with BMR requirements and new market practices. As of 31 December 2020, no renegotiations have taken place;
- Remediation of existing contracts for the inclusion or improvement of fallback clauses in the event of the disappearance of a benchmark rate as of 1 January 2022. Nevertheless, the remediation effort can be considered low for the La Banque Postale

Group. As of 31 December 2020, the majority of contracts drafted by the Group include fallback clauses in the event of the disappearance of a benchmark rate. In addition, the number of EONIA or LIBOR indexed contracts maturing beyond 2021, including framework agreements issued by market authorities, is insignificant;

- The drafting of procedures to comply with the BMR regulation (Robust Written Plans);
- The updating of systems to take into account the new reference rates and the possible transformation of certain rates (LIBOR, EONIA);
- The management of the risks arising from the reform, whether legal, operational or financial;
- External and internal communications in connection with the reform of reference rates.
 - Due to their high exposure to benchmark rates, and while maintaining a comprehensive approach to the treatment of effects for the Group as a whole, the Corporate and Regional Development and the Financing and Investment Bank Divisions played a key role in steering this project. Whenever deemed necessary, each project has given rise to tangible and specific actions such as the modification of the general conditions of certain contracts or adapting systems to support a new benchmark rate in the Euro zone (€STR, SOFR, SONIA). However, it is expected that this project will remain active until the beginning of 2022 because of the various actions to be carried out in the future, such as the modification of contracts (amendments) and systems (updating calculations to use new rates) to the potential (LIBOR) or expected (EONIA) disappearance of certain rates at the beginning of 2022 or 2023.
- As a result of the reform, the contractual cash flows of financial instruments indexed to a reference rate will be changed when switching to an alternative benchmark rate. Since benchmark rates differ from one market to another, they will not be replaced at the same time and in the same way. In the period prior to replacement, uncertainties may remain regarding the timing and amount of future cash flows until the alternative benchmark rate and replacement date are known. Where the instruments affected by the reform are qualified either as hedged instruments or as hedging instruments in a hedging relationship under IAS 39, these uncertainties could affect La Banque Postale's ability to meet certain prospective and retrospective assessment requirements. This reason alone could require La Banque Postale to discontinue the use of hedge accounting when the other criteria for applicability are met.
- As of 31 December 2020, the Group is assessing the degree of uncertainty to which its FVH hedging derivatives are exposed. The Group is mainly exposed to EONIA and EURIBOR and to a lesser extent to USD LIBOR.

EURIBOR

- In July 2019, the French Financial Markets and Services Authority (*Autorité des services et marchés financiers* – FSMA) granted the European Money Markets Institute (EMMI) an authorisation as administrator of the EURIBOR reference rate, thereby confirming that the requirements of the BMR have been met. Thus, EURIBOR can still be used for new and existing contracts. At the end of October 2019, following the new EURIBOR calculation methodology, EURIBOR became EURIBOR Hybrid. Any reference to EURIBOR will refer de facto to the new benchmark. In this regard, the Group does not envisage that EURIBOR will cease to exist in the foreseeable future nor the change of the hedged risk to a new benchmark rate. For this reason, the Group does not consider fair value hedges whose benchmark rate is EURIBOR to be directly affected by the reform as of 31 December 2020.

EONIA

- As of 2 October 2019, the EONIA has been replaced by the €STR (Euro Short Term Rate) and calculated on its basis by adding a spread of 8.5 bps. The two rates will coexist until 1 January 2022.

USD LIBOR

- The USD LIBOR is scheduled to be replaced by the SOFR (Secured Overnight Financing Rate) which has been published since April 2018. As of the closing date, the expiry date of the USD LIBOR is uncertain (a consultation is underway on this subject). Moreover, it is not clear how this changeover will take place or even whether it will take place in all contracts.

Type of hedging – Management of related risks

- As part of the management of market risk associated with asset/liability balances and the risk management policy, La Banque Postale implements hedging using derivative instruments.
- This economic hedging reflects different accounting types.
- When derivatives are held for trading, they are held in symmetry with the hedged underlying; they do not fall under the category of derivatives used for hedging under the accounting meaning. There is no hedge accounting.
- Hedging derivatives that qualify as hedging instruments according to IAS 39 are classified in “Fair value hedges” or “Cash flow hedges”.

Fair value hedges

- Fair value hedging enables exposure to fluctuations in the fair value of financial assets or liabilities; it is mainly used to hedge interest rate risk on fixed-rate assets and liabilities and on sight deposits, as part of the options allowed by the European Union. The derivatives used to hedge fair value stabilise the value by evolving in an opposite direction to that of the hedged item. Hedging is considered effective when the hedging instrument’s change in value offsets that of the hedged instrument effectively, i.e. when the ratio between

the two changes in value remains within a range of 80% to 125%.

Cash flow hedges: Cash Flow Hedge and all-in-one Cash Flow Hedge

- 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 derivatives used for cash flow hedging must effectively enable cash flows to be fixed. In the specific case of forward contracts, they are all-in-one cash flow hedges which are, by construction, effective given that these contracts hedge the underlying specified for delivery (the contracts incorporate both the derivative and the underlying, which explains the name “all-in-one”).

Macro-hedging

- La Banque Postale applies the provisions of IAS 39 as adopted by the European Union to macro-hedging transactions 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 and uses. The flow rate of these hedging swaps is systematically shorter than the probable flow rate of the fixed rate hedged items. This is known as the bottom-layer approach. In the event of over-hedging, the effectiveness test conducted by La Banque Postale shows that it is not complied with and the ineffective portion of the hedging derivative is systematically cancelled.

Hedging instruments

- La Banque Postale Group uses several types of hedging derivatives to manage the interest rate and currency risks of balance sheet items.
- For interest rate swaps (over the counter contracts enabling the exchange, based on a nominal amount, of interest rate flows calculated using a fixed rate against interest rate flows calculated using a floating rate), La Banque Postale Group favours these swaps over OIS swaps.
- For options (over the counter contracts between two counterparties giving the buyer the option of hedging beyond a certain level), La Banque Postale Group used Caps to hedge against an increase in interest rates beyond a predetermined level (ceiling or exercise rate, also called the strike rate), against the – generally immediate – payment of a premium.
- For currency swaps, La Banque Postale Group uses cross currency swaps (currency swaps, with payer of the rate in currency and receiver of the floating rate in euros). The cross currency swap ensures both financing in foreign currency and currency hedging (financing and interest). Currency flows for the security and swap are

completely matched in terms of amounts, dates and outflows.

- **34.3.3. Scopes and economic ties with the hedged risk (underlying)**
- **Underlyings**
- La Banque Postale carries out hedging of transactions in the Group's balance sheet (for both customer and financial origins) with derivatives traded with market counterparties. These transactions depend on the portfolio's accounting business model.
- The transactions use different hedging strategies aiming mainly to hedge interest rate risk.

Covered item	Scénarios 2021 (effective)	
	Derivatives	Coverage
Fixed rate loans	Fixed Payor Swap	Macro-hedging "carve-out" of fair value (CO-FVH: Carve-out Fair value hedge)
	Fixed Payor Swap	Fair value hedge (FVH: Fair value Hedge)
	Fixed Payor Swap	Cash Flow Hedge (CFH) (a)
Fixed-rate securities purchased	Fixed Payor Swap	Macro-hedging "carve-out" of fair value (CO-FVH: Carve-out Fair value hedge)
	Fixed Payor Swap	Fair value hedge (FVH: Fair value Hedge)
Fixed-rate securities purchased forward	Forward	All-in-one cash flow hedge ("all-in-one CFH": all-in-one cash flow hedge)
Capped revisable rate assets	Cape purchased	Macro-hedging "carve-out" of fair value (CO-FVH: Carve-out Fair value hedge)
Fixed rate customer deposits	Fixed receiver swap	Macro-hedging "carve-out" of fair value (CO-FVH: Carve-out Fair value hedge)
Fixed-rate bond issue	Fixed receiver swap	Fair value hedge (FVH: Fair value Hedge)

- **Underlying hedged assets**

- The hedged risk corresponds to the interest rate risk in value attached to fixed rate bonds and customer loans (real estate, consumer), and to cash flow interest rate risk (purchase of term bonds).

- **Underlying hedged liabilities**

- The hedged risk corresponds to the interest rate risk in value attached to fixed rate customer deposits (sight, Home Loan Savings Plans), and fixed rate bond issues.

- **Sources of ineffectiveness**

- **Hedging of a security by a swap**

- There are two types of fair value hedging:
- Hedging against EURIBOR: Hedges against EURIBOR are valued using a EURIBOR discount curve for securities, whilst derivatives are valued using an EONIA curve. The introduction of two different discount curves creates a slight hedge ineffectiveness, which will be all the more significant as the EONIA-EURIBOR spread will vary over time (the ineffectiveness stems from changes in the fair value of the variable

component of the swap, since this rate is not a daily rate [such as EONIA] but a prefixed rate [such as EURIBOR]);

- Hedging against EONIA: Hedges against EONIA are valued using an EONIA discount curve for securities and derivatives. Thus, the mathematical hedging between the security and the swap (security discounted against EONIA with restatement of the credit component and swap discounted against EONIA) is perfect – for this reason they are considered to be 100% effective and do not require retrospective effectiveness tests.

- **Hedging of several securities by several swaps**

- The defined principles enable the attainment of simplified hedging documentation that is considered to be **100% effective**, whilst correctly managing the accounting treatment of the hedged rate component and, in particular, the recycling of hedging results according to the securities' transactions carried out.

- The securities and their hedging (a swap, more exceptionally several swaps) are grouped by macro-hedging "strategy". Each macro-hedging strategy complies with the following constraints:

1. the strategy's securities and swaps have a maturity date included in the same bucket for a maximum period of one year;
2. the notional amount of the strategy's swap must be strictly lower than the total principal amount of the securities;
3. the maturity of the strategy's swap must be less than or equal to the smallest maturity of the strategy's securities;
4. the sensitivity of the strategy's swap must be less than or equal to the overall sensitivity of the securities;
5. if there are several swaps in the strategy, they must be executed on the same day;
6. once the securities and swap(s) have been matched, no additional securities can be purchased under the strategy, only the sales of securities and unwinding of swaps are authorised.

- As part of this management framework, once a hedging strategy has been constituted, new securities or new swaps must not be introduced. This guarantees that during the hedging period, all the securities and swaps have had homogeneous value changes (in respect of interest rate risk) over time.

- La Banque Postale has set itself unwinding rules by following the principal amount of the securities sold, strategy by strategy, to constantly comply with the defined constraints, and by partially cancelling swap outstandings that exceed the principal of the remaining securities on the

same day the securities are sold. In the event of over-hedging, the effectiveness test put in place by La Banque Postale is not met; in this event, an "ineffectiveness" figure is then calculated, and the over-hedged amount of the hedging derivative is systematically cancelled.

- Macro-hedging: the sources of ineffectiveness mainly consist of the disappearance of the underlying item.

Hedging ratio

- The hedging ratio (quantity of items hedged/quantity of hedging instruments) corresponds to the ratio used by La Banque Postale in its operational risk management.

- The hedging ratio is calculated as follows: at each closing date, the retrospective documentation consists of checking that the change in value of the hedged item since the origin is consistent with the change in the hedging item, and that the ratio of value changes remains within a range of 80% to 125%. To assess whether the hedge is highly effective, the Group assumes that the reform of benchmark interest rates does not change the benchmark interest rate on which the cash flows of the hedging instrument are based. If La Banque Postale concludes that the ratio of changes is outside the range of 80% to 125% as a result of the reform, the hedging relationship does not cease but the ineffectiveness is recognised in the income statement.

Effectiveness test

La Banque Postale conducts an effectiveness test at least twice per half year.

Cash flow hedging

- La Banque Postale uses the hypothetical derivative method for cash flow hedges. This hypothetical derivative method consists of comparing the changes in value of the derivative instrument to the changes in value of a fictional derivative instrument called the hypothetical derivative that perfectly represents the hedged risk.

Fair Value Hedge

Hedging of a security by a swap

- La Banque Postale uses the hypothetical derivative method for micro-hedging on EURIBOR swaps. Working from the assumption that swaps against EONIA are 100% effective in micro-hedging, the method consists of creating an EONIA swap that could have been set up during the hedging (exactly replicating the security) and it assesses the change in value of this swap compared to the change in value of the swap that was actually set up.
- The residual ineffectiveness corresponds to the sum of changes in value of the hedged item and the hedging item. The security and swap are valued using an identical and constant rate curve, with only the market exchange rate taken into account. Thus, the change in value of the security valued in this way is independent from changes in interest rates and is only impacted by the change in exchange rates.
- In cases where the effectiveness test is not complied with, La Banque Postale requires that all or part of the hedging underlying is cancelled. For this, effectiveness tests are carried out before and after disposals to ensure the cancellation operation is compliant.
- Hedging of several securities by a swap
- To ensure the monitoring of the hedging strategy, La Banque Postale has set up rolling documentation of hedging strategies to substantiate the absence of new or additional securities on existing positions.
- Hedging of several loans by several swaps (bottom-layer/carve out)
- For a sub-group of fixed-rate customer contracts, La Banque Postale carries out tests to ensure that the flow of the hedged underlyings is much higher than that of the nominal amount of the derivatives (swaps or options) used for hedging. If the nominal amount of the derivatives is higher, this ends the hedging relationship and the derivative(s) is/are systematically cancelled.

Fair value and cash flow hedging derivatives

(€ million)	As at 31/12/2020		
	Assets	Liabilities	Notional (1)
Interest rate instruments	1,443	684	51,596
Interest rate swaps	1,443	684	51,477
Caps-floors-collars-interest-rate options	0	0	119
Foreign currency instruments	0	0	798
Firm foreign exchange transactions	0	0	798
Other instruments	0	0	0
TOTAL FAIR VALUE HEDGING DERIVATIVES	1,443	684	52,394
Interest rate instruments	0	0	140
Foreign currency instruments	0	79	741
Firm foreign exchange transactions	0	79	741
Other instruments	0	0	0
TOTAL CASH FLOW HEDGING DERIVATIVES	0	79	881
TOTAL HEDGING DERIVATIVES	1,443	763	53,275

(1) The notional amounts of hedging derivatives that fall within the scope of the amendment to IFRS 9, IAS 39 and IFRS 7 "Interest Rate Benchmark Reform" are as follows:

Notional amount of FVH derivatives by maturity	1 year	4 years	> 4 years
EONIA	5,368	23,335	12,110
LIBOR USD	70	811	125

The notional amounts of hedging derivatives that do not fall (*) within the scope of the amendment to IFRS 9, IAS 39 and IFRS 7 "Interest Rate Benchmark Reform" are as follows:

Notional amount of FVH derivatives by maturity	1 year	4 years	> 4 years
EURIBOR	117	5,541	4,000

(*) no uncertainty on EURIBOR, as explained in 34.3.2 "Interest Rate Benchmark Reform" above.

The notional amounts of hedging derivatives are broken down according to the following maturities:

- 1 year: Period between the balance-sheet date and the deadline set at 31 December 2021 for using the new reference rates respecting the BMR;
- 4 years: Duration between 1 January 2022 and 31 December 2024. When a bank contributing to the calculation of a critically important benchmark decides to leave this panel, it remains bound to it for a period of 4 years from 1 January 2020, and is then renewed from year to year.

(€ million)	As at 31/12/2019		
	Assets	Liabilities	Notional
Interest rate instruments	1,488	582	50,150
Interest rate swaps	1,488	582	49,990
Caps-floors-collars-interest-rate options	0	0	160
Foreign currency instruments	0	9	137
Firm foreign exchange transactions	0	9	137
Other instruments	0	0	0
TOTAL FAIR VALUE HEDGING DERIVATIVES	1,488	591	50,287
Interest rate instruments	0	0	0
Foreign currency instruments	0	0	0
Other instruments	0	0	0
TOTAL CASH FLOW HEDGING DERIVATIVES	0	0	0
TOTAL HEDGING DERIVATIVES	1,488	591	50,287

Hedging derivatives operations: breakdown by maturity (notional)

The breakdown of the notional amounts of derivative instruments is presented by residual contractual maturity.

(€ million)	As at 31/12/2020			
	< 1 year	1 to 5 years	> 5 years	TOTAL
Interest rate instruments	5,597	35,263	10,736	51,596
Interest rate swaps	5,555	35,208	10,714	51,477
Caps-floors-collars-interest-rate options	42	55	22	119
Foreign currency instruments	340	0	459	799
Firm foreign exchange transactions	340	0	459	799
Other instruments	0	0	0	0
TOTAL FAIR VALUE HEDGING DERIVATIVE NOTIONALS	5,937	35,263	11,195	52,395
Interest rate instruments	140	0	0	140
Foreign currency instruments	334	0	407	741
Credit instruments	0	0	0	0
Other instruments	0	0	0	0
TOTAL CASH FLOW HEDGING DERIVATIVE NOTIONALS	474	0	407	881
TOTAL HEDGING DERIVATIVE NOTIONALS	6,411	35,263	11,602	53,276

(€ million)	As at 31/12/2019			
	< 1 year	1 to 5 years	> 5 years	TOTAL
Interest rate instruments	5,454	31,983	12,714	50,151
Interest rate swaps	5,441	31,862	12,687	49,990
Caps-floors-collars-interest-rate options	13	121	27	161
Foreign currency instruments	137	0	0	137
Firm foreign exchange transactions	137	0	0	137
Other instruments	0	0	0	0
TOTAL FAIR VALUE HEDGING DERIVATIVE NOTIONALS	5,591	31,983	12,714	50,288
Interest rate instruments	0	0	0	0
Foreign currency instruments	0	0	0	0
Credit instruments	0	0	0	0
Other instruments	0	0	0	0
TOTAL CASH FLOW HEDGING DERIVATIVE NOTIONALS	0	0	0	0
TOTAL HEDGING DERIVATIVE NOTIONALS	5,591	31,983	12,714	50,288

Fair value hedge

Hedged items

Fair value micro-hedging	31/12/2020			
	Existing hedging		Discontinued hedges	Fair value adjustment over the period related to the hedge (including discontinued hedges during the period)
	Book value	of which total fair value adjustments related to the hedge	Total fair value adjustments related to the hedge still to be amortised	
(€ million)				
ASSETS				
Interest rate	12,333	325	0	105
Foreign exchange	0	0	0	0
Other	0	0	0	0
Financial instruments at fair value through equity	12,333	325	0	105
Interest rate	1,000	14	0	2
Foreign exchange	0	0	0	0
Other	182	0	0	0
Financial instruments at amortised cost	1,182	14	0	2
	0	0	0	0
LIABILITIES	0	0	0	0
Interest rate	11,195	565	0	88
Foreign exchange	0	0	0	0
Other	0	0	0	0
Financial instruments at amortised cost	11,195	565	0	88

Fair value micro-hedging	31/12/2019			
	Existing hedging		Discontinued hedges	Fair value adjustment over the period related to the hedge (including discontinued hedges during the period)
	Book value	of which total fair value adjustments related to the hedge	Total fair value adjustments related to the hedge still to be amortised	
(€ million)				
ASSETS				
Interest rate	11,380	219	0	166
Foreign exchange	147	1	0	(1)
Other	0	0	0	0
Financial instruments at fair value through equity	11,527	220	0	165
Interest rate	329	12	0	(5)
Foreign exchange	0	0	0	0
Other	0	0	0	0
Financial instruments at amortised cost	329	12	0	(5)
	0	0	0	0
LIABILITIES	0	0	0	0
Interest rate	9,315	477	0	(239)
Foreign exchange	0	0	0	0
Other	0	0	0	0
Financial instruments at amortised cost	9,315	477	0	(239)

Fair value macro-hedging	31/12/2020	31/12/2019
	Book value	Book value
(€ million)		
Debt instruments recognised at fair value through equity	0	0
Debt instruments classified at amortised cost	13,300	13,066
Total- ASSETS	13,300	13,066
Debt instruments classified at amortised cost	14,144	11,870
Total LIABILITIES	14,144	11,870
TOTAL Fair value hedging of the interest rate risk exposure of a portfolio of financial instruments	27,444	24,936

Fair value hedge accounting result

	31/12/2020		
	Net result (hedge accounting result)		
	Change in fair value on hedging instruments (including discontinuations)	Change in fair value on hedged items (including discontinuations)	Ineffective part of the hedge
(€ million)			
Interest rate	(145)	145	0
Foreign exchange	9	(8)	0
TOTAL	(136)	137	0

	31/12/2019		
	Net result (hedge accounting result)		
	Change in fair value on hedging instruments (including discontinuations)	Change in fair value on hedged items (including discontinuations)	Ineffective part of the hedge
(€ million)			
Interest rate	99	(100)	(1)
Foreign exchange	9	(8)	1
TOTAL	108	(108)	0

Cash-flow hedge

Hedging items

	31/12/2020		
	Existing hedging	Discontinued hedges	Fair value adjustment over the period related to the hedge (including discontinued hedges during the period)
	of which total fair value adjustments related to the hedge	Total fair value adjustments related to the hedge still to be amortised	
(€ million)			
ASSETS			
Interest rate	0	31	0
Foreign exchange	(22)	0	(1)
Other	0	0	0
TOTAL	(22)	31	(1)

	31/12/2019		
	Existing hedging	Discontinued hedges	Fair value adjustment over the period related to the hedge (including discontinued hedges during the period)
	of which total fair value adjustments related to the hedge	Total fair value adjustments related to the hedge still to be amortised	
<i>(€ million)</i>			
ASSETS			
Interest rate	0	0	(29)
Foreign exchange	0	0	0
Other	0	0	0
TOTAL	0	0	(29)

Cash-flow hedge accounting result

	31/12/2020		
	Other comprehensive income		Net result (hedge accounting result)
	Effective part of the hedge recognised during the period	Amount recognized in recyclable equity reclassified under income during the period	Ineffective part of the hedge
<i>(€ million)</i>			
Interest rate	0	(16)	0
Foreign exchange	(67)	66	9
Other	0	0	0
TOTAL	(67)	50	9

	31/12/2019		
	Other comprehensive income		Net result (hedge accounting result)
	Effective part of the hedge recognised during the period	Amount recognized in recyclable equity reclassified under income during the period	Ineffective part of the hedge
<i>(€ million)</i>			
Interest rate	22	(34)	0
Foreign exchange	0	0	0
Other	0	0	0
TOTAL	22	(34)	

34.3.4 Assessment of risk

Value at risk (VaR)

Value at risk (VaR) is a risk indicator used to assess the potential loss which La Banque Postale could face. It provides an estimate of the maximum potential loss at a given horizon with a given probability. This indicator does not provide an estimate of the potential loss which could result from rare events.

The VaR indicator covers transaction portfolios as well as certain banking portfolios. A global VaR is also calculated on all positions. The VaR indicator is available for each activity included in the market portfolio.

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 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.

The VaR calculated in this way partially covers option risks, although second-tier risks are not taken into account. The development of optional positions, which to date have not been very significant in relation to the overall positions, could lead the Group Risk Department to deploy a more appropriate methodology. Indicators dedicated to option risk monitoring are also implemented.

The Group Risk Department back-tests the results of the model used to calculate the VaR, in order to assess its quality.

Stress scenarios

The VaR estimate, based on the assumption of a normal distribution law, is calculated under normal market conditions and does not provide any information on the amount of the potential loss when the VaR is exceeded. It is therefore necessary to be able to estimate potential losses by assuming exceptional market conditions (attacks, bankruptcy of a large group, etc.), and it is in this manner that stress scenarios are implemented.

A stress scenario is used to simulate an extreme situation in order to evaluate its financial consequences on the results or the equity of La Banque Postale. Using scenarios is a tool to analyse and monitor market risks.

34.4 Liquidity risk

Liquidity risk is defined by the Decree of 3 November 2014 as a company's risk of not being able to meet its commitments or not being able to resolve or offset a position due to the market situation (systemic risk) or idiosyncratic factors (its own credit risk), within a determined time frame and at a reasonable cost.

The liquidity risk reporting systems cover the entire La Banque Postale Group at the prudential level. Some of the limits and indicators used in management refer to corporate units of the Group, notably La Banque Postale, the largest entity.

The management of liquidity risk is based on:

- A guidelines and limits system;
- A financing plan which ensures ex ante the Bank's balanced funding position;
- A buffer of high-quality, liquid, unencumbered securities (and its central bank deposit equivalent).

In April 2019, La Banque Postale's bodies (Supervisory Board) approved the entire system for assessing liquidity and its adequacy – ILAAP (*Internal Liquidity Adequacy Assessment Process*).

La Banque Postale has a strong liquidity position based on:

- customer deposits in excess of loans to customers. La Banque Postale has a very large, diversified deposit base (in excess of €180 billion), principally consisting of deposits by French individual customers;
- a significant HQLA (High Quality Liquidity Assets) portfolio, La Banque Postale has traditionally invested a large part of its balance sheet in sovereign bonds, due to its long-standing business of collecting deposits, while the customer loans business only developed as of 2006. This portfolio exclusively contains liquid, high quality assets in line with the provisions of Delegated Regulation (EU) No. 2015/61, which brings its short-term liquidity ratio above 135% and on average around 150%;
- a regularly adjusted provisional financing plan;
- proven access to capital markets financing.

As the resources from customers are for the most part without maturity and payable at any time (deposits, saving accounts), their outflow is modelled in order to determine its time profile. La Banque Postale selected a conservative approach for its liquidity valuation, and used very conservative assumptions to estimate outflows. Resources are thus valued using increased outstanding volatility and decreased liquidity duration.

Managing the liquidity risk

Responsibility for managing the liquidity risk rests with the ALM Committee in line with the principles and limitations approved by the Group's Risk Management Committee. This responsibility is partially delegated to the COGOB and the cash and long-term finance divisions of the trading floor for the tactical liquidity risk linked to La Banque Postale's cash management.

Operationally, La Banque Postale has implemented an internal liquidity assessment system, or ILAAP (*Internal Liquidity Adequacy Assessment Process*), which covers all of the arrangements on limits, assessment, monitoring, reporting and management of liquidity.

These arrangements include:

- a guidelines and limits system;

- a financing plan which ensures *ex ante* the Bank's balanced funding position as regards budget planning for La Banque Postale;
- maintaining and monitoring of changes to a high-quality, unencumbered liquid securities; buffer, as well as the amounts referred to the central bank's deposit facility;
- the emergency financing plan (PFU), the main objectives of which are (cf.infra) :
 - to define the alert thresholds for the early detection of tensions on liquidity, whether these be idiosyncratic (specific to La Banque Postale) or systemic
 - to identify all available capacities to generate liquidity (liquidity reserves and financing capacities)
 - to mobilise a governance able to manage a crisis with the required expediency
- as well as a stress test system aimed at measuring the margins of manoeuvre of La Banque Postale in situations of historically high tensions on the Bank's liquidity.

The prudential liquidity risk declaration systems apply to the entire scope of prudential consolidation. Some entities within the group are also subject to individual reporting requirements.

Assessment of liquidity risk

Short-term liquidity monitoring

This strategy is based on:

- Regulatory liquidity ratios and reporting;
- LCR (Liquidity Coverage Ratio);
- NSFR (Net Stable Funding Ratio).

Liquidity Coverage Ratio (LCR)

The LCR is a monthly short-term liquidity ratio which measures the Bank's ability to resist during 30 days to a severely degraded situation in a context of a systemic shock. As a target, the LCR must be higher than the 100% limit respected by La Banque Postale, whose LCR reached 179% at the end of December 2020.

This ratio is calculated by dividing the sum of high-quality, liquid assets free of commitments by the liquidity requirement under stress over 30 days.

The LCR is also one of the limitations to be adhered to under the dynamic liquidity projections.

A LCR proxy is calculated daily.

The concentration, cost and structure of refinancing, as well as the concentration of the asset cushion are regularly reviewed and are subject to regulatory reports (ALMM) together with LCR publishing.

Net Stable Funding Ratio (NSFR)

The NSFR represents the stable available financing divided by mandatory stable financing. This ratio should be at all times greater than 100%. The Available Stable Funding is the portion of resources which are not payable within the relevant time frame, here, one year under the NSFR. A bank's amount of Required Stable

Funding depends on the liquidity features and the residual term of the assets (and off-balance sheet positions) held.

To date, and in the context of the regulatory liquidity exercises carried out for the BCE, the NSFR ratio is in excess of 100%.

Long-term liquidity monitoring

As of today, as part of the regulatory liquidity exercises performed for the ECB, La Banque Postale's NSFR exceeds 120 %.

The steering system also relies on:

- A financing plan, which ensures that the projected budget path is accompanied by forward-looking liquidity management;
- As part of the implementation of the financing plan, the projected LCR is evaluated, and the bank ensures that an adequate level is maintained over time;
- The concentration, cost and structure of refinancing, as well as the concentration of the asset cushion are regularly reviewed and are subject to regulatory reports (ALMM) together with LCR publishing;
- Bi-annual testing of market access in different currencies;
- A liquidity gap assessment, detailed below.

Long-term liquidity monitoring

La Banque Postale uses a liquidity gap to assess its long-term liquidity level. This gap comprises projections of static gaps by maturity and limits set for 1, 3 and 5 years. The assumptions taken into account follow a stressed approach, resulting in a prudent estimation of the Group's liquidity situation.

The methods used to evaluate the liquidity gap are determined depending on the type on assets and liabilities in the balance sheet:

The methods used to evaluate the liquidity gap are determined depending on the type on assets and liabilities in the balance sheet:

- outstanding amounts with maturities (contractual outflows, corrected or not by a model);
- outstanding amounts without maturities (outflow agreement);
- liquidity profile of transferable assets ;
- off-balance sheet commitments (liquidity commitments and guarantees).

Operations without maturities (including sight deposits and savings accounts) are taken into account using outflow agreements reviewed by the ALM Committee and the Group Risk Department. Off-balance sheet commitments are taken into account using drawing assumptions. The transferable nature of certain operations can in some cases be taken into account.

Emergency Financy Plan

The Emergency Financing Plan is designed to be monitored by the financial management governance bodies (ALM Committee, COGOB, Group Risk Management Committee) and executed operationally by the Financing and Investment Bank.

The Emergency Financing Plan (PFU) is part of the internal liquidity assessment process that La Banque reports on every year. The PFU presents the indicators used to determine the health of the markets (financial or banking) on which the liquidity of La Banque Postale is exposed. These indicators are broken down into two main families:

- systemic indicators;
- idiosyncratic indicators.

A threshold is set for each indicator (comfort, vigilance or alert).

The Emergency Financing Plan also includes arrangements to be implemented in the event of a proven crisis, whether it be systemic or idiosyncratic. This arrangement mainly takes the form of an analysis of the various sources of financing (or liquidities) which La Banque Postale can access, depending on the amounts represented and the speed of implementation. The PFU also provides for specific governance via Committees, which monitor the indicators. The aim of this governance is to provide a higher level of surveillance of La Banque Postale's liquidity risk. The presentation (during normal periods) of the indicators is carried out weekly for the Scale and Refinancing Committee and periodically at the CPRG. Finally, the selected indicators and the proposed responses are tested on the markets to assess their relevance and the liquidity of the market.

The financing test involves testing the market by carrying out short-term borrowings. The aim of this type of test is to regularly check the bank's ability to quickly secure funds on the markets to ensure that the estimates on the Bank's ability to borrow remain valid. It is envisaged that this type of test will take place at least twice a year.

La Banque Postale twice successfully tested its ability to finance itself for a significant amount over a day in its different currencies.

Liquidity reserve

The liquidity reserve represents the amount of cash and liquidity available rapidly for transfer or repurchase agreements, in order to deal with a liquidity crisis.

The liquidity reserve comprises:

- cash placed with the central bank (excluding average obligatory reserves calculated over the maintenance period);
- securities forming the HQLA (High Quality Liquid Assets) cushion, comprising mainly state securities, covered bonds and corporate securities complying with prudential liquidity criteria, as defined by regulation rules for the calculation of the LCR, for which valuation of investments is affected by a haircut according to prudential rules;
- other securities transferable to the ECB (mainly banking securities) affected by the ECB haircut.

High quality guaranteed home loans, which are convertible through the issue of covered bonds by the Home Financing Company of the Group, are also a significant liquidity resource (around €10.3 billion

potential collateral as at 31 December 2019, in addition to the Bank's other usual financing resources).

Capacity to access external financing

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 Neu-CP (Negotiable European Commercial Paper) programme and a €10 billion ECP (European Commercial Paper) programme with the goal of refinancing part of La Banque Postale's short-term financing needs, and to satisfy institutional clients;
- a €2 billion Neu-MTN programme with the goal of refinancing part of the La Banque Postale's short- and medium-term financing needs, and to satisfy institutional clients;
- a €10 billion EMTN programme, in retail format, allowing the issuance of senior debt (vanilla and structured), senior non-preferred and Tier 2 debt;
- a €30 billion EMTN programme, for the issue of a Home Lending Bond (OFH) via its secured financing vehicle implemented in 2013, LBP Home Loan SFH, subsidiary of La Banque Postale SA;
- access to refinancing by the BEI as part of La Banque Postale's commitment for eligible funds;
- a portfolio of HQLA (High Quality Liquid Asset) securities, which mainly consists of high-quality government bonds, which are rapidly convertible and provides a permanent source of eligible securities granting access to the ECB's refinancing transactions or to the repurchase agreements market;
- access to the Brokertec repurchase platform;
- access to the inter-bank market
- La Banque Postale also has access to a secured financing vehicle via *la Caisse de Financement Local* (CAFFIL), to which it regularly assigns loans to local authorities.

In addition, La Banque Postale participated more consistently in the ECB's targeted long-term refinancing operations (TLTRO III) in the context of the health and economic crisis that emerged in the spring of 2020, following a prudent and preventive approach in response to the sharp tensions that emerged on the credit markets at that time.

34.5 Interest-rate risk

Interest rate risk represents the likelihood of seeing the Bank's future margins or economic value affected by fluctuations in interest rates. Managing the interest rate risk includes managing the sensibility of the Economic Value of Equity (EVE) and the Net Interest Margin (NIM).

The unit in charge of monitoring and managing overall interest rate risk is the Financial Risk Division, Balance Sheet Risk Department, which reports to La Banque Postale's Group Risk Department.

The department has several missions:

- ensuring the periodic monitoring of the indicators that control the overall interest rate risk for La Banque Postale and its banking subsidiaries on a consolidated basis;
- auditing the calculation processes of the different indicators (static and dynamic) and checking the integrity of the exposure calculations;
- auditing the methodologies used.

This risk is monitored via future margin sensibility and economic value sensitivity to interest rates indicators, as well as scenarios designed to assess the ability of the institution to withstand exogenous shocks.

The interest rates movements in these scenarios affect both uncertain inflows from financial products and results from retail banking operations, via customer behaviour models, in particular regarding the implicit options available to customers.

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. Interest-rate risk indicators are also reviewed by the Risk Committee CPRG. Interest rate risk indicators are also reviewed by the Group Risk Steering Committee, mostly on a monthly basis.

Assessment of risk

Interest rate risk is managed in order to optimise the sensibility of the future net interest margin whilst respecting the limits set for the value sensibility indicators. This management is done dynamically, based on the business plan, through the setup of interest-rate derivative instruments (hedges), or changes in the commercial policy.

The balance sheet has implicit and explicit options, resulting in a non-linear nature of the economic value according to the rates. Therefore, the ALM provides regular rebalancing on the structural positions via market instruments.

The major interest-rate risks in the banking book are identified and measured. Some of them may result in specific monitoring arrangements.

Interest rate risk is measured by maturity and index type for products dependent on variable rates or indexes (Euribor, inflation, Eonia, etc.) while taking into account outflow agreements, which are themselves

dependent on market conditions. It covers several risk factors:

- refixing risk linked to the differences between the new rates on the assets and liabilities side (according to references and maturities);
- curve risk, linked to the refixing risk: generated by the changes in the yield curve (translation, rotation, etc.);
- basis risk: linked to the many rate references used which generate risk due to the less than perfect correlation between the references;
- option risk (contractual or behavioural);
- risks from positions exposed to the actual rate/inflation.

Therefore, the change in the net interest margin is measured using several rate scenarios. The interest-rate risk in the balance sheet is simulated dynamically, taking into account future changes in amounts outstanding (early redemptions, new productions, etc.) in accordance with the behavioural models developed and in the business plan.

Delegated management portfolio transactions classified at fair value through income are not part of the overall interest-rate risk, as their risk is monitored and contained by the limits specific to each portfolio. These portfolios, which relate to the trading floor, are contained by market risk type limits.

Assessment of general interest rate

Conventions and procedures

The methods used to evaluate the interest rate gap and sensibilities are determined depending on the type on assets and liabilities in the balance sheet:

- outstanding amounts with maturities (contractual outflows, corrected or not by a model);
- outstanding amounts without maturities (outflow agreement);
- off-balance sheet commitments (liquidity commitments and guarantees).

Operations without maturities (including sight deposits and savings accounts) are taken into account using outflow agreements reviewed by the ALM Committee and the Group Risk Department.

Off-balance sheet commitments are taken into account using drawing assumptions.

Rate gaps

For a given currency, the nominal rate gap is calculated for fixed- rate and variable-rate transactions, and can be reviewed until their next review or setting date. The nominal rate gap does not take rate drops into account.

The rate gap is the difference between the average amounts of fixed-rate assets and the average amounts of fixed-rate liabilities including the impacts of off-balance sheet items (swaps and depreciation on payments) by maturity.

NOTE 35 ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS

- 35.1 Fair value and ranking of financial instruments
- 35.2 Methods for calculating the fair value of financial instruments
- 35.3 Impact of financial instrument on net profit/(loss) and equity
- 35.4 Financial hedging instruments
- 35.5 Reclassification of financial assets
- 35.6 Offsetting of financial instruments

35.1 Fair value and ranking of financial instruments

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

31/12/2020			Fair value ranking (b)		
(€ million)	Book value	Fair value (a)	Level 1	Level 2	Level 3
ASSETS					
Bank assets					
Customer loans and receivables	125,222	131,030	0	0	0
Credit institutions loans and receivables	114,434	114,446	0	0	0
Financial assets at fair value through profit or loss	195,629	195,629	148,285	33,035	14,309
Hedging derivatives	1,443	1,443	0	1,443	0
Financial assets at fair value through OCI	230,559	230,559	226,826	1,964	1,769
Investment properties	3,083	4,109	0	1,705	0
Financial assets classified at amortised cost	24,018	25,842	0	0	
Non-bank assets					
Other non-current financial assets	501	501	0	75	323
Trade and other receivables	5,100	5,100	0	0	0
Other current financial assets	382	382	0	314	0
Cash and cash equivalents	2,763	2,763	450	2,314	0
LIABILITIES					
Bank liabilities					
Liabilities to credit institutions	33,533	33,533	0	0	0
Customer transactions	229,793	232,109	0	0	0
Financial liabilities at fair value through profit or loss	3,279	3,279	400	2,879	0
Hedging derivatives	763	763	0	763	0
Debt evidenced by a certificate	21,639	22,697	0	0	0
Subordinated debt	10,187	10,586	0	0	0
Non-banking liabilities					
Bonds and other financial debt	12,399	12,988	0	705	0
Trade and other payables	8,724	8,724	0	0	0

(a) Including fair value of items recognised at amortised cost.

(b) For items recognised at fair value.

Transfers on securities :

Reclassifications from Level 2 to Level 1: €117.6 million (4 fixed-rate investments whose transactions now meet the criteria for volume and frequency).

Reclassifications from Level 1 to Level 2: €64.1 million (8 fixed-rate investments whose transactions do not meet the criteria for volume and frequency any more).

Transfers on derivatives :

Reclassifications from Level 1 to Level 2: €8.5 million (This is a change of method between 2019 and 2020 applied to CDS on 9 cases).

31/12/2019		Fair value ranking (b)			
(€ million)	Book value	Fair value (a)	Level 1	Level 2	Level 3
ASSETS					
Bank assets					
Customer loans and receivables	113,626	118,690	0	0	0
Credit institutions loans and receivables	70,635	70,644	0	0	0
Securities portfolio	55,584	57,263	16,896	9,723	691
Non-bank assets					
Other non-current financial assets	440	440	0	98	257
Trade and other receivables	4,014	4,014	0	0	0
Other current financial assets	475	475	0	339	0
Cash and cash equivalents	2,456	2,456	659	1,797	0
LIABILITIES					
Bank liabilities					
Liabilities to credit institutions	30,715	30,723	0	0	0
Customer transactions	190,546	190,547	0	0	0
Debt evidenced by a certificate and other	31,961	32,392	58	1,978	0
Non-banking liabilities					
Bonds and other financial debt	9,798	10,271	0	716	0
Trade and other payables	5,404	5,404	0	0	0

(a) Including fair value of items recognised at amortised cost.

(b) For items recognised at fair value.

Reclassifications from Level 2 to Level 1: €28.2 million (3 fixed-rate investments whose transactions now meet the criteria for volume and frequency).

Reclassifications from Level 1 to Level 2: €73.3 million (8 fixed-rate investments whose transactions do not meet the criteria for volume and frequency any more).

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

(€ million)	Assets at fair value through profit or loss	Hedging derivatives	Assets designated at fair value through equity	TOTAL
Opening balance	333	0	358	691
Gains and losses recorded in income	(55)	0	0	(55)
Gains and losses recorded in equity	0	0	(13)	(13)
Purchases	3,577	0	1,145	4,722
Sales	(695)	0	(20)	(715)
Redemptions	(735)	0	0	(735)
Reclassification to or from level 3	(152)		(50)	(202)
Change in consolidation scope	12,093		569	12,662
Other movements	(57)	0	(1)	(58)
Closing balance	14,308	0	1,989	16,297

Level 3 fair values: profits and losses for the period recognised in income

None

35.2 Methods for calculating the fair value of financial instruments

35.2.1 Financial instruments excluding banking activities

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

Every financial product is assessed as a series of future cash flows regardless of whether they are determined at the calculation date. The fair value calculation is based on discounting these future cash flows. The discounting factors are deduced from a zero coupon curve. 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).

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.

35.2.2 Financial instruments used in banking activities

IFRS 13 defines the fair value as the price that would be received for the sale of an asset or paid for the transfer of a liability during a normal transaction between market participants at the measurement date.

When an instrument is first recognised, its fair value is usually the transaction price.

IFRS 13 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 (multi contribution), a trader or a regulatory agency, and if these prices represent actual transactions (volume, price range) 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 fixed-income securities, equity securities and futures is determined using listed prices. Valuation techniques referring to market data are used mainly for over-the-counter derivatives, discount securities (e.g. commercial paper, and certificates of deposit, etc.) and repurchase agreement deposits.

The financial instruments are presented in note 34.1 according to three levels based on the observability of values, in descending order, and the parameters used for their valuation:

- **level 1:** Instruments valued using (unadjusted) listed prices on an active market for identical assets or liabilities.
- These are mainly listed shares and derivatives on organised markets (futures, options, etc.);
- **level 2:** Instruments valued using data other than the prices indicated in level 1 and which are observable for the asset and liability concerned, either directly (i.e. prices) or indirectly (i.e. data derived from prices).
- These are instruments which are valued with techniques using observable parameters and standard models or instruments that are valued by referring to similar instruments listed on an active market. This classification concerns rate swaps, caps, etc;
- **level 3:** Instruments valued using unobservable market data.
These are mainly unlisted equity investments, FCPR or FCPI funds.

The market value for unlisted equity investments is set by referring to certain criteria such as net assets, profitability outlook and discounting of future cash flows.

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

35.3 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.

2020	Interest income (expense)	Changes in fair value		Impairment	Deconsolidation and dividends	Net gain (loss)
		Fair value through profit or loss	Fair value through equity			
(€ million)						
Assets and liabilities classified at amortised cost	1,921	0	0	0	297	2,218
Assets classified at fair value through OCI	438	0	1,109	0	(157)	1,390
Financial instruments at fair value through profit or loss	0	3,678	0	0	1,275	4,953
Hedging	227	9	(37)	0	0	199
TOTAL	2,586	3,687	1,072	0	1,415	8,760
2019						
Assets and liabilities classified at amortised cost	1,970	0	0	0	322	2,292
Assets classified at fair value through OCI	165	0	237	0	126	528
Financial instruments at fair value through profit or loss	0	111	0	0	0	111
Hedging	203	0	(12)	0	0	191
TOTAL	2,338	110	225	0	448	3,121

35.4 Financial hedging instruments

Non-banking activities

See Note 28.

Banking activities

See Note 34.3.

35.5 Reclassification of financial assets

In 2008, La Banque Postale chose the option provided by the 13 October 2008 amendment to IAS 39 and IFRS 7 to reclassify certain available-for-sale financial assets under "loans and receivables".

The transfer of part of the securities in the available-for-sale financial assets portfolio that no longer had the expected liquidity to the loans and receivables category

enables the financial statements to provide a better view of La Banque Postale's allocation of resources.

The net book value and fair value of securities reclassified on 1 July 2008 remain immaterial as at 31 December 2020.

35.6 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.

35.6.1 Non-banking derivative instruments

2020	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	89		89	59	31	(1)
Derivative liabilities	59		59	59		
2019	A	B	C=A-B	Derivative instruments D	Collateral cash E	F=C-D-E
Derivative assets	111		111	39	73	(1)
Derivative liabilities	42		42	39	4	(1)

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.

35.6.2 Banking financial instruments

2020	Gross amount	Offset amount on balance sheet	Net amount on balance sheet	Amounts not offset on balance sheet		Securities received/given as guarantees	Net amounts
				Financial instruments D	Collateral cash D		
(€ million)	A	B	C=A-B			E	F=C-D-E
ASSETS							
Financial instruments at fair value through profit or loss	197,215	0	197,215	2,095	667	0	194,453
Of which derivatives (including hedging derivatives)	2,980	0	2,980	2,095	667	0	218
Customer and credit institutions loans and receivables	242,453	2,713	239,740	1,820	1	11,811	226,108
Of which securities under repurchase agreements	18,696	2,713	15,983	1,820	1	11,811	2,351
Accruals and other assets	31,907	0	31,907	7	0	0	31,900
Of which deposits and guarantees paid	17	0	17	7	0	0	10
Other assets not offset	268,314	0	268,314	0	0	0	268,314
TOTAL ASSETS	739,889	2,713	737,176	3,922	668	11,811	720,775
LIABILITIES							
Financial instruments at fair value through profit or loss	4,184	0	4,184	2,095	453	0	1,636
Of which derivatives (including hedging derivatives)	2,568	0	2,568	2,095	453	0	20
Customer and credit institutions liabilities	266,639	2,713	263,926	1,820	212	34,237	227,657
Of which securities under repurchase agreements	50,628	2,713	47,915	1,820	212	34,237	11,646
Other liabilities not offset (excluding equity)	436,623	0	436,623	0	0	0	436,623
TOTAL LIABILITIES	707,446	2,713	704,733	3,915	665	34,237	665,916
2019							
(€ million)	A	B	C=A-B			E	F=C-D-E
ASSETS							
Financial instruments at fair value through profit or loss	12,392	0	12,392	1,199	1,037	0	10,156
Of which derivatives (including hedging derivatives)	2,373	0	2,373	1,199	1,037	0	136
Customer and credit institutions loans and receivables	188,379	4,116	184,263	688	57	8,006	175,512
Of which securities under repurchase agreements	12,874	4,116	8,758	688	57	8,006	7
Accruals and other assets	3,314	0	3,314	1	0	0	3,313
Of which deposits and guarantees paid	5	0	5	1	0	0	4
Other assets not offset	71,713	0	71,713	0	0	0	71,713
TOTAL ASSETS	275,799	4,116	271,683	1,888	1,094	8,006	260,694
LIABILITIES							
Financial instruments at fair value through profit or loss	2,178	0	2,178	1,199	151	0	828
Of which derivatives (including hedging derivatives)	1,362	0	1,362	1,199	151	0	12
Customer and credit institutions liabilities	225,846	4,116	221,731	687	1,919	25,470	193,654
Of which securities under repurchase agreements	32,208	4,116	28,092	687	1,919	25,470	16
Other liabilities not offset (excluding equity)	35,991	0	35,991	0	0	0	35,991
TOTAL LIABILITIES	264,016	4,116	259,900	1,887	2,070	25,470	230,474

NOTE 36 RELATED PARTY TRANSACTIONS

- 36.1 Relations with the French government and public sector companies
- 36.2 Relations with consolidated companies
- 36.3 Remuneration of administration and management bodies

36.1 Relations with the French government and public sector companies

36.1.1 Relations with the French government

Since the 10 February 2010 Act reaffirming the provisions of the July 1990 Act on the restructuring of the postal and telecommunications public service, La Poste has been a société anonyme (public limited company) overseen by the Minister for Industry under the Minister for the Economy, 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 Public Service Agreement was approved by the Board of Directors on 19 December 2017, and signed on 16 January 2018 between La Poste and the French government for the 2018-2022 period. This agreement is an extension of the previous agreement, and aims at ensuring and modernising the exercise of the four public service missions of La Poste. These missions benefit from the support of the French State, in exchange for which La Poste commits to respecting ambitious quality indicators.

Moreover, the agreement develops the use of citizen commitments to promote the development of a digital society, of local services, and of a sustainable and responsible development.

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.

36.1.2 Relations with public sector companies

Le Groupe La Poste enters into transactions, under market conditions, with public sector companies in the normal course of its business.

36.2 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 associates mainly concern CNP Assurances until the Group takes control on 4 March 2020, a company with which La Banque Postale has signed a commercial partnership agreement giving rise to the payment of commissions.

Transactions with companies consolidated by Caisse des Dépôts group mainly concern transactions carried out with the Savings Funds managed by Caisse des Dépôts.

	31/12/2020	31/12/2020
(€ million)	with CDC Group entities	with Group entities accounted for by the equity method
Income	946	233
Expenses	(10)	(444)
Accounts receivable	68,682	18
Liabilities	184	6,471

Transactions with other equity associates and joint ventures are not material.

36.3 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 2020 (€5.4 million in 2019). Senior executives do not benefit from any specific post-employment benefits.

The Group's main senior executives are the members of the Executive Committee and the members of the Board of Directors (whose remuneration comprises attendance fees, for the most part paid back to the State or to Caisse des Dépôts, and the salaries of employee representatives). Attendance fees paid in 2020 amounted to €0.2 million (€0.2 million in 2019).

NOTE 37 STRUCTURED ENTITIES

- 37.1 Consolidated structured entities
- 37.2 Unconsolidated structured entities

37.1 Consolidated structured entities

Structured entities are entities that have been designed in such a way that voting rights or similar rights are not the determining factor in establishing who controls the entity; this is particularly the case when the relevant activities are conducted through contractual agreements. Structured entities generally have a specific and well-defined purpose or well-defined activities.

Consolidated structured entities include:

- Undertakings for Collective Investments managed by the Group's subsidiaries as part of its banking activities or in which the Group invests on behalf of policyholders subscribing with Group entities as well as on its own behalf.
- Securitization Mutual Funds whose units are issued by structured entities whose purpose is to diversify the underlying credit risks and which may be divided into tranches.

37.2 Unconsolidated structured entities

The information presented below concerns structured entities by the Group and not controlled. This information has been grouped by entities engaged in similar activities: Securitization, Investment Funds and Other.

Securitization

Securitization transactions include Securitization Mutual Funds and equivalent structures which issue financial instruments that can be subscribed by investors, carry inherent credit risks and can be divided into tranches. Securitization is a financial technique by which traditionally illiquid receivables held by their holders until maturity are transformed into marketable and liquid securities. The purpose of this operation is to:

- allow the transformation of an illiquid portfolio into liquid securities;
- encourage the raising of funds on advantageous terms: refinancing tool;
- improve risk management: mechanism for transferring risk to the investor;
- transfer credit risk and its components (interest rate risk, liquidity risk, etc.) and thus reduce constraints on equity capital;
- facilitate the structuring of the balance sheet (balance sheet management instrument).

Investment funds

This activity consists in responding to investor demand in:

- the fund management. This activity uses structured entities such as undertakings for collective investment or real estate funds and other equivalent structures;
- the investment of insurance premiums received from clients of insurance companies in accordance with the regulatory provisions of the Insurance Code. The investments of the insurance companies make it possible to guarantee the commitments made to policyholders throughout the life of the insurance contracts. Their value and return are correlated to these commitments.

Others

This is a grouping of the rest of the activities.

Interests in non-consolidated structured entities

The Group's interest in an unconsolidated structured entity relates to contractual or non-contractual relationships that expose it to a risk of variable returns associated with the performance of this structured entity. The interests may be evidenced in particular by the holding of equity instruments or debt securities, but also by financing, cash credit, credit enhancement, the granting of guarantees or structured derivatives.

The table below provides information by grouping by activity, on a cumulative basis, the exhaustiveness of the entities in which the Group has an interest without any particular restriction:

(€ million)	Securitization	Investment funds	Other
Financial assets at fair value through profit or loss	5,000	94,732	125
Hedging derivatives			
Financial assets at fair value through OCI	104	15	
Financial assets measured at amortised cost		89	2,538
Total recognized assets to non-consolidated structured entities	5,104	94,836	2,663
Provisions			
Total recognized liabilities to non-consolidated structured entities	5,104	94,836	2,663
Funding commitment		8	225
Commitment given			
Maximum exposure risk of loss	5,104	94,844	2,888
Guarantees received and other credit enhancements			
Net exposure to risk of loss	5,104	94,844	2,888

The maximum exposure to the risk of loss corresponds to the amount of interest recorded on the assets side of the balance sheet and commitments given less provisions for contingencies and losses recorded on the liabilities side, less guarantees received.

The maximum exposure to the risk of loss is generally limited to the units held in the funds, with the exception of funds in which La Banque Postale provides a capital and performance guarantee.

Information on non-consolidated structured entities sponsored by the group.

Are defined as non-consolidated structured entities those funds that are structured by a management company controlled by the Group, in particular funds managed by the subsidiary La Banque Postale Asset Management.

A structured entity is deemed to be sponsored by the Group if its name incorporates the name of the Group or one of its subsidiaries.

Revenues generated by the Group on these entities amounted to 112 million euros at 31 December 2020 and are mainly made up of non-recurring commissions.

NOTE 38 OFF-BALANCE SHEET COMMITMENTS AND CONTINGENT LIABILITIES

- 38.1 Banking activities commitments
- 38.2 Other commitments given
- 38.3 Other commitments received
- 38.4 Other commitments
- 38.5 Contingent liabilities

38.1 Banking activities commitments

The contractual value of commitments given and received as part of La Banque Postale's business activities is as follows:

(€ million)	31/12/2020	31/12/2019
Financing and guarantee commitments and commitments on securities given		
Financing commitments		
to credit institutions	1,838	1,723
to customers	24,053	24,751
Guarantee commitments		
to credit institutions	980	715
to customers ^(a)	1,650	1,861
Commitments on securities to be delivered	15,135	10,721
Financing and guarantee commitments and commitments on securities received		
Financing commitments		
from credit institutions ^(b)	15,619	10,890
from customers	495	0
Guarantee commitments		
from credit institutions	36,712	37,464
from customers	6,515	5,749
Commitments on securities to be received	365	400
Other commitments given ^{(b)(c)}	46,668	18,311
Other commitments received	27,589	1,372

(a) Includes capital and performance guarantees granted to holders of shares of UCITS managed by Group entities.

(b) Of which commitments given (€8,340 million) and received (€808 million) as part of the "3 G" guarantee management arrangement with the Banque de France, which allows banks to jointly manage all collateral relating to their refinancing transactions with Banque de France.

(c) In 2020, this includes commitments of €21,725 million (€15,784 million in 2019) 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 €197 million as at 31 December 2020 (€216 million as at 31 December 2019).

38.2 Other commitments given

38.2.1 Guarantees and endorsements

Total guarantees and endorsements given amounted to €39 million as at 31 December 2020.

38.2.2 Commitments relating to the acquisition of Seur

Under the shareholders' agreement signed on 10 March 2008 with Seur franchisees who were shareholders in Seur SA, GeoPost granted each shareholder an individual put option with the following terms and conditions:

- Sale of all the shares in Seur SA to GeoPost. The Group recorded the corresponding debt;
- Sale of the shares in the franchises owned;

These options are 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.

38.2.3 Commitments to make equity investments in the Spanish companies Tipsa and Alas and their subsidiaries

As part of the equity investments in Tipsa and ALAS of 28.1% and 48% respectively in November 2019 (see Note 44), the Group committed to acquiring the outstanding equity in these companies in 2021 as well as shares in Madripaq, subsidiary of ALAS, and Andaluqa Quotas and Central Messageros.

38.2.4 Sponsorship

La Poste committed to finance several sponsorship projects for a total amount of €8 million as at 31 December 2020.

38.3 Other commitments received

38.3.1 Guarantees and endorsements

Total guarantees and endorsements received amounted to €70 million as at 31 December 2020, including €59 million for La Poste.

38.3.2 Credit facilities

The Group has access to a €1 billion renewable credit facility with a 5-year maturity until March 2023, for which it received commitments from the eleven banks in the banking pool. This facility had not been used as at 31 December 2020.

38.3.3 Property sale commitments

La Poste has entered into property sale commitments that are expected to be completed in 2020 or later. As at 31 December 2020, the commitments received in this respect amounted to €50 million in total.

38.3.4 Call options on securities

On 21 December 2000, Caisse d'Épargne Group granted Le Groupe La Poste an unreserved irrevocable call option on CNP Assurances shares and additional securities representing 2% of the share capital of CNP Assurances.

As part of the operation set out in Note 1.1, the sell back agreement was carried out in January 2020. As such, the corresponding securities were once again held directly by the Group.

38.3.5 Liabilities guarantees

As part of its business acquisition transactions, the Group was granted by the sellers liabilities guarantees which cannot be precisely estimated, as they depend on trigger thresholds and/or caps.

38.3.6 Non-compete clauses

As part of the acquisition of Seur franchises in Spain and Portugal, the sellers committed to non-compete clauses whose violation would require the sellers to pay compensation in the total amount of €8.5 million.

38.4 Other commitments

38.4.1 Shareholders' agreement regarding CNP Assurances

The French government, Caisse des Dépôts, Caisse Nationale des Caisses d'Épargne et de Prévoyance (CNCE), Le Groupe La Poste and Sopassure have entered into a shareholders' agreement regarding CNP Assurances. The agreement, which was originally set to expire on 31 December 2008, was extended to 31 December 2019.

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.

38.4.2 Commitments relating to the acquisition of a portion of the SAS Carte Bleue shares

As part of SF2's acquisition of an interest in SAS Carte Bleue, La Poste has undertaken to retain a majority interest in its SF2 subsidiary.

In addition, SF2 has granted La Poste a call option over all of the shares and related rights to the SAS Carte Bleue share capital that La Poste could exercise should it become a minority shareholder in SF2. In this event, the purchase price of the SAS Carte Bleue shares shall be jointly agreed upon between La Poste and SF2.

Pursuant to the asset transfer agreement between La Poste and La Banque Postale, La Poste's rights and obligations under this shareholders' agreement were taken over by La Banque Postale.

38.5 Contingent liabilities

The Group is not aware of any material risks for which no provision has been recorded in the consolidated financial statements.

NOTE 39 ADDITIONAL DETAILS ON BANKING AND INSURANCE ACTIVITIES

- 39.1 La Banque Postale sub-group balance sheet (in banking format)
- 39.2 Banking assets and liabilities by residual maturity
- 39.3 Insurance business investments
- 39.4 Net income on insurance activities
- 39.5 Impact of the overlay approach

39.1 La Banque Postale sub-group balance sheet (in banking format)

ASSETS

(€ million)	31/12/2020	31/12/2019
Cash on hand and at central banks	1,783	22,412
Financial assets at fair value through profit or loss	195,629	10,763
Hedging derivatives	1,443	1,488
Financial assets at fair value through OCI	230,779	15,059
Financial assets classified at amortised cost	24,018	28,068
Loans and receivables – Credit institutions	114,434	70,635
Loans and receivables - Customers	125,222	113,626
Revaluation adjustment on interest-rate hedged portfolios	220	207
Tax assets	969	240
Accruals and other assets	31,696	3,200
Investments in equity associates	696	3,585
Tangible and intangible assets, and investment properties	9,149	1,411
Net goodwill – Assets	142	143
Elimination of investments	(8,879)	(4,852)
TOTAL	727,301	265,985

LIABILITIES

(€ million)	31/12/2020	31/12/2019
Financial liabilities at fair value through profit or loss	3,279	1,445
Hedging derivatives	763	591
Inter-bank and similar transactions: Liabilities to credit institutions	33,533	30,715
Customer transactions	229,793	190,546
Debt evidenced by a certificate	21,639	23,739
Revaluation adjustment on interest-rate hedged portfolios	726	839
Tax liabilities	1,592	148
Accruals and sundry liabilities	21,456	5,148
Underwriting reserves of insurance companies	379,830	2,552
Provisions	1,025	337
Subordinated debt	10,187	3,097
Non-controlling interests	13,593	816
Equity, Group share	9,688	5,867
Consolidated reserves and other	5,567	5,073
Net profit/(loss) Group share	4,121	794
Balance of transactions with the rest of the Group – Impact on income	0	0
Balance of transactions with the rest of the Group – Impact on the balance sheet	197	145
TOTAL	727,301	265,985

39.2 Banking assets and liabilities by residual maturity

(€ million)	Maturities of under 1 year	Maturities of over 1 year	Total
Assets by residual maturity			
Cash and central bank deposits	1,783	0	1,783
Financial assets at fair value through profit or loss	12,998	182,631	195,629
Hedging derivatives	11	1,432	1,443
Financial assets at fair value through OCI	28,107	202,672	230,779
Financial assets classified at amortised cost	5,369	18,649	24,018
Receivables from credit institutions	113,920	514	114,434
Customer loans and receivables	29,040	96,182	125,222
Revaluation adjustment on portfolio interest rate hedging - Assets	4	216	220
Liabilities by residual maturity			
Financial liabilities at fair value through profit or loss	135	3,144	3,279
Hedging derivatives	18	745	763
Liabilities to credit institutions	26,113	7,420	33,533
Liabilities to customers	218,120	11,673	229,793
Debt evidenced by a certificate	8,394	13,245	21,639
Subordinated debt	115	10,072	10,187
Revaluation adjustment on portfolio interest rate hedging - Liabilities	0	725	726

39.3 Insurance business investments

(€ million)	31/12/2020	31/12/2019
Financial assets at fair value through profit or loss (a)	187,678	435
Hedging derivatives	0	0
Financial assets at fair value through OCI (b)	216,883	2,234
Financial assets classified at amortised cost	155	
Investment properties	3,083	
INSURANCE BUSINESS INVESTMENTS	407,799	2,669

(a) Financial assets at fair value through profit or loss

(€ million)	31/12/2020	31/12/2019
Debt instruments	149,028	272
Government securities and similar	4,744	0
Bonds and other fixed income securities	17,523	7
OPCVM	62,680	265
Assets backing unit-linked liabilities	57,236	0
Loans and advances	6,845	0
Equity instruments	38,120	162
Equity and other variable income securities	34,049	162
Assets backing unit-linked liabilities	4,071	0
Derivatives	531	0
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	187,678	435

(b) Financial assets at fair value through recyclable equity

	31/12/2020		
	Fair Value	Impairment	Unrealized gains / losses
<i>(€ million)</i>			
Government securities and similar	122,018	(56)	1,847
Bonds and other fixed income securities	94,865	(308)	2,017
Total debt instruments	216,883	(364)	3,864
FINANCIAL ASSETS AT FAIR VALUE THROUGH RECYCLABLE EQUITY	216,883	(364)	3,864
Tax	0	0	(815)
Gains and losses recognized directly in equity on debt instruments at fair value through recyclable equity (net of tax) on insurance investments			3,049

	31/12/2019		
	Fair Value	Impairment	Unrealized gains / losses
<i>(€ million)</i>			
Government securities and similar	918	0	64
Bonds and other fixed income securities	1,316	0	69
Total debt instruments	2,234	0	133
FINANCIAL ASSETS AT FAIR VALUE THROUGH RECYCLABLE EQUITY	2,234	0	133
Tax	0	0	(40)
Gains and losses recognized directly in equity on debt instruments at fair value through recyclable equity (net of tax) on insurance investments			93

39.4 Net income on insurance activities

(€ million)	31/12/2020	
	External activity	Intersector
Premiums written	23,169	0
Change in unearned premiums reserve	(169)	0
Earned premiums	23,000	0
Revenue from other activities	131	4
Other operating revenue	0	0
Net investment income	4,896	(10)
Gains and losses on disposal of investments	(2,180)	0
Change in fair value of financial assets at fair value through profit or loss	526	0
Change in impairment losses on financial instruments	(333)	0
Impact of the overlay approach	(679)	0
Investment income before finance costs	2,230	(10)
Income from ordinary activities	25,360	(6)
Claims and benefits expenses	(21,037)	(5)
Reinsurance result	120	0
Expenses of other businesses	(1)	0
Acquisition costs	(2,617)	(669)
Amortisation of value of in-Force business and distribution agreements	(431)	0
Contract administration expenses	(241)	(5)
Other recurring operating income and expense net	(455)	0
Total other recurring operating income and expense net	(24,661)	(679)
Recurring operating profit	699	(685)
Other non-recurring operating income and expense, net	(28)	0
Operating profit	673	(685)
Finance costs	(56)	0
Change in fair value of intangible assets	(11)	0
Share of profit of equity-accounted companies	688	0
Change in value of acquisition purchases	4,578	0
Income tax expense	(420)	0
Net profit for the period	5,452	(685)
Non-controlling interests	491	0
Net profit attributable to owners of the parent	4,276	0

(€ million)	31/12/2019
Revenue	975
Premiums written	992
Change in unearned premiums reserve	(17)
Earned premiums	975
Net investment income	108
Net investment income including income from investment property	49
Investment charges and other financial costs	(3)
Capital gains and losses on disposal of investment	11
Fair value adjustments of investments recognised at fair value through profit or loss	51
Result of fair value hedges	0
Amortization of previously deferred acquisition expenses related	0
Cost of external contract services	(536)
Commissions from insurance activities	(36)
Net results of retrocession	(57)
NET INCOME FROM INSURANCE COMPANIES	453

39.5 Impact of the overlay approach

The net impact of the overlay approach by type of financial asset is detailed as follows:

	31/12/2020				31/12/2019			
	Book Value	Impact Overlay brut	Deferre d tax	Impact Overlay net	Book Value	Impact Overlay brut	Deferre d tax	Impact Overlay net
<i>(en millions d'euros)</i>								
OPCVM	45,751	152	(6)	146	203	6	(1)	6
Equity and other variable income securities	29,263	529	(172)	357	162	14	(3)	11
Bonds	6,230	(4)	(41)	(46)	7	0	0	0
Others financial assets	19,028	2	6	8	0	0	0	0
TOTAL	100,272	679	(213)	465	372	20	(4)	17

The impacts of the overlay approach on the income statement are detailed as follows :

	31/12/2020			31/12/2019		
	IAS 39	IFRS 9	Impact Overlay	IAS 39	IFRS 9	Impact Overlay
<i>(en millions d'euros)</i>						
Net banking income excluding Overlay	(68)	611	0	15	36	0
Impact Overlay	0	0	(679)	0	0	(21)
Net banking income	(68)	611	(679)	15	36	(21)
Deferred tax	16	(198)	214	(1)	(6)	4
TOTAL	(52)	413	(465)	14	30	(17)

NOTE 40 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

- 40.1 Reconciliation between net profit/(loss) and cash flows from operating activities before the cost of net financial debt and tax
- 40.2 Depreciation, amortisation and impairment
- 40.3 Change in working capital requirement
- 40.4 Change in balance of banking sources and uses
- 40.5 Outflows for acquisitions of tangible, intangible assets and investment property
- 40.6 Proceeds from new borrowings
- 40.7 Redemption of borrowings
- 40.8 Other cash flows from financing activities
- 40.9 Change in net cash from banking activities

40.1 Reconciliation between net profit/(loss) and cash flows from operating activities before the cost of net financial debt and tax

(€ million)	NOTE	2020	2019
Consolidated net profit/(loss)		2,660	835
Share in profits of equity associates		(676)	(280)
Unrealised gains and losses on fair value adjustments (excluding Banking activities)		0	2
Gains and losses on disposal (including dilution)		89	(12)
Net changes in provisions		164	(366)
Depreciation, amortisation and impairment	40.2	3,421	1,624
Other non-cash income and expenses		(3,179)	(1)
Operating cash flow after the cost of net financial debt and tax		2,479	1,803
Cost of net financial debt ^(a)		234	213
Corporation tax (including deferred taxes)		880	134
CASH FLOWS FROM OPERATING ACTIVITIES BEFORE COST OF NET DEBT AND TAXES		3,592	2,150

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

40.2 Dépréciation, amortisation and impairment

(€ million)	2020	2019
Additions to and reversals of amortisation of operating profit/(loss)	3,387	1,591
Additions to and reversals of amortisation of financial profit/(loss)	0	(4)
Impairment of goodwill	33	36
TOTAL	3,421	1,624

40.3 Change in working capital requirement

(€ million)	2020	2019
Change in inventories and work-in-progress	(65)	(10)
Change in operating receivables	(591)	(162)
Change in operating payables and other operating assets and liabilities	1,106	47
TOTAL	450	(125)

40.4 Change in balance of banking sources and uses

(€ million)	2020	2019
Change in financial assets at fair value through profit or loss	(6,742)	(286)
Change in financial hedging derivatives	119	(329)
Change in financial assets at fair value through OCI	1,992	975
Change in securities classified at amortised cost	4,179	(4,486)
Change in credit institutions loans and receivables at amortised cost	1,186	1,323
Change in customer loans and receivables at amortised cost	(9,006)	(17,956)
Change in revaluation adjustment on hedged portfolios -fair value hedges	(13)	(125)
Change in other financial assets and accrual accounts	597	(43)
Change in investment property	81	0
Change in financial liabilities at fair value through profit or loss	(9,491)	778
Change in financial hedging derivatives	93	243
Change in liabilities to credit institutions and similar transactions	2,922	11,942
Change in liabilities to customers	26,291	4,744
Change in debt evidenced by a certificate	(2,100)	6,805
Change in revaluation adjustment on hedged portfolios -fair value hedges	(113)	96
Change in other financial liabilities and accrual accounts	8,609	812
Change in specific provisions for the insurance and Banking activities and shadow accounting	4,999	0
TOTAL	23,604	4,494

40.5 Outflows for acquisitions of tangible, intangible assets and investment property

(€ million)	2020	2019
Acquisitions of intangible assets	(3,578)	(503)
Acquisitions of tangible assets	(910)	(965)
Acquisitions of investment property	(185)	0
Change in payables to suppliers of non-current assets	25	(33)
TOTAL	(4,649)	(1,501)

40.6 Proceeds from new borrowings

(€ million)	2020	2019
Bonds	0	1,700
Commercial paper	1,039	1,276
Other borrowings and similar debt	3,555	5
TOTAL	4,594	2,981

40.7 Redemption of borrowings

(€ million)	2020	2019
Bonds	0	(800)
Borrowings from credit institutions	(24)	(17)
La Poste savings bonds	(1)	(1)
Commercial paper	(1,039)	(1,126)
Borrowings on finance leases	0	0
Other borrowings and similar debt	(1,578)	(3)
TOTAL	(2,641)	(1,948)

40.8 Other cash flows from financing activities

(€ million)	2020	2019
Collection of deposits and guarantees received	7	10
Repayment of deposits and guarantees received	(46)	(3)
Other	(32)	30
TOTAL	(72)	38

40.9 Change in net cash from banking activities

(€ million)	NOTE	2020	2019
Opening cash and central bank deposits (assets)		22,412	2,007
Sight loans and receivables - credit institutions (assets)		372	15,767
Sight loans and receivables - credit institutions (liabilities)		(1,178)	(1,279)
Opening		21,607	16,495
Closing cash and central bank deposits (assets)	24.2	1,783	22,412
Sight loans and receivables - credit institutions (assets)	21.2	43,652	372
Sight loans and receivables - credit institutions (liabilities)	31.1	(1,181)	(1,178)
Closing		44,254	21,607
Net decrease (increase) in cash and cash equivalents from banking activities		22,648	5,111
of which impact of changes in consolidation scope		1,439	0
Net decrease (increase) in cash and cash equivalents from banking activities on the balance sheet before impact of changes in consolidation scope		21,208	5,111

NOTE 41 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.

2020

(€ million excl. tax)	KPMG	%	PWC	%
Statutory audit, certification, review of separate and consolidated financial statements				
- parent company	0.7	8%	0.7	10%
- fully consolidated subsidiaries	5.4	62%	5.2	76%
	6.1	70%	5.9	87%
Service other than Statutory Auditor's assignment				
- parent company	0.4	5%	0.2	3%
- fully consolidated subsidiaries	2.1	25%	0.8	11%
	2.5	30%	1.0	13%
Other services provided to fully consolidated companies by the partnership	0	0%	0	0%
TOTAL	8.6	100%	6.9	100%

2019

(€ million excl. tax)	KPMG	%	PWC	%
Statutory audit, certification, review of separate and consolidated financial statements				
- parent company	0.7	11%	0.7	18%
- fully consolidated subsidiaries	4.8	76%	2.6	68%
	5.5	87%	3.3	86%
Service other than Statutory Auditor's assignment				
- parent company	0.4	6%	0.2	5%
- fully consolidated subsidiaries	0.4	6%	0.3	7%
	0.8	13%	0.4	12%
Other services provided to fully consolidated companies by the partnership	0.0	0%	0.1	2%
TOTAL	6.3	100%	3.8	100%

The services provided by PwC are as follows: statements and agreed procedures, letters of comfort relating to EMTN programme updates or bond issues, training, assessments of internal control procedures, information systems, limited reviews, translation reviews and technical consultations.

The services provided by KPMG are as follows: statements and agreed procedures, letters of comfort to EMTN programme updates or bond issues, assessments of internal control procedures, accounting consultations, and assessments of employment, environmental and social data or indicators.

NOTE 42 POST-BALANCE SHEET EVENTS

La Poste bond issues of January 11, 2021

La Poste made two bond issues for a total amount of €1,750 million:

- a €1,000 million issue with an January 2036 maturity at a 0.625% interest rate,
- a €750 million issue with an July 2029 maturity at a rate of 0%.

Business combinations

On February 16, 2021, the Group obtained the approval of its take-over bid for the Bulgarian company Speedy A.D. in order to take control during the first half of 2021. The transaction will be in the order of 90 million euros.

New Group strategic plan

2021 will be the first year of deployment of the Group's new strategic plan "La Poste 2030" aimed at seizing the opportunities resulting from the transformation of the company and its businesses. The Group will continue to deploy its multi-business model, while accelerating its transformation to digital.

NOTE 43 BUSINESS COMBINATIONS

43.1 Full consolidation of CNP Assurances (La Banque Poste segment)

43.2 Full consolidation of BRT (GeoPost segment)

These amounts allocated to the identifiable assets and liabilities acquired are likely to change within one year from the date of takeover in the event that new information is obtained.

43.1 Full consolidation of CNP Assurances (La Banque Postale segment)

The assets and liabilities of CNP Assurances at the date of acquisition (provisional valuation at fair value) and at december 31, 2020 in the Group's accounts are as follows:

<i>(€ million)</i>	31/12/2020	Opening 04/03/2020
Intangible assets, property, plant and equipment	4,753	2,852
Investments in joint ventures and associates	527	487
Deferred tax assets	53	30
Non-current assets	5,333	3,369
Trade and other accounts receivable	62	67
Income tax credit	593	380
Current assets	655	447
Financial assets at fair value through profit or loss	187,238	182,841
Financial assets at fair value through OCI	214,422	218,206
Securities classified at amortised cost	155	166
Credit institutions loans and receivables at amortised cost	1,704	1,722
Customer loans and receivables at amortised cost	2,350	2,346
Other financial assets and accrual accounts	28,345	29,718
Net participating benefit	0	4
Investment property	3,083	3,079
Specific assets of banking and insurance activities	437,296	438,082
TOTAL ASSETS	443,284	441,898
Provisions for contingencies and losses	287	315
Employee benefits	295	335
Deferred tax liabilities	1,332	1,257
Trade and other payables	4,130	1,992
Government – Income tax	83	36
Current and non-current liabilities	6,128	3,934
Financial liabilities at fair value through profit or loss	1,233	1,879
Financial hedging derivatives	79	5
Liabilities to credit institutions and similar transactions	123	296
Liabilities to customers	11,642	12,969
Other financial liabilities and accrual accounts	15,341	15,884
Specific provisions for the insurance and Banking activities current	377,252	378,410
Subordinated debt	7,364	6,988
Specific liabilities of banking and insurance activities	413,035	416,431
TOTAL LIABILITIES	419,162	420,365
NET ASSETS	24,122	21,534
Value of equity-accounted securities as of March 4, 2020	3,504	3,504
Impairment of previously held interest	(1,571)	(1,571)
Value of securities contributed (market price of 4 March 2020)	4,027	4,027
Value of securities at the market price on March 4, 2020	5,960	5,960
Badwill	4,578	4,578
Fair value of the Group's share in the assets and liabilities of CNP Assurances as of March 4, 2020 (provisional)	10,537	10,537
Additional acquisition of securities	121	0
Net profit/(loss), group share excluding impairment of previous participation and badwill	536	0
Unrealised gains and losses on financial instruments	634	0
Translation reserve	(357)	0
Other	(91)	0
Equity, group share	11,380	10,537
Non-controlling interests	12,741	10,997
NET ASSETS	24,122	21,534

CNP Assurances' contribution to the Group's at December 31, 2020 consolidated income statement is as follows:

(€ million)	31/12/2020
Operating revenue (Net banking income)	2,925
Purchases and other expenses	(298)
Personnel expenses	(420)
Taxes and levies	(52)
Depreciation, amortisation, provisions and impairment	(173)
Other operating expenses and income	(617)
Proceeds from asset disposals	(11)
Net operating expenses	(1,571)
Operating profit/(loss) before share in results of joint ventures	1,354
Share in profit of joint ventures	51
Operating profit/(loss) after share in results of joint ventures	1,405
Impact of the takeover of CNP Assurances	3,007
Operating profit/(loss)	4,412
Financial profit/(loss)	0
Profit before tax of consolidated companies	4,412
Income tax	(385)
Share in profits of CNP Assurances for January and February 2020	43
Reclassification to profit or loss of conversion reserves and unrealized results on financial instruments of CNP Assurances	594
CONSOLIDATED NET PROFIT/(LOSS)	4,664
Net profit/(loss), Group share ^(a)	4,179
Attributable to non-controlling interests	484

(a) including :

- Impact of the acquisition of CNP Assurances control on operating income €3,007 million euros and on income from equity affiliates €594 million (see note 1.1).
- €43 million contribution from CNP Assurances in respect of January and February.
- €536 million contribution from CNP Assurances, which is fully consolidated in the Group's financial statements.

43.2 Full consolidation of BRT (GeoPost segment)

The assets and liabilities of BRT at the date of acquisition (provisional valuation at fair value) and at December 31, 2020 in the Group's accounts are as follows:

(€ million)	31/12/2020	Opening 01/01/2020
Goodwill	1,262	1,279
Intangible assets, property, plant and equipment	51	48
Right of use assets	562	578
Deferred tax assets	20	21
Other non-current financial assets	48	32
Non-current assets	1,944	1,958
Trade and other accounts receivable	398	349
Income tax credit	8	5
Other accrual accounts – Assets	4	6
Cash and cash equivalents	23	1
Current assets	434	360
TOTAL ASSETS	2,377	2,318
Bonds and financial debt ^(a)	123	128
Lease liabilities	577	578
Provisions for contingencies and losses	17	15
Employee benefits	18	19
Trade and other payables	437	399
Government – Income tax	0	3
TOTAL LIABILITIES	1,172	1,142
NET ASSETS	1,205	1,177
Value of equity affiliates at the end of December 2019	547	547
Revaluation of the stake held prior to the takeover	45	45
Value of securities acquired in 2020	578	578
Fair value of the Group's share in BRT's assets and liabilities as of January 1, 2020 (provisional)	1,170	1,170
Net profit/(loss), group share	41	
Equity, group share	1,211	1,170
Non-controlling interests	(5)	7
NET ASSETS	1,206	1,177

BRT' contribution to the Group's income statement consolidated at December 31, 2020 is as follows:

<i>(€ million)</i>	31/12/2020
Operating revenue (Revenues from commercial activities)	1,498
Purchases and other expenses	(1,183)
Personnel expenses	(166)
Taxes and levies	(5)
Depreciation, amortisation, provisions and impairment	(106)
Other operating expenses and income	41
Proceeds from asset disposals	2
Net operating expenses	(1,418)
Operating profit/(loss) before share in results of joint ventures	81
Share in profit of joint ventures	0
Operating profit/(loss) after share in results of joint ventures	81
Operating profit/(loss)	81
Cost of net financial debt	(13)
Other financial items	(1)
Financial profit/(loss)	(14)
Profit before tax of consolidated companies	67
Income tax	(18)
Share in profits of associates	0
CONSOLIDATED NET PROFIT/(LOSS)	49
Net profit/(loss), Group share	41
Attributable to non-controlling interests	8

NOTE 44 SCOPE OF CONSOLIDATION

COMPANY	COUNTRY	% of interest		% of control		Method of consolidation	
		2019	2020	2019	2020	2019	2020
CONSOLIDATING COMPANY							
LA POSTE							
9 rue du Colonel Pierre Avia 75757 PARIS CEDEX 15							
SERVICES-MAIL-PARCELS SEGMENT							
ADIMMO	France	52.54	52.54	99.90	99.90	FC	FC
ADIR ASSISTANCE	France	52.60	52.60	100.00	100.00	FC	FC
ALISEO	France	52.60	52.60	100.00	100.00	FC	FC
Asendia Austria GmbH	Austria	60.00	60.00	100.00	100.00	FC	FC
Asendia Benelux B.V.	Pays Bas	60.00	60.00	100.00	100.00	FC	FC
Asendia Germany GmbH	Germany	60.00	60.00	100.00	100.00	FC	FC
Asendia Holding AG	Switzerland	60.00	60.00	60.00	60.00	FC	FC
Asendia Honk Kong Ltd	Hong Kong	60.00	60.00	100.00	100.00	FC	FC
Asendia Italy S.p.A.	Italy	60.00	60.00	100.00	100.00	FC	FC
Asendia Mgmt SAS	France	60.00	60.00	100.00	100.00	FC	FC
Asendia Mgmt SAS, branch Bern	Switzerland	60.00	60.00	100.00	100.00	FC	FC
Asendia Nordic AB	Sweden	60.00	60.00	100.00	100.00	FC	FC
Asendia Nordic AB, branch Denmark	Denmark	60.00		100.00		FC	
Asendia Norway A/S	Norway	60.00	60.00	100.00	100.00	FC	FC
Asendia Oceania AU	Australie		60.00		100.00		FC
Asendia Oceania NZ	New Zeland		60.00		100.00		FC
Asendia Opérations (SCL)	Germany	60.00	60.00	100.00	100.00	FC	FC
Asendia Opérations Verwaltung GmbH	Germany	60.00	60.00	100.00	100.00	FC	FC
Asendia Press Edigroup SA	Switzerland	60.00	60.00	100.00	100.00	FC	FC
Asendia Press EDS AG	Switzerland	60.00	60.00	100.00	100.00	FC	FC
Asendia Singapore	Singapore	60.00	60.00	100.00	100.00	FC	FC
Asendia Spain S.L.	Spain	60.00	60.00	100.00	100.00	FC	FC
Asendia UK Ltd	United Kingdom	60.00	60.00	100.00	100.00	FC	FC
Asendia USA	United States	60.00	60.00	100.00	100.00	FC	FC
ASTEN Est	France	52.60	52.60	100.00	100.00	FC	FC
ASTEN Santé	France	52.60	52.60	52.60	52.60	FC	FC
AXEO Developpement	France	76.00	76.00	100.00	100.00	FC	FC
AXEO Partenariats Pro Services (P.P.S)	France	76.00	76.00	100.00	100.00	FC	FC
AXEO Pro Services	France	76.00	76.00	100.00	100.00	FC	FC
AXEO Services	France	76.00	76.00	100.00	100.00	FC	FC
Bien être Assistance	France	24.90		24.90		EM	
BlueSom	France	52.06	52.06	99.00	99.00	FC	FC
BTB Mailflight	United Kingdom	60.00	60.00	100.00	100.00	FC	FC
BTB Mailflight Holding	United Kingdom	60.00	60.00	100.00	100.00	FC	FC
Budget Box	France	40.01	100.00	40.01	100.00	EM	FC
Cabestan	France	100.00	100.00	100.00	100.00	FC	FC
Cassiop	France	100.00	100.00	100.00	100.00	FC	FC
Coordination Axeo	France	76.00	76.00	100.00	100.00	FC	FC
Creat Direct	Romania	100.00	100.00	100.00	100.00	FC	FC
DMC Santé	France	52.60		100.00		FC	
Diadom SAS	France	100.00	100.00	100.00	100.00	FC	FC
Dynapresse Marketing SA	Switzerland		60.00		100.00	0	FC
EAP France	France	24.90	100.00	24.90	100.00	EM	FC
Edenext	France	75.10	75.68	75.10	75.68	FC	FC
Economie d'Energie	France	75.10	75.68	100.00	100.00	FC	FC
Ethic Santé	France	100.00	100.00	100.00	100.00	FC	FC
Eurobussula LDA	Portugal	100.00		100.00		FC	
Financière Axeo	France	76.00	76.00	76.00	76.00	FC	FC
Fluow	France	51.00	51.00	51.00	51.00	FC	FC
Geoptis	France	100.00	100.00	100.00	100.00	FC	FC
Globegisticis Inc.	United States	60.00		100.00		FC	
H2AD	France	50.82	50.82	96.64	96.64	FC	FC
Help Confort	France	72.20	72.20	95.00	95.00	FC	FC
Help Confort ST Nazaire	France	76.00	76.00	100.00	100.00	FC	FC
IM Santé	France	100.00	100.00	100.00	100.00	FC	FC
Inbox Marketing	Romania	99.97	99.97	99.97	99.97	FC	FC
Innovagency	Portugal	75.77	75.77	75.77	75.77	FC	FC
Innovagency Resources	Portugal	75.77	75.77	100.00	100.00	FC	FC
Interactions Marketing	Romania	95.00	95.00	95.00	95.00	FC	FC
Isoskèle	France	100.00	100.00	100.00	100.00	FC	FC
Isoskèle Factory	France		100.00		100.00		FC
La Poste E-éducation (ex Mobigreen)	France	100.00	100.00	100.00	100.00	FC	FC

COMPANY	COUNTRY	% of interest		% of control		Method of consolidation	
		0	2020	0	2020	0	2020
La Poste Global Mail	France	100.00	100.00	100.00	100.00	FC	FC
La Poste IMS	France	60.00	60.00	100.00	100.00	FC	FC
La Poste Nouveaux services	France	100.00	100.00	100.00	100.00	FC	FC
La Poste Santé (ex La Poste Silver 2)	France	100.00	100.00	100.00	100.00	FC	FC
La Poste Services à la Personne	France	100.00	100.00	100.00	100.00	FC	FC
La Poste Silver	France	100.00	100.00	100.00	100.00	FC	FC
Latin America eCommerce Direct, S.A. de C.V	Mexico		30.06		100.00		FC
Matching	France	81.67	83.76	81.67	83.76	FC	FC
Mediapost Distribuição Postal	Portugal	100.00	100.00	100.00	100.00	FC	FC
Mediapost Espagne SL	Spain	100.00	100.00	100.00	100.00	FC	FC
Mediapost Hit Mail	Romania	100.00	100.00	100.00	100.00	FC	FC
Mediapost Hit Mail Bulgaria (ex Hit Mail Bulgaria)	Bulgaria	100.00	100.00	100.00	100.00	FC	FC
Médiapost Holding	France	100.00	100.00	100.00	100.00	FC	FC
Mediapost SAS	France	100.00	100.00	100.00	100.00	FC	FC
Mediapost SGPS	Portugal	100.00	100.00	100.00	100.00	FC	FC
Metrica	Bulgaria	60.00	60.00	60.00	60.00	FC	FC
Mobile Marketing	Romania	95.00	95.00	95.00	95.00	FC	FC
MSCM2	France	50.82	50.82	100.00	100.00	FC	FC
Neolog	France	100.00	100.00	100.00	100.00	FC	FC
North America Direct, Inc.	United States	30.06	30.06	100.00	100.00	FC	FC
Nouveal	France	26.44	66.00	26.44	66.00	EM	FC
Nouvelle Attitude	France	100.00	100.00	100.00	100.00	FC	FC
Organisme Formation Services	France	76.00	76.00	100.00	100.00	FC	FC
Paramédical de la Plaine	France	52.60	52.60	100.00	100.00	FC	FC
Proximv	France	25.00	25.00	25.00	25.00	EM	EM
Recygo	France	51.00	51.00	51.00	51.00	FC	FC
S2A Oxygène	France	52.59	52.59	100.00	100.00	FC	FC
S2A Santé	France	52.60	52.60	100.00	100.00	FC	FC
Sadimmo	France	47.33	47.33	90.00	90.00	FC	FC
Sadir Assistance	France	52.60	52.60	100.00	100.00	FC	FC
SCI STP Immo	France	100.00	100.00	100.00	100.00	FC	FC
SMP	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 Gestion	France	100.00	100.00	100.00	100.00	FC	FC
Sogec Informatique	France	100.00	100.00	100.00	100.00	FC	FC
Sogec Marketing	France	100.00	100.00	100.00	100.00	FC	FC
Sogefinad	France	100.00	100.00	100.00	100.00	FC	FC
Somepost	France	100.00	100.00	100.00	100.00	FC	FC
SPI UK	United Kingdom	60.00	60.00	100.00	100.00	FC	FC
STP SA	France	100.00	100.00	100.00	100.00	FC	FC
Tikeasy	France	100.00	100.00	100.00	100.00	FC	FC
US Direct (Singapore) PTE Ltd	Singapore	30.06	30.06	100.00	100.00	FC	FC
US Direct eCommerce Holding Ltd	Ireland	30.06	30.06	50.10	50.10	FC	FC
US Direct eCommerce AUS Pty Ltd	Australia	30.06	30.06	100.00	100.00	FC	FC
US Direct eCommerce Ltd	Ireland	30.06	30.06	100.00	100.00	FC	FC
US Direct eCommerce Netherlands B.V.	Netherlands		30.06		100.00		FC
US Direct eCommerce Nominee DAC	Ireland	30.06	30.06	100.00	100.00	FC	FC
US Direct eCommerce UK	United Kingdom	30.06	30.06	100.00	100.00	FC	FC
US Direct eCommerce Rus LLC	Russia		30.06		100.00		FC
Vertical Mail	France	100.00	100.00	100.00	100.00	FC	FC
ViaPost SAS	France	100.00	100.00	100.00	100.00	FC	FC
Viapost Maintenance	France	100.00	100.00	100.00	100.00	FC	FC
Viapost transport Management	France	100.00	100.00	100.00	100.00	FC	FC
Wndirect Ltd	United Kingdom	60.00		100.00		FC	
Wndirect USA, Inc	United States		60.00		100.00		FC
WN TPC	United Kingdom	60.00	60.00	100.00	100.00	FC	FC
GEOPOST SEGMENT							
GeoPost SA	France	100.00	100.00	100.00	100.00	FC	FC
360° Services SAS	France	100.00	100.00	100.00	100.00	FC	FC
3W Express (Private) Ltd.	Sri Lanka		32.31		100.00		FC
A52 Warehouse Inc.	Canada		32.31		50.00		FC
ACP Global Forwarding	Poland	100.00	100.00	100.00	100.00	FC	FC
Alas Courier, S.L.- MEE	Spain		48.00		48.00		EM
Alturing	France	100.00	100.00	100.00	100.00	FC	FC
Armadillo Holding GmbH	Germany	100.00	100.00	100.00	100.00	FC	FC
Beijing Linehaul Express Co Ltd.	China		64.63		100.00		FC
Biocair Asia Ltd	Hong Kong	100.00	100.00	100.00	100.00	FC	FC
Biocair Australia PTY Ltd	Australia	100.00	100.00	100.00	100.00	FC	FC

COMPANY	COUNTRY	% of interest		% of control		Method of consolidation	
		2019	2020	2019	2020	2019	2020
Biocair Belgium	Belgium	100.00	100.00	100.00	100.00	FC	FC
Bio Cair Forwarding International Co Ltd	China	100.00	100.00	100.00	100.00	FC	FC
Biocair Germany GmbH	Germany	100.00	100.00	100.00	100.00	FC	FC
Biocair Inc.	United States	100.00	100.00	100.00	100.00	FC	FC
Biocair International Ltd	United Kingdom	100.00	100.00	100.00	100.00	FC	FC
Biocair Customs Brokerage LLC	United States		100.00		100.00		FC
Biocair Singapore Pte Ltd	Singapore	100.00	100.00	100.00	100.00	FC	FC
Biocair South Africa (Pty) Ltd	South Africa	100.00	100.00	100.00	100.00	FC	FC
Biologistic SAS	France	100.00		100.00		FC	
Bloomsburys GmbH	Germany	100.00	100.00	100.00	100.00	FC	FC
Bramosa Transportes, S.A.	Spain	100.00		100.00		FC	
Buy Online GmbH	Germany	71.92	100.00	100.00	100.00	FC	FC
Calédonie Express	France	60.00	60.00	60.00	60.00	EM	EM
Chronofresh SAS (ex Chronopost Food)	France	100.00	100.00	100.00	100.00	FC	FC
Chronopost SAS	France	100.00	100.00	100.00	100.00	FC	FC
Chronopost International Burkina Faso	Burkina Faso	40.00	40.00	40.00	40.00	EM	EM
Chronopost International Algérie	Algeria	100.00	100.00	100.00	100.00	FC	FC
Chronopost International Côte d'Ivoire	Ivory Coast	50.00	50.00	50.00	50.00	FC	FC
Chronopost International Maroc	Morocco	34.00	34.00	34.00	34.00	EM	EM
Chronopost (Mauritius) Ltd	Mauritius	69.00	69.00	75.00	75.00	FC	FC
Cuenca Pack, S.A.	Spain	100.00	0	100.00	0	FC	
Customs Clearance Ltd.	United Kingdom		64.63		100.00		FC
Delifresh IDF	France	100.00	100.00	100.00	100.00	FC	FC
Direct Parcel Distribution CZ s.r.o. (ex DPD Czech Republic)	Czech Republic	100.00	100.00	100.00	100.00	FC	FC
Direct Parcel Distribution SK s.r.o. (ex DPD Slovakia Sro)	Slovakia	100.00	100.00	100.00	100.00	FC	FC
DPD Austria	Austria	25.57	25.57	25.57	25.57	EM	EM
DPD Bel FLLC	Belarus	100.00	100.00	100.00	100.00	FC	FC
DPD Belgium	Belgium	100.00	100.00	100.00	100.00	FC	FC
DPD Croatia	Croatia	100.00	100.00	100.00	100.00	FC	FC
DPD CZ s.r.o.	Czech Republic		100.00		100.00		FC
DPD Deutschland GmbH	Germany	100.00	100.00	100.00	100.00	FC	FC
DPD Eesti AS	Estonia	100.00	100.00	100.00	100.00	FC	FC
DPD Eurasia LLC	Uzbekistan		100.00		100.00		FC
DPD France SAS	France	100.00	100.00	100.00	100.00	FC	FC
DPD fresh BeLux BV	Belgium		100.00		100.00		FC
DPD Group International Services GmbH	Germany	100.00	100.00	100.00	100.00	FC	FC
DPD Hungaria kft	Hungary	100.00	100.00	100.00	100.00	FC	FC
DPD Ireland	Ireland	100.00	100.00	100.00	100.00	FC	FC
DPD Kazakhstan LLP	Kazakhstan	100.00	100.00	100.00	100.00	FC	FC
DPDgroup IT Solutions	Poland	100.00	100.00	100.00	100.00	FC	FC
DPDgroup IT Solutions Hungary Kft	Hungary	100.00	100.00	100.00	100.00	FC	FC
DPDgroup UK Ltd	United Kingdom	100.00	100.00	100.00	100.00	FC	FC
DPD Laser	South Africa	75.00	75.00	75.00	75.00	FC	FC
DPD Latvija SIA	Latvia	100.00	100.00	100.00	100.00	FC	FC
DPD Lietuva UAB	Lithuania	100.00	100.00	100.00	100.00	FC	FC
DPD Local UK Ltd	United Kingdom	100.00	100.00	100.00	100.00	FC	FC
DPD Luxembourg	Luxembourg	100.00	100.00	100.00	100.00	FC	FC
DPD Netherlands	Netherlands	100.00	100.00	100.00	100.00	FC	FC
DPD Polska	Poland	100.00	100.00	100.00	100.00	FC	FC
DPD Portugal (ex Chronopost International Portugal)	Portugal	100.00	100.00	100.00	100.00	FC	FC
DPD RUS	Russia	86.80	86.80	100.00	100.00	FC	FC
DPD Service GmbH	Germany	100.00	100.00	100.00	100.00	FC	FC
DPD Schweiz	Switzerland	100.00	100.00	100.00	100.00	FC	FC
DPD SK s.r.o.	Slovakia		100.00		100.00		FC
DPD Slovenia	Slovenia	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
DS Russia GmbH & Co. Asset KG	Germany	86.80	86.80	86.80	86.80	FC	FC
DS Russia GP GmbH	Germany	100.00	100.00	100.00	100.00	FC	FC
DS Russia Management GmbH	Germany	87.41	88.80	87.41	88.80	FC	FC
DTDC	India	42.52	42.52	42.52	42.52	EM	EM
Dynamic Parcel Distribution Ltd	United Kingdom	100.00	100.00	100.00	100.00	FC	FC
GLPU	France		100.00		100.00		FC
EVOL BORDEAUX	France		60.00		100.00		FC
EVOL CLERMONT FERRAND	France		60.00		100.00		FC
EVOL GRENOBLE	France		49.80		100.00		FC
EVOL LILLE	France		60.00		100.00		FC
EVOL LYON	France		60.00		100.00		FC
EVOL MARSEILLE AIX TOULON	France		60.00		100.00		FC
EVOL MONTPELLIER	France		60.00		100.00		FC

COMPANY	COUNTRY	% of interest		% of control		Method of consolidation	
		2019	2020	2019	2020	2019	2020
EVOL NANTES	France		60.00		100.00		FC
EVOL NICE	France		60.00		100.00		FC
EVOL PARIS	France		60.00		100.00		FC
EVOL SAINT ETIENNE	France		60.00		100.00		FC
EVOL TOULOUSE	France		60.00		100.00		FC
Express Delivery Services	France		52.58		52.58		FC
FB On Board Courier Services Inc.	Canada		7.11		11.00		EM
FermoPoint S.r.l.	Canada		50.98		60.00		FC
Flap Locadora e Trans. Ltda.	Brazil	60.00	98.00	60.00	98.00	FC	FC
Forwarder Line Logistik	Liechtenstein	100.00	100.00	100.00	100.00	FC	FC
Geopost Americas	United States	100.00	100.00	100.00	100.00	FC	FC
GeoPost Espana, S.L.	Spain	100.00	100.00	100.00	100.00	FC	FC
GeoPost Holdings Ltd	United Kingdom	100.00	100.00	100.00	100.00	FC	FC
GeoPost IMDH GmbH	Germany	100.00	100.00	100.00	100.00	FC	FC
GeoPost Intermediate Holdings	United Kingdom	100.00	100.00	100.00	100.00	FC	FC
GeoPost Ireland Limited	Ireland	100.00	100.00	100.00	100.00	FC	FC
Gourmet Delivery, S.L.	Spain	100.00		100.00		FC	
Gruppo BRT	Italy	37.50	84.96	37.50	84.96	EM	FC
Iloxx GmbH	Germany	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
Jadlog Logística Ltda	Brazil	60.00	98.00	60.00	98.00	FC	FC
JLGP Brasil Participações Ltda	Brazil	100.00	100.00	100.00	100.00	FC	FC
Jumbo Glory Ltd.	Hong Kong		33.02		51.10		FC
Keyopstech	France	95.00	95.00	95.00	95.00	FC	FC
Keyopstech Ivoire SARL	Ivory Coast	95.00	95.00	100.00	100.00	FC	FC
Keyopstech Sénégal SARL	Senegal	95.00	95.00	100.00	100.00	FC	FC
KOT Ivoire SAS	France	95.00	95.00	100.00	100.00	FC	FC
Lenton Group Ltd	Hong Kong	34.65	64.63	34.65	64.63	EM	FC
L'espace Pro SAS	France	100.00		100.00		FC	
Linehaul Express (Cambodia) Co. Ltd.	Cambodia		16.16		25.00		EM
Linehaul Express Co. Ltd.	Canada		64.63		100.00		FC
Linehaul Express France SARL	France		64.63		100.00		FC
Linehaul Express (HK) Ltd.	Hong Kong		64.63		100.00		FC
Linehaul Express (India) Private Ltd.	India		64.63		100.00		FC
Linehaul Express Korea Ltd.	Republic of		32.96		51.00		FC
Linehaul Express LLC	United Arab		64.63		100.00		FC
Linehaul Express Ltd.	United Kingdom		64.63		100.00		FC
Linehaul Express (NZ) Ltd.	New Zealand		32.96		51.00		FC
Linehaul Express (Shenzhen) Ltd.	China		64.63		100.00		FC
Linehaul Express (Taiwan) Ltd.	Taiwan		64.63		100.00		FC
Linehaul Express (Thailand) Co. Ltd.	Thailand		32.31		50.00		FC
Linehaul Express (Zhengzhou) Ltd.	China		48.79		75.50		FC
Linehaul Mac Express(Private) Ltd. (ex Finlays Linehaul Express (Private) Ltd.)	Sri Lanka		32.31		50.00		FC
Linex Air Services (Private) Ltd.	South Africa		64.63		100.00		FC
Linex Air Services Pty Ltd.	Australia		64.63		100.00		FC
Linex Corporation	Philippines		38.78		60.00		FC
Linex Inc.	United States		64.63		100.00		FC
Linex Nankai JP Co, Ltd.	Japan		38.78		60.00		FC
Ludev - Logistique Urbaine Développement (ex GeoPost Urban Logistics)	France	100.00	60.00	100.00	60.00	FC	FC
LWW South Africa	South Africa	71.92	100.00	100.00	100.00	FC	FC
Madripaq Servicios, S.L. - MEE	Spain		24.00		24.00		EM
Mail Plus Ltd	United Kingdom	100.00	100.00	100.00	100.00	FC	FC
Menexpres, S.A.	Spain	100.00	100.00	100.00	100.00	FC	FC
Ninja Logistics Pte. Ltd	Singapore	32.60	36.60	32.60	36.60	EM	EM
Packcity France	France	25.00	25.00	25.00	25.00	EM	EM
Packcity GeoPost	France	50.50	50.50	34.00	34.00	EM	EM
Parceline Ltd	United Kingdom	100.00	100.00	100.00	100.00	FC	FC
ParcelLock GmbH	Germany	50.00	50.00	50.00	50.00	EM	EM
PickPoint (Russia) LLC	Russia	29.06	29.06	29.06	29.06	EM	EM
Pickpoint Delivery System Ltd. (Cyprus)	Cyprus	29.06	29.06	29.06	29.06	EM	EM
Pickup Services	France	100.00	100.00	100.00	100.00	FC	FC
Pickup Logistics	France	100.00	100.00	100.00	100.00	FC	FC
Pickup Personal Services	France		95.00		95.00		FC
Pie Mapping Software Ltd	United Kingdom	100.00	100.00	100.00	100.00	FC	FC
Pour de bon	France	46.76	46.76	46.76	46.76	EM	EM
PT Linehaul Express Indonesia	Indonesia		25.85		40.00		EM
Resto in	France	100.00	100.00	100.00	100.00	FC	FC
Resto in UK Ltd	United Kingdom	100.00		100.00		FC	
RPX Ltd.	Hong Kong		64.63		100.00		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
Sci Intel Immo	France	100.00	100.00	100.00	100.00	FC	FC
Segui 2000, S.A.	Spain	100.00		100.00		FC	

COMPANY	COUNTRY	% of interest		% of control		Method of consolidation	
		2019	2020	2019	2020	2019	2020
Seur Espana Operaciones, S.A.	Spain	94.32	94.71	100.00	100.00	FC	FC
Seur GeoPost, S.L.	Spain	100.00	100.00	100.00	100.00	FC	FC
Seur Gerencia de Riesgos, S.L.	Spain	94.32	94.71	100.00	100.00	FC	FC
Seur Logística S.A.	Spain	94.32	94.71	100.00	100.00	FC	FC
Seur, S.A.	Spain	94.32	94.71	94.32	94.71	FC	FC
Shanghai E & T Wako Express Co. Ltd.	China		38.78		60.00		FC
Siodemka Systemy Sp z o.o.	Poland	100.00	100.00	100.00	100.00	FC	FC
Sodexi	France	35.00	35.00	35.00	35.00	EM	EM
Someva, S.L.U.	Spain	94.32	94.71	100.00	100.00	FC	FC
Speedy AD	Bulgaria	24.81	24.81	24.81	24.81	EM	EM
SPSR Express (Russie) LLC	Russia	86.80		100.00		FC	
SRT France Logistics	France	100.00	100.00	100.00	100.00	FC	FC
SRT France SAS (Stuart)	France	100.00	100.00	100.00	100.00	FC	FC
SRT Group SAS	France	100.00	100.00	100.00	100.00	FC	FC
Stuart Delivery LTD	United Kingdom	100.00	100.00	100.00	100.00	FC	FC
Stuart Delivery, S.L.	Spain	100.00	100.00	100.00	100.00	FC	FC
TD eLogistics	France	100.00		100.00		FC	
TD Express Services	France	100.00	100.00	100.00	100.00	FC	FC
Tigers (China) Co. Ltd	China	71.92	100.00	100.00	100.00	FC	FC
Tigers (USA) Global Logistics, Inc.	United States	71.92	100.00	100.00	100.00	FC	FC
Tigers AG	Switzerland	71.92	100.00	100.00	100.00	FC	FC
Tigers Deliver (Aust) Pty Ltd	Australia	71.92	100.00	100.00	100.00	FC	FC
Tigers eShop (HK) Limited (Myanmar)	China	71.92	100.00	100.00	100.00	FC	FC
Tigers Eshop (Malaysia) Sdn. Bhd.	Malaysia	71.92	100.00	100.00	100.00	FC	FC
Tigers Express Ltd	China	71.92	100.00	100.00	100.00	FC	FC
Tigers Global Logistics Ltd	United Kingdom	71.92	100.00	100.00	100.00	FC	FC
Tigers GmbH	Germany	71.92	100.00	100.00	100.00	FC	FC
Tigers HK Co. Ltd	Hong Kong	71.92	100.00	100.00	100.00	FC	FC
Tigers Indo China Logistics co. Limited	Burma	50.34	70.00	70.00	70.00	FC	FC
Tigers Intern. Logistics BV	Netherlands	71.92	100.00	100.00	100.00	FC	FC
Tigers Intern. Transport BV	Netherlands	71.92	100.00	100.00	100.00	FC	FC
Tigers International Solutions Pty	Australia	71.92	100.00	100.00	100.00	FC	FC
Tigers Logistics Group Ltd	United Kingdom	71.92	100.00	100.00	100.00	FC	FC
Tigers Ltd	Hong Kong	71.92	100.00	65.87	100.00	FC	FC
Tigers Malaysia	Malaysia	71.92	100.00	100.00	100.00	FC	FC
Tigers (Philippines) Global Logistics Ltd.Inc.	Philippines	39.58	55.05	55.05	55.05	FC	FC
Tigers Shared Services	South Africa	71.92	100.00	100.00	100.00	FC	FC
Tigers Trading Company Ltd	China	71.92	100.00	100.00	100.00	FC	FC
Tigers UK Holding Ltd	United Kingdom	71.92	100.00	100.00	100.00	FC	FC
Tigers Worldwide Logistics Ltd	India	53.76	74.75	74.75	74.75	FC	FC
Transciudad Real, S.L.	Spain		100.00		100.00		FC
Transporte Integral de Paquetería, S.A. MEE	Spain		50.73		50.73		EM
Trans-Imperial, S.L.	Spain	100.00		100.00		FC	
Universal Courier Express Pte Ltd.	Singapore		32.96		51.00		FC
Universal Express LLC	United Arab		32.96		51.00		FC
Universal Express Ltd.	Kenya		32.96		51.00		FC
Vazquez Rivas	Spain	100.00	0	100.00	0	FC	
Wako Air Express Co. Ltd	Hong Kong	71.92	100.00	100.00	100.00	FC	FC
Wako Express Co. Ltd.	Taiwan		64.63		100.00		FC
Wako Group Ltd	Hong Kong		64.63		100.00		FC
WDM (WA) Pty Ltd	Australia	71.92	100.00	100.00	100.00	FC	FC
WLG (Australia) Pty Ltd	Australia	71.92	100.00	100.00	100.00	FC	FC
WLG Inc	United States	71.92	100.00	100.00	100.00	FC	FC
Yurtiçi Kargo Servisi A.S.	Turkey	25.00	25.00	25.00	25.00	EM	EM
LA BANQUE POSTALE - CNP - SEGMENT							
La Banque Postale	France	100.00	100.00	100.00	100.00	FC	FC
AEP3 SCI	France		62.84		100.00		FC
AEP4 SCI	France		62.84		100.00		FC
AEW	France	40.00	40.00	40.00	40.00	EM	EM
Arial CNP Assurances	France		25.14		40.00		EM
Assurbail Patrimoine	France		62.84		100.00		FC
Assurimmeuble	France		62.84		100.00		FC
Assurance	France		41.48		66.00		EM
BPE	France	100.00	100.00	100.00	100.00	FC	FC
Caixa Assessoria e Consultoria	Brazil		32.52		51.75		FC
Caixa Capitalização	Brazil		16.58		51.00		FC
Caixa Consórcios	Brazil		32.52		51.75		FC
Caixa Saúde SA	Brazil		32.52		51.75		FC
Caixa Seguradora	Brazil		32.52		51.75		FC
Caixa Seguros Holding S.A.	Brazil		32.52		51.75		FC
Caixa Seguros Participações Securitárias	Brazil		32.52		51.75		FC
Caixa Vida e Previdência	Brazil		25.14		51.75		FC
CIMO	France		62.84		100.00		FC
CNP	France	20.15		36.25		EM	
CNP Asfalistiki	Cyprus		62.84		100.00		FC
CNP Assur Trésorerie Plus	France		61.67		98.13		FC

COMPANY	COUNTRY	% of interest		% of control		Method of consolidation	
		2019	2020	2019	2020	2019	2020
CNP Assurances	France		62.84		68.51		FC
CNP Assurances Compañía de Seguros	Argentina		48.06		76.47		FC
CNP Assurances Participações Ltda	Brazil		62.84		100.00		FC
CNP Caution	France		62.84		100.00		FC
CNP Cyprialife	Cyprus		62.84		100.00		FC
CNP Cyprus Insurance Holdings	Cyprus		62.84		100.00		FC
CNP Cyprus Properties	Cyprus		62.84		100.00		FC
CNP Cyprus Tower Ltd	Cyprus		62.84		100.00		FC
CNP Europe Life Ltd	Ireland		62.84		100.00		FC
CNP Holding Brasil	Brazil		62.84		100.00		FC
CNP Immobilier	France		62.84		100.00		FC
CNP Luxembourg	Luxembourg		62.84		100.00		FC
CNP Partners	Spain		62.84		100.00		FC
CNP Praktoriaki	Greece		62.84		100.00		FC
CNP S.A. de Capitalización y Ahorro p/ fines determinados	Argentina		31.42		65.38		FC
CNP Santander Insurance Europe Ltd	Ireland		32.05		51.00		FC
CNP Santander Insurance Life Ltd	Ireland		32.05		51.00		FC
CNP Santander Insurance Services Ireland	Ireland		32.05		51.00		FC
CNP UNICREDIT VITA	Italy		36.13		57.50		FC
CNP Zois	Greece		62.84		100.00		FC
Easy Bourse	France	100.00	100.00	100.00	100.00	FC	FC
Ecureuil Profil 90	France		35.71		56.83		FC
Ecureuil Vie Développement	France		30.79		49.00		EM
FCT Elise 2012	France	95.00	95.00	95.00	95.00	FC	FC
Filassistance International	France		41.48		100.00		EM
Holding Caixa Seguros Participações em Saude Ltda	Brazil		32.52		100.00		FC
Holding d'Infrastructures Gazières	France		34.19		54.41		EM
Holding XS 1 S.A.	Brazil		25.14		100.00		FC
Infra Invest	France		62.84		100.00		FC
La Banque Postale AM (Ex LBP AM)	France	70.00		70.00		FC	
La Banque Postale Assurance Santé	France	51.00	51.00	51.00	51.00	FC	FC
La Banque Postale Assurances IARD	France	65.00	100.00	65.00	100.00	FC	FC
La Banque Postale Collectivités Locales	France	65.00	65.00	65.00	65.00	FC	FC
La Banque Postale Conseil en Assurances	France	100.00	100.00	100.00	100.00	FC	FC
La Banque Postale Consumer Finance	France	100.00	100.00	100.00	100.00	FC	FC
La Banque Postale Leasing & Factoring	France	100.00	100.00	100.00	100.00	FC	FC
La Banque Postale Prévoyance	France	100.00	100.00	100.00	100.00	FC	FC
LBPAM Court Terme	France		62.84		100.00		FC
LBP Actifs Immo	France		62.84		100.00		FC
LBP AM	France		70.00		100.00		FC
LBP AM Holding	France		70.00		70.00		FC
LBP Dutch Mortgage Portfolio 1 B.V.	Netherlands	100.00	100.00	100.00	100.00	FC	FC
LBP Dutch Mortgage Portfolio 2 B.V.	Netherlands	100.00	100.00	100.00	100.00	FC	FC
LBP Home Loan SFH	France	100.00	100.00	100.00	100.00	FC	FC
LBP Immobilier Conseil	France		100.00		100.00		FC
Ma French Bank	France	100.00	100.00	100.00	100.00	FC	FC
MFPrévoyance	France		40.85		51.00		FC
Montparvie 5	France		62.84		100.00		FC
Odonto Empresas Convenios Dentarios LTDA	Brazil		32.52		100.00		FC
OPCI AEP 247	France		62.84		100.00		FC
OPCI AEW Imcom 1	France		62.84		100.00		FC
OPCI FII Renda Corporativa Angico	Brazil		26.69		42.47		FC
OPCI MTP Invest	France		62.65		100.00		FC
OPCI Raspail	France		62.75		100.00		FC
OPCVM Caixa Capitalização SA	Brazil		16.58		100.00		FC
OPCVM Caixa Consórcios SA	Brazil		32.52		100.00		FC
OPCVM Caixa Seguradora SA	Brazil		32.52		100.00		FC
OPCVM Caixa Vida & Previdência SA	Brazil		25.14		100.00		FC
OPCVM Holding Caixa Seguros Holding SA	Brazil		32.52		100.00		FC
OSTRUM AM	France		31.50		45.00		EM
Outlet Invest	France		62.84		100.00		FC
Previsul	Brazil		32.52		51.75		FC
SAS Allera	France		62.84		100.00		FC
SICAC	France		62.84		100.00		FC
SCI CRSF DOM	France	100.00	99.94	100.00	99.94	FC	FC
SCI CRSF Métropole	France	100.00	100.00	100.00	100.00	FC	FC
SCI Tertiaire Saint Romain	France	100.00	100.00	100.00	100.00	FC	FC
SF2	France	100.00	100.00	100.00	100.00	FC	FC
Sofiap	France	66.00	66.00	66.00	66.00	FC	FC
Sogestop K	France		62.84		100.00		FC
Sopassure	France	50.02		50.02		PC	
Tocqueville Finance	France	69.86	69.86	99.89	99.90	FC	FC
Tocqueville Finance Holding	France	69.92	69.92	99.89	99.89	FC	FC
Univers CNP 1 FCP	France		62.84		100.00		FC
Vivaccio ACT 5DEC	France		62.84		100.00		FC
Wiz Soluções e Corretagem de Seguros S.A.	Brazil		8.13		25.00		EM
XS2 Vida e Previdência S.A	Brazil		25.14		100.00		FC

COMPANY	COUNTRY	% of interest		% of control		Method of consolidation	
		2019	2020	2019	2020	2019	2020
DIGITAL SERVICES SEGMENT							
2B-Softteam Data	France		100.00		100.00		FC
Adverline	France	100.00	100.00	99.88	99.88	FC	FC
Ametix SAS	France	100.00	100.00	100.00	100.00	FC	FC
Arkhineo	France	100.00	100.00	100.00	100.00	FC	FC
AR 24	France		55.00		55.00		FC
Brains	France	100.00		100.00		FC	
Bretagne Routage SA	France	100.00	100.00	100.00	100.00	FC	FC
CER Docapost BPO SAS	France	50.98	50.98	50.98	50.98	FC	FC
Certinomis	France	100.00	100.00	100.00	100.00	FC	FC
CGLIB	France	100.00		100.00		FC	
CNTP Docapost BPO	France	66.00	66.00	66.00	66.00	FC	FC
Docapost	France	100.00	100.00	100.00	100.00	FC	FC
Docapost Applicam	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
Docapost BPO SAS	France	100.00	100.00	100.00	100.00	FC	FC
Docapost Conseil	France	100.00	100.00	100.00	100.00	FC	FC
Docapost CSP	France	100.00	100.00	100.00	100.00	FC	FC
Docapost DPS	France	100.00	100.00	100.00	100.00	FC	FC
Docapost E-Santé	France	100.00	100.00	100.00	100.00	FC	FC
Docapost Externalisation	France	100.00	100.00	100.00	100.00	FC	FC
Docapost Fast	France	100.00	100.00	100.00	100.00	FC	FC
Docapost IOT	France	100.00	100.00	100.00	100.00	FC	FC
Docapost Localéo	France	100.00	100.00	100.00	100.00	FC	FC
ESCENT Luxembourg	Luxembourg		100.00		100.00		FC
ESCENT Belgique (ex ESCENT SA)	Belgium		100.00		100.00		FC
Eukles	France	100.00	100.00	100.00	100.00	FC	FC
GENITECH Tunisie	Tunisia		100.00		100.00		FC
Icanopée	France	80.00	80.00	80.00	80.00	FC	FC
Inadvans	France		100.00		100.00		FC
Index Education	France		76.60		100.00		FC
Index Education Developpement	France		76.60		100.00		FC
Index Education Italie	Italy		76.60		100.00		FC
LP11 (ex Holding B-NUM)	France	100.00	100.00	100.00	100.00	FC	FC
Maileva	France	100.00	100.00	100.00	100.00	FC	FC
Marketshot	France	88.99	83.15	88.99	83.15	FC	FC
Media Prisme SAS	France	82.05	82.05	82.05	82.05	FC	FC
Mix Commerce	France	100.00		100.00		FC	
Modeliosoft	France		100.00		100.00		FC
Optelo	France		100.00		100.00		FC
Oxeva	France	70.03	70.03	70.03	70.03	FC	FC
Probayes	France	100.00	100.00	100.00	100.00	FC	FC
Sefas	France	100.00	100.00	99.99	99.99	FC	FC
Sefas Espana	Spain	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
Sérès S.A.	France	66.00	66.00	66.00	66.00	FC	FC
Sérès Allemagne	Germany	66.00	66.00	100.00	100.00	FC	FC
Sérès Espagne	Spain	66.00	66.00	100.00	100.00	FC	FC
Sofadev Docapost BPO	Morocco	50.98	50.98	100.00	100.00	FC	FC
Softeam	France		100.00		100.00		FC
Softeam Agency	France		100.00		100.00		FC
Softeam Armonys	France		100.00		100.00		FC
Softeam Consulting	France		100.00		100.00		FC
Softeam Group	France		100.00		100.00		FC
T2IS Docapost BPO	Morocco	50.98	50.98	100.00	100.00	FC	FC
Voxaly	France	100.00	100.00	100.00	100.00	FC	FC

COMPANY	COUNTRY	% of interest		% of control		Method of consolidation	
		2019	2020	2019	2020	2019	2020
LA POSTE NETWORK SEGMENT							
LP Télécom	France	51.00	51.00	51.00	51.00	EM	EM
REAL ESTATE SEGMENT							
Poste Immo	France	100.00	100.00	100.00	100.00	FC	FC
Akatea 2 TPF2 SAS	France	20.02	20.02	20.02	20.02	EM	EM
Akatea TPF2	France	20.02	20.02	20.02	20.02	EM	EM
Arkadea Lyon Girondins	France	50.00	50.00	50.00	50.00	EM	EM
Arkadea SAS	France	50.00	50.00	50.00	50.00	EM	EM
Ciposte SAS	France	100.00	100.00	100.00	100.00	FC	FC
Fréjorgues Energy SAS	France	46.00	46.00	46.00	46.00	EM	EM
Holding PI	France	46.00	46.00	46.00	46.00	EM	EM
Holding PI2	France	46.00	46.00	46.00	46.00	EM	EM
ImmoStoc SAS	France	100.00	100.00	100.00	100.00	FC	FC
LocaPoste SAS	France	100.00	100.00	100.00	100.00	FC	FC
Lumin' Toulouse SAS	France	44.00	44.00	44.00	44.00	EM	EM
Lumin' Logistique urbaine	France	44.00	44.00	44.00	44.00	EM	EM
PI Energy	France	46.00	46.00	46.00	46.00	EM	EM
PI Energy 2	France	46.00	46.00	46.00	46.00	EM	EM
Poste Immo Tertiaire	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
SAS PI Invest	France	100.00	100.00	100.00	100.00	FC	FC
SAS Starway	France	28.00	28.00	28.00	28.00	EM	EM
SAS Starway Partners	France	79.97	79.97	79.97	79.97	FC	FC
SC Pyxis	France	100.00	100.00	100.00	100.00	FC	FC
SCCV 56, rue Cler	France	49.00	49.00	49.00	49.00	EM	EM
SCCV Paris Campagne Première	France	49.00	49.00	49.00	49.00	EM	EM
SCI Activités Annexes	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 Activités Courrier de Proximité	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 Arkadea Fort de France	France	49.00	49.00	49.00	49.00	EM	EM
SCI Arkadea Lyon Crepet	France	35.00	35.00	35.00	35.00	EM	EM
SCI Arkadea Lyon Croix Rousse	France	30.00	30.00	30.00	30.00	EM	EM
SCI Arkadea Marseille Saint Victor	France	49.00	49.00	49.00	49.00	EM	EM
SCI Arkadea Rennes Trigone	France	49.00	49.00	49.00	49.00	EM	EM
SCI Bataille	France	35.00	35.00	35.00	35.00	EM	EM
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 Centres de Loisirs	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 Green Opale	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 PI Bordeaux Tourville	France	100.00	100.00	100.00	100.00	FC	FC
SCI PI 17	France	100.00	100.00	100.00	100.00	FC	FC
SCI Route du Moulin Bateau Bonneuil	France	100.00	100.00	100.00	100.00	FC	FC
SCI RSS Strasbourg	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 Tertiaire Mixte	France	100.00	100.00	100.00	100.00	FC	FC
Sobre	France	48.33	48.33	48.33	48.33	EM	EM
Sobre GLP	France	74.28	74.28	51.00	51.00	FC	FC
Société SCCV rue du Champ Macret-Roye	France	100.00	100.00	100.00	100.00	FC	FC
Toulouse Occitanie	France	44.00	44.00	44.00	44.00	EM	EM
TPF2 Sppicav	France	20.02	20.02	20.02	20.02	EM	EM
Urba 144	France	46.00	46.00	46.00	46.00	EM	EM
UNALLOCATED							
Sofrépost	France	99.99		99.99		FC	
Véhiposte SAS	France		100.00		100.00		FC
GIE Véhiposte	France	100.00	100.00	100.00	100.00	FC	FC

FC : Full consolidation EM : Equity Method PC : Proportionate consolidation

NOTE 45 OTHER UNCONSOLIDATED EQUITY INVESTMENTS – EXCLUDING FRANCE

(€ thousand)	Country	31/12/2020		31/12/2019
		Percentage held	Balance sheet value	Balance sheet value
Packlink Shipping, S.L.	Spain	10%	8,000	8,000
Anchanto	Singapore	18%	6,191	
Logalty Servicios	Spain	11%	1,768	1,768
Bosta Inc.	United States	20%	1,285	1,285
Livelihoods	Luxembourg	3%	1,000	1,000
Localz Pty Ltd.	Australia	5%	926	926
Citibox Smart Services, S.L.	Spain	3%	750	750
Sérès Colombie	Colombia	100%	707	642
Sérès Argentine	Argentina	90%	581	581
Sérès Mexique	Mexico	100%	553	553
Chrono Diali	Morocco	50%	347	0
Mediapost Vietnam	Vietnam	36%	311	311
Sérès Equateur	Ecuador	100%	216	216
Metrica	Bulgaria	60%	97	98
Ofertia Mexico	Mexico	100%	89	0
CargoNetwork Gm	Germany	100%	40	40
CIDES	Spain	10%	25	25
Divers	Portugal	ns	21	10
Ofertia Colombia	Colombia	100%	18	0
Kombiverkehr Deu	Germany	ns	16	16
Divers	Italy	ns	11	0
Applicam Tunisie	Tunisia	95%	10	10
Bancaja	Spain	ns	9	9
IG Zollwerk	Swiss	100%	9	0
Insercion Personal Discapacitados S.L.	Spain	10%	6	6
Divers	Spain	ns	3	4
ON5 company LTD	United Kingdom	100%	1	1
Divers	United Kingdom	ns	1	0
Alas Courier S.L. ^(a)	Spain	48%	0	16,000
Transporte Integral de Paqueteria S.A. (TIPSA) ^(a)	Spain	28%	0	9,157
BONIAL International GmbH ^(a)	Spain	44%	0	4,496
Transciudad Real. S.L. ^(a)	Spain	100%	0	3,651
DPD Eurasia LLC ^(a)	Uzbekistan	100%	0	100
Management GmbH	Germany	100%	0	77
ON5 UK	United Kingdom	100%	0	64
TOTAL			22,991	49,796

(a) Companies consolidated in 2020.