2020 HALF-YEAR FINANCIAL REPORT

LE GROUPE LA POSTE

CONTENT

1

Half-year management report

Significant events, analysis of business and results

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NB 1: The financial data shown in this document are taken from the Group's consolidated financial statements established according to IFRS.

NB 2: The amounts shown in the tables are generally provided in millions of euros. Rounding may on occasion result in slight differences in totals or changes.

Review of the financial position and results

1. Highlights

1.1 Economic and financial environment

Considering its positioning within the services industry, the Group is influenced in its various businesses by the economic environment and by changes in labour costs, notably in France and its principal neighbouring European countries. Oil prices and exchange rates, in particular in relation to the US dollar, pound sterling, rouble, Brazilian real and zloty, also have a significant impact on the Group's logistics and international business (in light of GeoPost's strong international presence). Lastly, because the Group also provides banking services, it is sensitive to changes in interest rates and, to a lesser extent, to changes in the financial markets.

From the health crisis to the economic crisis

The signing of decisive agreements in early 2020 clarified two of the main uncertainties affecting the international economy in the previous year. The first, between Washington and Beijing on 15 January 2020, helped to mitigate the risk of further deterioration in international trade. The second, between the United Kingdom and the European Union on 31 January 2020, enabled a partial exit from the impasse in the negotiations on Brexit. However, the outbreak at the beginning of the year of the Covid-19 epidemic in Wuhan, Hubei Province in China, put an end to this calming, leading Asia and then Europe and America into the largest health and economic crisis in recent decades.

Following the onset of the first cases in China, an increasing number of patients were reported positive for the virus in other Asian countries, including Thailand, Japan and South Korea. To cope with the rapid spread of the virus, governments put in place a number of health measures that led to a partial halt, more or less pronounced, in their economies. The Chinese government was the first to impose strict lockdown measures on its population, thus dealing a blow to its already weakened economy at the end of 2019. As a result, China's GDP contracted by 9.8% in the first quarter of 2020 (compared to the previous quarter). Since the gradual lifting of the rules on social distancing, economic activity has resumed more strongly in the industrial sector than in the commercial sector. Indeed, in May manufacturing output returned to its end-2019 level, while retail sales remained down 2.8% compared to the previous year.

The development of major epidemic outbreaks in Europe and then in the Americas has prompted the respective governments to implement measures to contain the evolution of the epidemic. For example, travel restrictions, at both the domestic and the international level, have disrupted the optimal functioning of production chains, causing an unexpected supply shock. The United States experienced a 1.3% decline in GDP in the first quarter and an unprecedented deterioration in the labour market (more than 40 million people have registered as unemployed since the beginning of the epidemic). However, activity began to show signs of recovery during May with a reduction in health constraints (recovery in retail sales, signs of improvement in the labour market).

Central banks responded very quickly to this unprecedented crisis by deploying an arsenal of measures. Monetary policies have become more flexible, notably through lower interest rates and increased asset purchases. The Federal Reserve (Fed) in the United States and the Bank of England lowered their key interest rates to between 0% and 0.25%. On the other hand, the ECB chose not to lower its key rates, which were already zero or negative. It resolved to adopt other support measures for the Euro zone, in particular through the creation of a new programme of asset buying (Pandemic emergency purchase programme - PEPP). The objective of this programme is to maintain the financial stability of the Euro zone, while at the same time allowing the financing of government expenditure at reduced rates. At the same time, the ECB renewed access to liquidity on favourable terms through its credit operations to commercial banks, in order to support small- and medium-sized companies in need of cash. In addition, international liquidity lines have been established to support emerging countries that are particularly vulnerable to the crisis due to their status as commodity exporters and which face significant capital flight.

Budgetary policies are also supporting economic agents, by maintaining household incomes through partial unemployment (particularly in Europe) and by providing liquidity to companies through exemptions from charges and reduced interest rate loans guaranteed by the States.

During May, a growing number of countries began the process of lockdown release. Despite the lifting of national travel restrictions for most of them, the maintenance of certain social distancing measures will continue to weigh on activity, in particular in the services sector.

Euro zone: strongly responsive economic policies

The Euro zone is facing an economic crisis unprecedented in peacetime. The zone experienced a 3.6% contraction in GDP in the first quarter and the latest estimates indicate that the decline in the second quarter is likely to be more pronounced due to a longer lockdown period.

In addition to monetary policies, budgetary policies have also contributed to the effort to preserve the economy, first by adopting safeguard plans and then by adopting recovery plans. For example, the European Commission, with the support of the core Euro zone countries, has proposed the establishment of a €750 billion common stimulus fund. This would include loans (€250 billion) and transfers (€500 billion) to help the countries hardest hit by the Covid-19 epidemic. The fund, if accepted by the member countries, would constitute a major change on the issue of the pooling of European debt, thus explaining the narrowing of the interest rate differential between the German Bund and its Italian counterpart (considered as an indicator of risk of European debt).

At the national level, measures such as partial unemployment, increased health expenditure, support for household incomes and tax deferrals should mitigate the consequences of the lockdown on the labour market and on business failures. Nevertheless, the recessions faced by the member States will remain very marked.

During the first half of the year, inflation declined to just 0.1% year-on-year in May. One of the main reasons for this moderation is the drop in energy prices in the first months of the year, with oil prices falling sharply between January and April. Underlying inflation (excluding energy and food) remained relatively stable during the first half of the year, at around 1%. However, growing questions have arisen in recent months about the inflationary nature of the support measures put in place.

France reopens cautiously but clearly

To cope with the rapid spread and virulence of the virus, the French government has introduced some of the most stringent health measures in the world. The restriction of travel to the bare essentials as well as the closure of non-essential shops struck a blow to an economy already impacted by the strikes at the end of 2019. While the lockdown release phase began on 11 May, INSEE's latest estimates indicate that the loss of activity related to the health crisis would be limited to 12% in mid-June, compared to 22% in May and 30% during the lockdown. As a result, after a 5.3% contraction in the first quarter, the French economy – marked by a lockdown period three times longer between April and June than in the first three months of the year – would fall even more sharply in the second quarter. According to INSEE, household consumption was only 5% below normal in mid-June, 27 percentage points above its April level (-32%). Despite the measures taken to facilitate access to partial unemployment, the labour market deteriorated sharply in the first quarter, in particular following the collapse of temporary employment during the lockdown. However, these measures have avoided too great a contraction in household income. Households saw their savings increase during the lockdown, adding to liquid savings investments (current accounts, Livret A savings accounts).

Necessary rebalancing in the oil market

The sharp halt in the world economy and consequently in international trade has created a significant imbalance between supply and demand in the black gold market. The slowdown in China (the world's largest oil importer) and then in Europe has significantly reduced the amount of oil consumed worldwide. The difficulties for OPEC and its allies in reaching an early agreement on production limitation have resulted in a massive excess supply and a risk of storage capacity saturation. This led to a steep drop in Brent oil prices by nearly 70% between its January high point (US $69) and its April low point (US $19). Since then, oil-exporting countries have agreed to limit production up to a 10% reduction in total supply. This decision, combined with the gradual reopening of the economy, allowed a partial rebalancing of the market and therefore an increase in the price per barrel to US $40 during May.

Volatile stock markets

Given the unexpected and abrupt nature of the health crisis, investor risk aversion and the search for liquidity have resulted in a massive exit from the stock markets and a pronounced demand for safe havens. As a result, US and European stock prices fell 20% to 30% from their level at the beginning of January to a low point in mid-March (cyclical stocks being particularly impacted by this pessimistic view of the economic outlook). Nevertheless, following massive announcements of budgetary and monetary support around the world as well as a gradual recovery in activity, investors regained an appetite for risk allowing the various indices to erase a significant part of their losses during the months of April and May. However, the sharp rebound in stock prices continues to show significant volatility. Consequently, the future evolution of the stock markets seems to be dictated by the development of the health crisis.

Interest rates that reflect economic pessimism

In response to the very loose monetary policies and the increased demand for safe havens, the 10-year rate on benchmark government bonds (T-Notes) in the United States fell by more than 110 basis points to 0.7% in June against 1.9% in December 2019. In England, the Gilt lost 70 basis points at the beginning of the year to 0.2%. In the Euro zone, the 10-year government bond rates showed considerable volatility over the first half of the year, particularly during March, before returning to their pre-crisis level of 0% for the French 10-year OAT and -0.4% for the German Bund. Meanwhile, the Italian 10-year rate appreciated sharply in March, reaching 2.4%, before falling to 1.4% in June.

For their part, the interbank rates in the Euro zone were not too tight despite the economic shock. The EONIA, based on the deposit facility rate, remained broadly unchanged at -0.45% in mid-June. The three-month EURIBOR (the rate at which the major banks lend to each other for a three-month period) showed volatility in March and April before returning to its pre-crisis level of -0.40% in June, reflecting the context of uncertainty in the bond markets.

Strong dollar and struggling emerging currencies

The growth in risk-aversion and the search for safe havens caused by the health crisis pushed the dollar up against a basket of currencies in early 2020. In addition, the role of the US dollar as a reserve currency and the ever-increasing amount of dollar-denominated sovereign and corporate debt have contributed to significant demand for the US currency. In a particularly uncertain and anxious environment, banks' reluctance to engage in international transactions, as well as increased demand for liquidity, forced the Fed to create liquidity lines (swap lines) with several other central banks. These lines have helped to restore some stability in financial markets, particularly in emerging markets, where the amount of dollar-denominated sovereign debt continues to increase.

Having lost ground against the dollar in March (at $1.07 to one euro), the euro strengthened as a result of the support plans of the European Commission and the ECB. In mid-June, the euro/dollar exchange rate stood at $1.13 to one euro.

Following the exit from the impasse in the Brexit negotiations, the pound sterling appreciated against the euro at the beginning of the year (at 0.83 pound sterling to one euro). However, the severity of the health crisis in the United Kingdom, the very loose monetary policy of the Bank of England and the lack of significant progress on Brexit at the beginning of June, weighed on the pound sterling, which reached 0.90 pound sterling for one euro.

The Brazilian real lost nearly 45% of its value against the dollar between January and May, mainly due to the impact of the health crisis on an already recovering economy, but also to the political tensions present in the country (impeachment procedure against Jair Bolsonaro, resignation of several ministers in disagreement with the President's policy). The real strengthened slightly in June to reach 4.9 reals to one dollar. Finally, the rouble lost one third of its value against the dollar in the first three months of the year before recovering to 70 roubles per dollar in early June.

1.2 Regulatory environment

Banking environment trends

The European Commission, the Parliament and the European Council voted urgently on several amendments to the CRR to allow banks to continue to finance the real economy and mitigate the impacts of the Covid-19 epidemic.

In this context, the amendments to the CRR Regulation implement certain targeted changes aimed not only at absorbing losses but also at increasing the capacity of institutions to grant credit to employees, SMEs and infrastructure projects.

The amendments concern:

- The terms of application for the transitional provisions IFRS9
- The leverage ratio
- The new treatment of software
- More favourable treatment of loans benefiting from public guarantees as part of the prudential backstop
- The neutralisation in CET1 prudential equity of unrealised gains or losses on assets and liabilities of sovereign exposures recognised at fair value through other comprehensive income
- The decline in the market risk rate
- Easing capital requirements on exposure to central governments and central banks
- The calculation of large exposures on sovereign securities

From the outset of the health crisis, the ECB also asked institutions to activate their capital buffers set up to cope with a major crisis situation, in order to free up capital charges and reallocate them to finance the real economy. Institutions may therefore temporarily operate below the following buffers:

- Capital conservation buffer
- Pillar 2 Guidance (P2G)
- Pillar 2 requirement (P2R): possibility to use Tier 1 and Tier 2 capital instruments to meet P2R requirements
  - The counter-cyclical buffer, in the hands of the national authorities, has also been fully released in France until further notice by the High Council for Financial Stability (HCSF). HCSF's 18 March announcement has thus been effective in France since 2 April 2020, the date of the ECB's approval of the decision.

Pricing adjustments for mail and parcels

Price increases for mainland, overseas and international mail and parcels took effect on 1 January 2020 following the opinion issued by French Authority for regulation of the electronic communications and postal sectors (Autorité de régulation des communications électroniques et des postes – ARCEP) on 11 July 2019 (No. 2019-0955). All of these changes comply with the price cap for the 2019-2022 period, as set by Decision No. 2017-1252 of 26 October 2017.

On 1 January 2020, La Poste increased its mail prices by an average of 4.7%[1]. The price for the first weight tranche of priority mail rose from €1.05 to €1.16, while that of the first tranche of “Lettre Verte” (green mail) rose from €0.88 to €0.97. La Poste decided to strengthen the price advantage for “Lettre Verte” (green mail), which was raised to 19 cents compared to priority mail (against 17 cents previously) to take into account the uses of its customers. In 2019, “Lettre Verte” (green mail), which is delivered within 48 hours and is more economical and eco-friendly, was the most-used form of delivery with 112 million letters sent each month, compared to 85 million priority mail letters.

“Lettre Verte” (green mail) is just above the European average of inexpensive products (€0.92 in PPP[2] France), while offering a faster delivery time (two days instead of three or four days in most other countries).
The discount granted for any purchase of stamps to print at home (MonTimbrenLigne service, accessible via laposte.fr) remains at 3 cents compared to standard stamps.

Within the scope of the universal postal service, the prices for the business mail range have seen a moderate 3.4% rise, while advertising mail prices have risen by only 1.6% to boost the competitiveness of mail as a medium.

The parcel prices for domestic shipments to private individuals have increased by an average of 2.0%, while the Colissimo France Retail Customers first weight tranche of 0-250 g remains stable at €4.95 for the third year running. On 1 January 2020, items weighing less than 2 kg represented more than three quarters of the parcel volumes sent by retail customers.

Taking into account the rise in prices and the fall in consumption of mail and parcels, household budgets for postal products represented an average of around €40 in 2020, or 0.1% of their annual budget.

Price changes for press services

On 15 November 2019, ARCEP issued a favourable opinion (No. 2019-1724) on the 2020 price changes for the press transport and delivery services provided by La Poste as part of its public service mission. On 9 December 2019, these changes to the public press service were approved by the French Ministry of Economic and Financial Affairs.

Thus, on average prices increased by 3.5%, with an average 4.05% rise for general publications with a registration certificate from the Joint Commission for Publications and Press Agencies (*Commission paritaire des publications et agences de presse*), and significantly lower increases for political and general information publications at 2.03%, and for daily publications with limited advertising resources at 1.02%.

Signing of the local postal coverage agreement for 2020-2022

The regional planning mission is the subject of a multi-annual local postal coverage agreement signed between the French State, La Poste and AMF. Following the very positive outcome of the first four agreements, the fifth local postal coverage agreement was signed on 5 February 2020 for the 2020-2022 period.

[1] 5% on all universal postal service mail/parcels and 4.8% on average based on the mail operating revenue giving rise to traffic.

[2] Purchasing power parity.

In line with previous agreements and in order to better reflect the local context, departmental governance bodies will enjoy greater autonomy in setting their priorities in line with local needs, through the consolidation of their right to innovate in particular.

Among the priorities arising from the consultation carried out in 2019, the agreement sets out a strong ambition to improve and adapt the local postal service to meet the wide-ranging and new requirements of citizens in all regions, whilst supporting the continued adaptation of the postal network through new forms of shared postal coverage, through the consolidation and gradual development of the France Services network in physical spaces and through mobile services.

Covid-19 epidemic, health emergency and conditions for carrying out the public service missions

La Poste has adjusted the way in which it carries out its public service missions due to the unpredictable and exceptional circumstances created by the Covid-19 pandemic and the declared health emergency.

These adjustments include reducing the number of weekly rounds, closing some La Poste retail outlets and adapting delivery conditions of postal items. La Poste has also prioritised certain activities such as those aimed at the most vulnerable.

Pursuant to Article R. 1-1-12 of the French Postal and Electronic Communications Code, La Poste has sent regular updates to the minister responsible for postal services and to ARCEP on the measures taken and service resumption times. At the government's request, on 30 April ARCEP issued an opinion on the organisational changes applied[3]. ARCEP recognised the commitment of La Poste and its staff to properly fulfilling their public service missions. It also deemed that providing information to users and the quality of such information needed to be considerably improved, and stated that La Poste needed to strengthen links with local elected representatives, information to customers and its whistle-blowing and problem-detection systems.

[3] Opinion No. 2020-0425 from the French Authority for regulation of the electronic communications and postal sectors and press delivery (Autorité de régulation des communications électroniques, des postes et de la distribution de la presse – ARCEP) dated 30 April 2020 on adaptations to La Poste's organisation impacting the universal postal service due to the health emergency.

1.3 Completion of the transaction between Caisse des Dépôts and La Poste, and between La Banque Postale and CNP Assurances

As part of the project of a strategic equity alliance between La Poste and Caisse des Dépôts for the creation of a large public financial group, the French State, Caisse des Dépôts, La Poste and La Banque Postale signed a binding memorandum of understanding on 31 July 2019.

The creation of this public financial group aims to strengthen regional cohesion and combat regional divides in mainland France and the overseas territories through La Poste and Caisse des Dépôts.

This project was finalised at the La Poste General Shareholders' Meeting on 4 March 2020 by means of a contribution by the French State and Caisse des Dépôts to La Poste, and then from La Poste to La Banque Postale, of their respective 1.1% and 40.9% equity investments in CNP Assurances. The CNP Assurances Group is a leading player in personal insurance in France, Europe and Brazil.

As of March 4, 2020, Le Groupe La Poste, including La Banque Postale, is fully consolidated by Caisse des Dépôts, and the CNP Assurances Group, previously an equity affiliate, is fully consolidated by La Banque Postale. Following this transaction, Le Groupe La Poste held a 62.13% stake in CNP Assurances.

1.4 Developments, partnerships and acquisitions

1.4.1 Services-Mail-Parcels

1.4.1.1 La Poste continues its development in home health

In May 2020, Asten acquired 100% of Respi'Santé, based in Auxerre, specialising in the rental and sale of medical and respiratory equipment and Second Souffle, based in the Paris region, specialising in the rental and sale of medical and respiratory equipment, two Home Healthcare Services actors.

In June 2020, Asten acquired 100% of GXEL Medical, Astriad, MD Handicap and Ethique Perfusion, four companies specialising in infusion, enteral artificial nutrition, complex dressings and home care.

La Poste took a 27% stake in Newcard and is thus supporting the growth of a major player, a pioneer in the market for remote monitoring of chronic pathologies. With its remote monitoring service for heart failure "1 Minute for My Heart", Newcard fully demonstrated, during the pandemic, the value of high-quality monitoring of patients at risk of severe forms, in a context of reduced availability of care.

In July 2020, La Poste became a majority shareholder in Nouveal (77%), the market leader in remote monitoring of a patient's treatment. Nouveal brings to healthcare institutions and pharmaceutical companies all its know-how in digitising the course of treatment.

Nouveal also played a key role in the context of the health crisis by co-developing, with AP-HP and Covidom, an application for remote home monitoring of patients with or suspected of having Covid-19. La Poste provided its operational expertise to support the start-up's employees in coping with this exponential increase in workload in the context of the health crisis.

These operations are part of La Poste's diversification strategy into home healthcare services. The Covid-19 health crisis has shown the need to accelerate the development of new services to enable healthcare professionals to better support patients by integrating home monitoring into their course of treatment.

1.4.1.2 Partnership between Leboncoin and La Poste

Since 5 May, Leboncoin has been offering its users the Colissimo home delivery service, which simplifies the use of the platform and thus encourages the sale of second-hand goods and the circular economy. This partnership embodies La Poste's ambition to offer retail customers services that respond to new digital consumption patterns, accessibility issues and responsible consumption.

1.4.1.4 La Poste is working on the distribution of masks in the service of the French State and local authorities

To support the gradual lockdown release and encourage the resumption of economic activity, a mask ordering platform dedicated to the needs of VSEs and small SMEs was set up on 2 May, at the request of the Ministry of the Economy and Finance. Logistics and delivery solutions have been offered to local authorities and manufacturers throughout France. Digital expertise, logistical power and its distribution network enabled La Poste to carry out this mission at the service of economic actors and the population.

1.4.2 GeoPost/DPDgroup

1.4.2.1 Takeover of the BRT group, leader in the Italian parcel market

The takeover of the Italian family-owned BRT group was carried out in January 2020. GeoPost now owns 85% of its capital. BRT handled more than 184 million parcels in 2019, thanks to 180 branches throughout Italy and generated operating revenue of close to €1.5 billion in 2019.

1.4.2.2 Acquisition of a majority stake in Lenton

In January 2020, GeoPost took a majority stake of more than 64% in Lenton, confirming the already close cooperation between the two companies. By December 2009, GeoPost had acquired 25% of Lenton's capital. The Hong Kong-based company, which also has Japan Post as a shareholder, is active in cross-border services, economy or priority airmail lines, value-added logistics and logistics gateway solutions through its three subsidiaries: Linehaul Express, RPX and Wako. The Group is present in 39 countries and is known for its strategic partnerships, notably with DPD. In 2019, Lenton had an operating revenue of €159 million.

1.4.2.3 GeoPost acquired the parcel subsidiaries of Geis in the Czech Republic and Slovakia

In January 2020, GeoPost acquired the parcel subsidiaries (Geis Parcel) from Geis in the Czech Republic and Slovakia, enabling DPD to strengthen its position in the last mile delivery market in these two countries. In 2019, Geis Parcel had an operating revenue of around €65 million.

1.4.2.4 Strengthening the strategic partnership with PostNord

DPDgroup, the leading international parcel delivery network in Europe, and PostNord Group, the leading provider of communication and logistics solutions from, to and within Scandinavia, announced in April 2020 the signing of a new cooperation agreement for the next five years, aimed at strengthening their strategic partnership in the parcel delivery segment.

The renewal of this partnership aims to further harmonise the services offered between the Nordic countries and the rest of Europe in order to better meet the expectations of shippers and recipients. This is made possible by a comprehensive range of delivery solutions for businesses and private individuals, both at home and outside the home.

Both partners offer the densest pick-up network, with over 46,000 points in Europe and around the world, to offer customers unique out-of-home delivery and return solutions in 27 countries.

1.4.2.5 BUDNI Hamburg & Berlin becomes a strategic partner of DPD Germany's retail pick-up network

Retail pick-up points are now available in nearly 100 BUDNI subsidiaries in the metropolitan area of Hamburg and Berlin. BUDNI and DPD Germany aim to establish a long-term partnership and extend their cooperation to other subsidiaries throughout Germany. Previously, a one-year test phase had been conducted in 20 BUDNI subsidiaries in Hamburg.

1.4.2.6 SEUR Logistique opens a new centre

SEUR Logistique, the subsidiary of SEUR aiming to offer a complete logistics and transport solution, opened its new centre in Illescas in June, which will allow it to increase its storage capacity by 40% and boost the efficiency of its operations in Madrid. This new 37,000 m^2 centre, for which SEUR used the property developer Goodman, is located in Illescas, specifically in the first eco-industrial park, La Veredilla II.

1.4.3 La Banque Postale

1.4.3.1 Completion of the transaction between La Banque Postale and the Groupama group concerning La Banque Postale Assurances IARD

After obtaining the required authorisations from the competent regulatory authorities, La Banque Postale and the Groupama group announced in April 2020 the completion of the transaction for the acquisition, by La Banque Postale, of Groupama's 35% stake in La Banque Postale Assurances IARD, as well as the extension of their cooperation in the areas of legal protection and assistance.

Created jointly at the end of 2009 by La Banque Postale and the Groupama group, La Banque Postale Assurances IARD markets a range of property and casualty insurance products and services for La Banque Postale's individual customers. With more than 500 employees serving a portfolio of 1.8 million policies, La Banque Postale Assurances IARD has become a full-service autonomous insurance company.

With the acquisition of Groupama's 35% stake in La Banque Postale Assurances IARD, La Banque Postale becomes its sole shareholder. La Banque Postale intends to actively pursue the development of La Banque Postale Assurances IARD's range of products and services with a view to strengthening and consolidating its integrated bancassurance model.

The Groupama Group will remain a long-term partner of La Banque Postale Assurances IARD: the agreement concluded between the two groups includes service provision agreements and reinsurance treaties with Groupama PJ (for legal protection) and Mutuaide (for assistance).

1.4.3.2 Signing of a combination agreement between Natixis and La Banque Postale to create a leading player in asset management in Europe

On 28 June 2020, Natixis and La Banque Postale signed the agreement to combine their asset management subsidiaries, Ostrum Asset Management and La Banque Postale Asset Management, as announced in December 2019. The purpose of the combination is to create, subject to obtaining the required authorisations from the competent regulatory authorities, a management company, a European leader in interest rate and insurance management, with more than €415 billion in assets under management on behalf of large institutional customers at the end of May 2020. The joint entity will be owned 55% by Natixis (through its subsidiary Natixis Investment Managers) and 45% by La Banque Postale (through its subsidiary LBP Asset Management). This combination is part of the broader framework of the agreements that accompanied the creation of the new public financial group, linking La Banque Postale to the insurer CNP Assurances, which officially came into being in March this year.

1.4.3.3 Signing of a binding agreement for Caisse des Dépôts to acquire SFIL

In March 2020, the French State, Caisse des Dépôts and La Banque Postale announced that they had signed a binding agreement for Caisse des Dépôts to acquire the entire stake held by La Banque Postale in SFIL's capital (i.e. 5%) and the entire stake held by the State (i.e. 75%), with the exception of one ordinary share that the State will retain. Following this transaction, the terms of which were announced on 9 October 2019, Caisse des Dépôts will become the reference shareholder of SFIL, the 7th largest French bank in terms of balance sheet size and the leading issuer of public sector covered bonds in Europe.

1.4.3.4 Faced with the health crisis, La Banque Postale is working strongly to support customers and society

In this context of health crisis, La Banque Postale has put in place various measures to support economic actors and civil society.

Support to accompany and help customers...

- La Banque Postale is committed to working with the public authorities to support businesses, professionals, local authorities and health facilities in need of support. These measures were carried out through repayments which could be postponed for up to 6 months and loans that could be rearranged without penalty. Short-term financing requirements will be the subject of an accelerated study, in particular through dedicated factoring solutions. Local authorities were able to benefit from short-term financing at zero rates for accelerated payment of suppliers. Hospitals, of which La Banque Postale is the leading bank lender, were able to benefit from short-term financing at zero rates to enable them to mobilise all the resources necessary to manage the crisis.
- CNP supporting companies and employees: Amidst the current health crisis, CNP Assurances has decided to reinforce its support of its collective personal risk, insurance and reinsurance clients - both companies and associations - by releasing a funding envelope of €50 million to expand its coverage beyond contractual obligations.
- CNP Assurances will in particular contribute to the coverage of per diem payments related to work stoppage to take care of children or vulnerable persons, beyond the contractual deductible period applicable in the case of sick leave. This gesture of solidarity will apply from the day when schools closed countrywide until 30 April 2020, which is the date on which employees will receive payment in terms of partial-unemployment measures.

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…. But also active support in the field of health…

- To support caregivers and hospital staff in the fight against the Covid-19 epidemic, the "a good meal for good care" programme initiated by the Fondation des Hôpitaux de Paris Hôpitaux de France provides for the daily delivery of quality meals, at cost price, made by committed partners. Five thousand meals are delivered daily to hospital staff in the geographical areas most affected by Covid-19: the north-eastern part of France, the Paris region and French overseas departments. The system is being rolled out gradually, according to the evolution of the health crisis. CNP Assurances is supporting this programme with a donation of €100,000.
- Falling in with the organisation of outpatient care during the COVID-19 crisis, the French Red Cross in partnership with CNP Assurances set up a H4D Consult Station® on 20 March in its healthcare centre in Villeneuve-la-Garenne, a region identified as a medical wasteland due its dire shortage of general practitioners. The Consult Station® allows patients to take their own measurements, guided by a video tutorial. At the end of the session, the patient receives a printout of their readings. The solution also offers the possibility of a video-call teleconsultation with a doctor. With the variety of measurement instruments in the office, the doctor can carry out a clinical examination, diagnose from a distance, and, if necessary, give a prescription.

… Accompanied by an approach through donations…

- To deal with the health and economic consequences, La Banque Postale and its subsidiaries have multiplied solidarity actions, notably through donations to medical research (in particular to the Pasteur Institute up to €1 million). Its subsidiary, CNP Assurances, is committed to helping vulnerable people (donation of €100,000 to support the Covid-19 actions of the Fédération des Associations Générales Etudiantes - FAGE - for students in difficulty; donation of €50,000 to Secours Populaire Français to support its actions for people in great difficulty, including isolated elderly people), medical staff and research, notably through various donations (totalling more than €300,000).
- In addition, the crowdfunding subsidiaries KissKissBankBank and Goodeed supported several solidarity and citizen initiatives, including €1.5 million collected through the "Stronger Together" campaign.

… And innovative and supportive initiatives.

- On 15 April 2020, CNP Assurances launched a "lockdown" support service on Lyfe, the digital platform for health and personal risk services and content from CNP Assurances, which also announced the availability of a free support and counselling service to help members who are stressed or anxious because of the lockdown and to assist their families in this time of crisis.
- CNP Assurances is acting against the Covid-19 epidemic by sponsoring "Barometer Covid-19". The aim of this weekly survey is to give all players access to strategic data to collect strategic data on French people's behaviour and its impact on the spreading of the epidemic to fight more effectively against the virus and prepare for the lifting of the lockdown.

1.4.3.5 *Measures to promote responsible financing*

Conscious of climate and environmental issues, La Banque Postale is committed to supporting socially-responsible financing. Therefore:

La Banque Postale is giving new impetus to its asset management activities: in addition to its 45% stake in the new joint structure with the BPCE group and Natixis on interest rate and insurance management, LBP Asset Management, pioneer of SRI, is becoming a multi-specialist SRI conviction manager serving sustainable finance by supporting customers in diversifying their assets to improve sustainable performance.

With €50 billion in assets under conviction management (based on outstandings at 31 December 2019) and an ambitious development project based on organic and external growth, LBP AM, with its subsidiary Tocqueville Finance, offers four centres of expertise integrating non-financial analysis into all its management. A thematic discretionary equity division via Tocqueville Finance, a real and private asset division, a multi-asset division - expanded to convertibles and absolute return rates - and finally a quantitative solutions division with systematic strategies. This offer responds to the new long-term investment needs of private investors concerning retirement and provides tailor-made risk management solutions for institutional investors. In addition to its partners, CNP Assurances and Malakoff Humanis, it will also target external distributors looking for value-added and efficient investment products.

In addition, three LPBAM Europe equity funds (LBPAM ISR Actions Euro, LBPAM Responsable Actions Europe and LBPAM ISR Actions Environnement), out of the top-rated five, were recognised by Climetrics for their climate performance as part of the Top 5 "European equity funds for climate performance". Supported by the international non-profit organisations CDP and ISS ESG, Climetrics enables all investors to select funds that enable companies to better manage climate change, water security and deforestation issues.

The EasyVie online life insurance policy: Faced with current and future environmental, social and corporate governance issues, EasyBourse is strengthening its commitment to CSR by providing its EasyVie life insurance policy, launched in 2018 in partnership with CNP Assurances, with a 100% SRI citizen switching mandate with "Easy Actions Citoyen". This 100% SRI management orientation makes it possible to give meaning to savings invested in positive impact mutual funds. Customers will receive a semi-annual non-financial management report on ESG (Environment – Social - Governance) criteria in which indicators will be communicated to demonstrate the positive impact of the investment with respect to the market. It will publish in particular: CO2 emissions, water consumption, the number of hours of employee training and changes in the workforce.

The Social Cup, created by KissKissBankBank and La Banque Postale, is the French Cup of young social entrepreneurs. The sixth edition of the Social Cup was held on 6 February 2020 where the 12 finalists competed during the final Battle, won by Ilya. The 12 finalists received prizes ranging from €500 to €4,000. The big winner won €3,000 from La Banque Postale. The winner had developed solutions to reduce the environmental impact of everyday actions, including a cyclical shower to reduce water and energy consumption. This shower, which recycles water, saves 90% of water and 80% of energy with each shower, going from 80 litres to just 5 litres of water.

1.4.3.6 CNP has invested in Paylead, a specialist in customer loyalty

Open CNP, the Corporate Venture fund of CNP Assurances, announced on 5 March 2020 that it has acquired a stake in Paylead, the fintech company specialising in the creation of loyalty programmes based on advanced analysis of banking data. Open CNP is participating, alongside Hugues le Bret and Side Capital, in the €6 million series A fund-raising that will enable fintech Paylead to continue its growth. Paylead is the 10th investment of Open CNP, the Corporate Venture fund of CNP Assurances, with a budget of €100 million over 5 years. Since its creation, Open CNP has already invested in October, H4D, Alan, Stratumn, MyNotary, Lydia, YesWeHack, Intercloud and CybelAngel.

1.4.4 La Poste Network

1.4.4.1 Signature of the tripartite regional coverage agreement

On 5 February, Le Groupe La Poste, the French State and the French Mayors' Association signed the fifth local postal coverage agreement for the 2020-2022 period. It provides for the continued adaptation of the postal network through new forms of shared postal coverage (with the development of the France Services system) as well as an increase in the product range and easier access to services for populations in regions marked by high levels of economic and social vulnerability.

1.4.4.2 Securing customer reception in post offices during the health crisis

Among the challenges faced by the company in coping with the health crisis, La Poste demonstrated responsiveness in organising the reception of the public when paying social benefits in the early days of April. While 1,850 offices were open, waiting times at the counter were limited following the implementation of several ad hoc measures:

- The decision of the French National Fund for Family Allowances (Caisse nationale des allocations familiales - CNAF) to advance the payment of benefits;
- Adaptation of banking procedures (increase in the card ceiling, in particular that of the Livret A savings account);
- Mobilisation of trust and cash transport agencies for the provision of cash to post offices and cash dispensers;
- Assistance between La Poste employees in managing queues.

This organisation, announced in the media, allowed beneficiaries to withdraw cash from ATMs as early as 4 April and thus limit the crowds from 6 April.

1.4.4.3 Network action plan for crisis recovery

The RESTART-ZM operation, from 1 June to 30 August, aims to create a new dynamic for the market areas by supporting the company's customers in the aftermath of the crisis. It concerns boosting sales on physical channels but also capitalising on new purchasing practices with the promotion of digital offers. Numerous special offers on Colissimo or Chronopost shipments or professional telephone subscriptions, price discounts on collection and delivery and reductions on IP distribution campaigns accompany this operation.

For the summer period, the 7,700 post offices will remain open and 200 additional seasonal service points will be set up to contribute to the attractiveness of tourist areas and to support professionals, craftsmen, traders and the liberal professions in the local economic recovery. From the second half of June, La Poste will be recruiting more than 2,000 seasonal employees.

Furthermore, La Poste plans to increase access to cash. Almost all ATMs will be operational throughout the summer, particularly in tourist areas and municipalities where only an ATM from La

Banque Postale is present. In addition, the withdrawal of cash from a postal current account or postal savings account is now increased to €500 per 7-day period per account, compared to €350 previously.

1.4.4.4 Creation of the site "Au cœur des DAST"

The Regional Support Departments (DAST) now offer a site to facilitate sharing, exchanges and partnership with operational staff. All the services offered by the different business activities can be consulted via the common services repository. Through this site, operators will have access to a single point of contact and will be able to learn about the latest approaches and solutions proposed to improve services.

1.4.5 La Poste Mobile

1.4.5.1 Marketing fixed telephony

La Poste Mobile is changing its fixed telephony distribution model: it stopped marketing its internet router offer under the LPM brand on 15 March and has been marketing the SFR router again since 19 May.

1.4.6 Digital Services

1.6.6.1 La Poste's Digital Identity service

In January 2020, the French National Cybersecurity Agency (*Agence Nationale de la Sécurité des Systèmes d'Information* – ANSSI) granted La Poste's "Digital Identity" service the first French certification for electronic identity for complying with the high security requirements of the European eIDAS Regulation, which establishes a European framework for electronic identification and trust services to facilitate the emergence of the digital single market. Since last May, La Poste has been offering a 100% digital experience for the creation of a digital identity.

1.6.6.2 Acquisition of AR 24

In June 2020, Docaposte acquired 62% of the start-up AR 24, creator of the first eIADS-qualified electronic registered mail solution in France. As a specialist in the digital transformation of organisations, Docaposte thus complements its range of trusted digital services (digital identity, signature, voting and archiving). This merger will enable the start-up to continue its development by benefiting from commercial and industrial synergies with Le Groupe La Poste. Since last May, AR 24's electronic registered mail solution has been integrated into the 100% digital experience of Digital Identity.

1.6.6.3 Laposte.fr

With monthly peaks of more than 35.5 million unique visitors (including mobile visits) during the lockdown, the laposte.fr website has experienced strong sales growth of 33% compared to 2019 and continues to improve the quality of its customer experience and enhance its offer. In the midst of a health crisis, continuity of service was maintained with a connection volume up to six times greater than normal traffic.

1.4.7 Real Estate

1.4.7.1 Poste Immo plans to convert 11 postal buildings into retirement homes

Poste Immo has a large number of property assets in medium-sized towns and cities, and is considering new uses for these buildings. After validating a first site in Strasbourg in 2019, the Group launched a call for expressions of interest in the first quarter of 2020 on a portfolio of 11 sites. In partnership with the chosen operator, Les Jardins d'Arcadie, the ambition is to find new uses for buildings in town and city centres, which will help to reduce the number of vacant properties, add value to notable assets and contribute to the development of the silver economy, which is in keeping with La Poste's diversification strategy. La Poste-branded services will also be incorporated into the services on offer wherever possible (e.g. Ardoiz, Axeo Services, Asten, Diadom, etc.).

1.4.8 Le Groupe La Poste

1.4.8.1 La Poste and Nexity together to prepare for the future

La Poste and Nexity entered into a 3-year partnership on 23 June. This agreement is the result of a joint study on living well together and the services to be developed for private individuals, companies and local authorities. It therefore achieves a shared ambition: to help revitalise towns and improve their quality of life by developing hyper-local services. La Poste and the real estate services platform want to collaborate around three main themes. The first point is to deploy local solutions and services for young people, senior citizens and customers of the Nexity branch network. Objective: to improve quality of life, facilitate everyday life and promote social interaction. Second theme: through urban logistics offers and services, the partners want to support the transformation of out-of-town commercial/industrial areas and the revitalisation of town centres. This is done with the aim of reducing the environmental impacts of transport. Finally, the partners want to develop digital services for local authorities, in order to facilitate their governance and interactions with users.

1.4.8.2 Le Groupe La Poste and Caisse des Dépôts are jointly engaged in urban logistics by accelerating the development of Urby

Le Groupe La Poste and Caisse des Dépôts have announced a joint commitment to the development of urban logistics solutions. Together, the two entities increased the capital of Urby, a subsidiary of La Poste and GeoPost dedicated to urban logistics, with an investment of €34 million. This transaction makes Urby an entity owned at 60% by La Poste and 40% by CDC via Banque des Territoires (compared to 100% previously by La Poste). Already present in 16 cities in France, Urby has recently opened four new platforms in Strasbourg, Lille, Rennes and Le Blanc-Mesnil (93), and aims to establish itself in the 22 metropolitan areas.

1.5 Bond issues

1.5.1 La Poste bond issue

La Poste successfully completed a €1.8 billion issue of fixed-rate senior unsecured bonds in April 2020. Two tranches, one with a maturity of 6.5 years (2026) and a 0.625% rate and one with a maturity of 12 years (2032) with a 1.375% rate, in the amount of €650 million and €1.15 billion, respectively, were placed with institutional investors.

The proceeds of this transaction were dedicated to the Company's general needs and also enable La Poste to pursue its active external growth strategy.

1.5.2 CNP Assurances Tier 2 bond issue

In June 2020, CNP Assurances successfully placed €750 million worth of Tier 2 notes due 30 June 2051 and paying fixed interest at 2.5% until 30 June 2031. The notes were placed with over 100 investors. This transaction will enable CNP Assurances to optimise its balance sheet structure.

1.6 The Group's commitment to responsible development

La Poste was still one of the three most essential brands outside of the food sector during the half-year and its usefulness was enhanced by the health crisis[4].

The episode demonstrated the relevance of the three major challenges of Le Groupe La Poste's societal commitment which aims to:

- Ensure social and territorial cohesion,
- Introduce ethical and responsible digital services,
- Accelerate environmental transition.

For Le Groupe La Poste, the purpose of each of these transitions is not just to limit the company's impacts or to neutralise them this year, but to go further and provide a positive impact society at large.

1.6.1 Social and regional cohesion

Le Groupe La Poste has local coverage in every region and is a leading partner of the regions. Faced with the crisis, it has been able to implement an evolving organisation to provide essential services. In order to contribute to the appeal of the regions and be in a position to support the transition of local players, the first half of the year saw the implementation of new efforts to raise awareness about the challenges of corporate social responsibility (CSR) and to increase collective skills, and the funding of low-carbon projects in the regions:

- During the health crisis, the French Mayors' Association and La Poste worked together with the shared goal of ensuring continuous improvement of the access to postal services throughout the country. For La Poste, the goal was to provide enhanced postal coverage throughout the country by, notably, ensuring access to cash thanks to an increase in the withdrawal limit. It also ensured that virtually all ATMs were operational, the payment of social security benefits, the summer opening of La Poste retail outlets, the implementation of temporary retail outlets in certain tourist areas, digital inclusion for the most vulnerable citizens, and more.
- In addition, the portfolio of carbon offsetting projects in France was also expanded early in the year. Three new carbon offsetting projects provided coverage for new departments, of which two were eligible for the Low Carbon Label (Somme and Meurthe et Moselle). In all, by the end of the first half of the year, ten La Poste projects had received the label, making La Poste the label's main contributor.

[4] CSA study.

- The "*Responsable Ensemble Transport*" system for the major CSR topics was deployed in May/June for the employees of the Services-Mail-Parcels business unit. This mobilisation was intended, in particular, for the Transport, Mail and Parcels business lines at the national, regional and establishment level, notably industrial mail platforms (PIC) and parcel platforms (PFC), to improve daily practices at every level. The BSCC began deploying its third themed mobilisation kit, entitled "*Transport*", in May 2020, after addressing Energy in 2018 and Waste in 2019.
- A television advert entitled "*Agissons ensemble en faveur du climat*" was also broadcast in the 1,600 offices to underline the Group's commitment to environmental issues.
- The launch of the short-format skills sponsorship system in the La Poste Network in May will enable coaching sessions via "*Les Tremplins d'Unis-Cité*" to help young people capitalise on their experience during or after their national youth service and help them prepare for hiring interviews.

1.6.2 Ethical and responsible digital services

Despite the difficult context, Le Groupe La Poste continued its work to promote digital technology that is useful, responsible, selected and accessible to all. This involvement consists in the development of management tools for new citizen relationships (new platforms) and in the development of Life Cycle Analyses (LCA) for the digital services within the Services-Mail-Parcels business line:

- The Docaposte teams mobilised and further demonstrated their commitment and know-how. Three major projects (among others) were implemented in record time. The MaladieCoronavirus.fr website had 8 million unique visitors and 5.4 million health questionnaires were completed. The *Devoirs à la maison* website, provided to ensure ongoing education, went live on 10 April and was made available to the education authorities. Over 21,000 establishments use the platform for 150,000 students. The Masques-pme.laposte.fr website, launched on 2 May, is dedicated to the marketing and distribution of 10 million masks to all VSEs and SMEs with fewer than 250 employees, to agricultural workers, to non-profits with employees, to micro-entrepreneurs and to the self-employed. The website was created at the request of the Ministry of the Economy and Finance. 40,000 companies ordered over 1.5 million masks.
- In order to assess the CSR performance of the digital Parcel and Mail services, identify the progress made and acculturate the teams to the eco-design approach, an IS eco-design audit was conducted in April 2020 to track the shipment of a Colissimo Box parcel, with the assistance of an outside expert. The analysis of the performance level achieved provided the opportunity for improvements to the service and to deploy the same approach to other units.

1.6.3 Environmental transition

New proof of Le Groupe La Poste's commitment to the challenges created by climate change set the pace in early 2020, confirming its exemplary approach to reducing consumption, to carbon neutrality, and to the deployment of reverse logistics:

- Le Groupe La Poste is the first carbon neutral postal operator in the world. The Group's carbon neutrality is based on three pillars: measuring to take action, reducing emissions to a minimum and, lastly, offsetting emissions that cannot be avoided to develop projects which help the climate. The Group offset 100% of its emissions in 2019.
- It was awarded ISO 50001 certification on 12 March 2020, which confirmed Le Groupe La Poste's strong commitment to reducing energy consumption and rewarded the approach initiated in January 2016 with the launch of its Energy Management System (Sobre Energie). Sobre has conducted audits and created a mapping of reference positions and consumption points for significant energy use. Sobre uses its Data M.A.R.C. platform to track and analyse two types of energy consumption: invoicing data for all utilities and on-site data in real-time, thanks to the installation of connected sensors. The goal is to achieve 10% energy savings in 2021 compared to 2018 and involves the Group's most energy-hungry buildings, as identified by Poste Immo, the Group's property company, i.e. 196 buildings and nearly 900,000 m² in all. An extension to the scope of ISO 50001 certification has already been planned for 2021 to increase the impact.
- Sobre Energie conducted 46 energy audits for Poste Immo within the framework of the DDADUE Act. The audit covered over 334,000 m² accounting for over €5 million in energy spending. The audit took stock of the current situation and identified ways to improve energy performance via behavioural, technical equipment optimisation and building improvement actions.
- Sobre Energy was awarded a new contract for the Conseil Départemental du Nord during the lockdown and three other regional councils and a region are very committed.
- In the spring of 2020, Poste Immo took a position in the gas market on behalf of all the Group's entities to optimise gas purchases for the buildings. The goal is to generate savings of €1.67 million in 2021 compared to 2020, for total consumption of 420 MWh in volume.
- Several new buildings obtained environmental certifications: PPDC MF in Grenoble (HEQ audit in January 2020), PFC 9 Ile de France Nord (NF HEQ certification), PFC 16 Var (BREEAM Good certification).
- For the new parcel platforms (PFC), it was decided that the two major CSR criteria would now - after more than a year in place - be made compulsory in the review of milestones (completion of the project's CSR impacts; establishment of the regulatory environmental compliance level of the installations).
- In terms of the call for tenders for the vehicle fleet, a new electric vehicle, the Citroën E-Jumpy, has been available in the BSCC catalogue since April 2020. Its carrying capacity of 5 m³ enhances La Poste's line of electric vehicles which, until then, had capacities of 0.5 m³ (Staby) to 3 m³ (Kangoo ZE). This will notably improve the electrification of the

combined and Parcel rounds in light of the ongoing growth of e-commerce, which involves a growing need for greater-capacity vehicles.

- The deployment of road swapbodies is one of the key aspects of the Parcel master plan to handle the explosion of current and future parcel volumes, which is highly connected to the growth in e-commerce. This lever will also contribute to the achievement of the CO_2 reduction target by enabling an increase in parcel transport capacity and by absorbing, and even decreasing, national and regional transport needs. The BSCC had deployed 314 road swapbodies by the end of 2019, in line with its forecasts. Over 2,000 are expected by 2025. The swapbodies, which are used with road trains on high-traffic routes (tractor + 2 swapbodies), combined with the new optimised "mode rangé" storage method enables the number of parcels transported by iso-connection to be increased by 30% or more.
- DPD Switzerland is committed to the environment and electrification for parcel transport. Today, already, every parcel delivered by DPD Switzerland is carbon neutral, at no extra cost for customers. Starting in December, DPD will go even further with the use of a full electric lorry. It is equipped with the largest battery available in Europe and has autonomy up to 760 km per charge.
- DPD UK received 300 Nissan e-NV200 vans in May and now has the largest electric delivery vehicle fleet in the United Kingdom. The order increased DPD's electric fleet to 450 vehicles in all. The company is already planning to exceed its initial goal of 500 electric vehicles by the end of the year.
- With respect to personal mobility, Véligo is a key player in sustainable urban mobility having exceeded the milestone of 10,000 Véligos rented in May.
- The Urby network delivered its customers' products during the entire lockdown period. The product mix has changed considerably and new opportunities have become apparent (health, food, sports equipment, etc.). The gradual reopening has produced volumes comparable to those of February 2020, while waiting for the reopening of the CHR sector (Cafés, Hotels, Restaurants), which requires frequent deliveries and has significant scheduling constraints. After the crisis, the upcoming implementation of low-emissions zones in city centres will have a significant impact on two major challenges: the discontinuation of diesel fuel and the pooling of merchandise flows. In dense urban areas 70% of the flows are still transported by small vehicles approximately 25% full. Urby has excellent growth potential providing local logistics services to support the economic recovery resulting from the reopening and the adoption of more virtuous delivery methods.
- The air quality measurement project launched in 2019 by DPDgroup in partnership with Pollutrack was implemented in three European cities: Lisbon, Paris and Madrid. The first quarter or 2020 saw the initial deployment of the project in other European cities, including Rotterdam, London and Dublin. The goal is to implement the system in 20 cities by 2021.
- Chronopost renewed its commitment to reducing its environmental impact by signing the Objective CO_2 Charter for the fourth time on 13 February. Chronopost renewed its commitment to reducing CO_2 emissions and atmospheric pollutants and its intent to remain committed to the environment over the long term.

1.6.4 Commitment to customer service

In order to meet changes in requirements in terms of simplicity and increasingly responsible consumption patterns, Le Groupe La Poste is committed to deploying innovative services which reflect its vision of company sustainability and its responsibility vis-à-vis its customers and all its stakeholders:

- A significant amount of work has been done to improve the customer experience by integrating CSR information about the company's commitments and achievements. DPDgroup has notably launched the "green notification" which informs the final recipient that their parcel will be delivered by a low-emissions vehicle or that their delivery is entirely carbon neutral.
- In order to respond in a more targeted and more personalised way to customer expectations about CO_2 reporting for their Parcel flow (Colissimo Box) and to provide them with verifiable and enforceable proof, the back-office databases used to calculate CO_2 (kgCO_2/Parcel) have been updated and an application enabling the automation of annual CO_2 certificate printing for each customer account has been implemented.
- Choosing La Poste means creating value for your region. In order to provide substance to this regional approach, standard 360° posters with key performance indicators have been created jointly with the sales teams, HR and the operations risk managers. The goal is to anticipate and respond in a better way to calls for tender and to customer requests together with the regions and/or based on the real purpose of the contract.
- With respect to responsible investing, La Banque Postale Asset Management, which wants to provide its customers with practical and committed solutions, is pursuing its transition to become the leading generalist manager with a goal of 100% Responsible Investments by the end of 2020. A new wave of labelling for 28 funds (Publicis SRI and Greenfin labels) means that it has 74 SRI-labelled funds to date. LBPAM has also joined new initiatives to support the energy transition and human rights. In March, it joined the Climate Action 100+ initiative whose mission is to encourage major world economy greenhouse gas producers to create an action plan for the climate. In April, it signed the Domini Impact and Interfaith Center on Corporate Responsibility (ICCR) initiative. During the current health and economic crisis, the initiative has consisted in ensuring the best possible working conditions for employees.

1.6.5 A recognised and rewarded societal commitment

The quality of Le Groupe La Poste's social commitment continues to be recognised and rewarded. The 2020 fiscal year was marked by important new milestones in the evaluation of the Group's social and environmental performance:

- The Vigeo Eiris agency assesses the CSR performances of companies at the international level, based on a global approach which covers the environment and social and governance issues (ESG). In March 2020, it awarded Le Groupe La Poste a score of 75 out of 100, the highest score ever given by the agency, all industries and countries included in the Vigeo Eiris rating universe combined. This unprecedented score rewards the ongoing commitment and efforts of Le Groupe La Poste and the in-depth transformation of its business model over the past years.
- In January 2020, Ecovadis awarded La Poste the new "Platinum" (78/100) medal, a new award for the most committed and effective companies in terms of CSR, out of over 60,000 companies evaluated by Ecovadis worldwide, and once again gave "Gold" ratings to many Group subsidiaries including GeoPost (67/100) and Chronopost (68/100).
- With respect to environmental performance, Le Groupe La Poste and La Banque Postale received a score of A- from CDP in January 2020 reflecting the Group's high level of environmental management in the transport and bank and insurance sectors.

1.6.6 Initiatives taken by Le Groupe La Poste in the context of the Covid-19 health crisis: organisation of activities and solidarity actions

1.6.6.1 A crisis which confirms the usefulness of, and need for the post office

Already acknowledged as the most essential company by the French, La Poste confirmed its usefulness during the crisis: La Poste continuously ranks as one of the three most essential brands outside the food industry.

Nearly eight out of ten French people have a good opinion of La Poste employees and feel that they play an important role for the country. Its core business, the delivery of mail and parcels, is deemed most useful for the country at this time, in addition to the services it provides for seniors and/or vulnerable people.

La Poste's image has remained positive and stable since the start of the crisis.

An Ipsos/La Poste survey about the perception of La Poste's role during the coronavirus crisis was carried out from 29 April to 4 May 2020 using a sampling of 5,000 French people. The study shows that the image of La Poste's employees has been preserved: their usefulness, courage and dedication to serving the French public are acknowledged. La Poste employees have been useful to society during the crisis (according to 89% of French people). La Poste has benefited individuals (79%) and society as a whole (86%). It is considered by 81% of people to be an essential link in maintaining the connection between, and activities of, society's various players (citizens, companies, local authorities). The study confirmed the increased need for La Poste in its core logistics business and as a network of local services. It also revealed high expectations about its core business in terms of assisting people impacted by the crisis. The expectations confirm that La Poste's diversification model is the right approach: over eight out of ten French people feel that La Poste must increase its visits to seniors and the delivery of medicines. Over seven out of ten want it to continue to facilitate digital access.

1.6.6.2 A changing organisation to provide essential services during a health crisis

At the beginning of the crisis, and based on government recommendations, La Poste adjusted its business (1,600 offices open, postal rounds three days a week) and implemented protective measures.

Committed to a continuous improvement plan for its services, La Poste announced on 21 April that it would add a delivery day for papers, mail and parcels, i.e. service four consecutive days a week, everywhere in France.

Note that for parcel delivery, La Poste absorbed the traffic delays resulting from the growth of online shopping and the closure of all competing pick-up and drop-off point networks. La Poste's new solution enabling pick-up from the mailboxes of customers (so they do not need to go out) proved its usefulness and demonstrated its effectiveness (deliveries from personal mailboxes increased 3.4 times in April).

La Poste, Colissimo and Chronopost realised the unprecedented feat of delivering 58 million parcels in France during the first six weeks of the lockdown.

La Poste also developed its reception and service capabilities by opening over 10,000 postal retail outlets at the end of April.

In addition, 25,000 La Poste employees were mobilised on 6 May to ensure that the payment of social security benefits to beneficiaries would be done under the best possible conditions. The public was welcomed at 11,400 La Poste retail outlets and 97% of ATM machines were operational across the country.

As of 18 May, La Poste was able to receive its customers at 14,500 La Poste retail outlets, of which 6,300 post offices, and deliver letters and parcels six days a week.

Between 17 March and 6 May, 830 employees assisted the postal entities in the field and over 2,700 missions were carried out to improve the services provided to its customers.

Lastly, in order to continue its activities despite the lockdown, La Poste quickly implemented extensive remote working for 40,000 of its 250,000 employees (compared to 5,000 normally) and 250,000 team meetings are held daily.

1.6.6.3 La Poste worked alongside the population to carry out many acts of solidarity

The many initiatives taken within each business unit included support (digital, equipment, etc.) to the medical sector (caregivers and patients), to SMEs, to vulnerable people and to students throughout the country. Below is a non-exhaustive list of initiatives:

- The Docaposte teams mobilised and further demonstrated their commitment and know-how. Three major projects (among others) were implemented in record time. The MaladieCoronavirus.fr website had 8 million unique visitors and 5.4 million health questionnaires were completed. The D*evoirs à la maison* website, provided to ensure ongoing education, went live on 10 April and was made available to the education authorities. Over 21,000 establishments use the platform for 150,000 students. The Masques-pme.laposte.fr website, launched on 2 May, is dedicated to the marketing and distribution of 10 million masks to all VSEs and SMEs with fewer than 250 employees, to agricultural workers, to non-profits with employees, to micro-entrepreneurs and to the self-employed. The website was created at the request of the Ministry of the Economy and Finance. 40,000 companies ordered over 1.5 million masks.

- A La Poste Mobile offer for all customers working in the medical and health care fields: 20 GB of data provided free on SIM and prepaid plans or doubling of the data available with a fixed-price plan with a commitment (up to 60 GB).
- Nouveal e-santé, a subsidiary of La Poste specialising in digitising the patient experience, has been working with health care professionals since 9 March, thanks to the Covidom application. Covidom enables patients who do not have any serious symptoms to benefit from remote care at home via medical questionnaires given once or twice a day, in addition to the lockdown measures.
- La Poste is a partner of Véligo Location, the electric bicycle rental service which supported the health care workers of APHP d'Ile de France by lending them bicycles during the lockdown period and by delivering the bicycles to them.
- Hospitals in the East received equipment, primarily for nutrition and breathing, from Asten Santé, a subsidiary of Le Groupe La Poste. Since the start of the health crisis, Asten Santé Est has provided oxygen to 500 patients at home and 300 in nursing homes and provided equipment to 500 establishments.
- Viapost collected masks, hand sanitiser gel and medicine from donor companies and pharmacies by road transport and delivered them to multiple points, at times with the assistance of Urby, thereby contributing to the distribution of 26 million masks.
- DPDgroup provided support to health care professionals both in France and in other countries such as Spain by supplying medical equipment to hospitals and nursing homes (as well as to police forces and other professional groups at risk) via the SEUR network. It has provided 240,000 masks, thousands of kilos of health care and hygiene equipment and over 33 tonnes of food.
- Chronopost took part in solidarity distribution operations to support non-profits (example: free distribution of 500 deliveries on behalf of the Solidarité Soignants non-profit organisation) via the free transport of "solidarity" equipment (masks and visors).
- Goodeed, a subsidiary of KissKissBankBank which facilitates the free collection of online donations for NGOs, provided support for the launch of seven solidarity campaigns to fight Covid-19. Together the campaigns attracted over 500,000 donors and provided over €135,500 for all Covid-19 related projects.

To provide support to elderly, isolated and vulnerable people, the "Veiller sur Mes Parents" service was made free for the duration of the lockdown on 26 March. If a customer prefers not to receive the postman at home, they can speak on the telephone. In the event that they do not answer their telephone, the postman will go to the customer's home as a precautionary measure, to ensure that everything is alright.

In order to support students who do not have digital access, La Poste provided the secure distribution of tablets and portables from schools to families without equipment. Colissimo supported the "10,000 computers for our most vulnerable young people" operation by providing free distribution of the computers collected by non-profits to students in underprivileged neighbourhoods.

1.7 La Poste, a responsible employer

1.7.1 Social dialogue

Following the 11 agreements and amendments signed in 2019, in the first half of 2020 two further national agreements were signed to provide additional compensation to La Poste employees on furlough due to the Covid-19 epidemic:

- A unanimous national agreement entered into on 5 May 2020 for the period from 1 May to 30 June 2020;
- A national agreement entered into on 30 June 2020 (with CGT, CFDT, FO, the CFE-CGC/CFTC union group, and UNSA), for the period from 1 July to 31 August 2020.

Furthermore, a unanimous national agreement on La Poste's social housing policy was signed on 17 July 2020, covering the period 2020-2022.

As part of managing the Covid-19 health crisis, from March 2020 social dialogue with trade unions has been ongoing in order to find solutions to continuing La Poste's activities (particularly its public service missions) while protecting the health of employees.

Social dialogue has continued as part of the gradual easing of the lockdown for La Poste employees. The agreed terms have been set out in the "La Poste social commitment platform" of 5 May 2020.

Finally, negotiations on the remote working agreement of 27 July 2018 began on 10 July, with a plenary session dedicated to this topic.

1.7.2 Training and professional development

The deployment of five major training programmes (core business training, individual training, digital training, qualifying training paths and managerial development) continued during the first six months. Please note:

- At the end of June 2020, the number of trained La Poste employees stood at 40.86% (down from 54.69% on the same date in 2019 due to the impacts of the health crisis). Since March, communications measures have been in place in order to ensure that training continues through online tools. This fully digital self-service offer is available to all employees and has been working very well during the time of the crisis (over 80% of training sessions attended compared to the end of June 2019, equal to approximately 8,800 courses taken by La Poste employees). In particular, approximately 35,000 La Poste employees have completed the digital training on forbidden movements;
- At the end of June 2020, the number of qualifying training paths that had been started since 2015 reached 45,010 (following 43,600 at the end of 2019), in line with the schedule, which predicts 50,000 paths by 2020;
- At the end of June 2020, the Institute of Management (IM) and the Institute of Development (ID) had trained 10,167 managers for the IM and 8,075 La Poste employees for the ID during the first six months of the year (in comparison with 6,680 managers for the IM and 19,812 La Poste employees for the ID in the first half of 2019). By the end of June 2020, 60% of IM and ID training was being delivered in digital mode only, compared with 25% at the start of the year.

This training policy aims to help all employees maintain the necessary skills and develop new expertise related to the Group's new challenges.

In terms of professional development, internal mobility fell significantly by 29.7% in the first half of 2020 due to the impact of the health crisis. On the other hand, external mobility decreased only marginally during the first half of the year (-5.9%), in the context of developing mobility towards the public sector (+47%), thanks to recruitments made during the third quarter of 2019 by the French State's public sector.

1.7.3 Health and quality of life at work

The *"Feeling good at work"* programme (2017-2020), which aims to improve health and quality of life at work for employees, is still a major focus. It prevents accidents and unfitness for work in all business lines, including the service sector with the launch of the *"Feeling good when working on a screen"* initiative, and provides support for La Poste employees during long-term absences and when resuming work (APALA programme). It has also rolled out workplace discussion forums (*"ParlonZen"* project), which gives teams the independence to identify and resolve issues that they encounter in the workplace (2,000 managers and 200 support staff trained), and has launched a quality of life at work initiative within all entities to prevent psychosocial risks.

Following a slight increase of 0.9% in the accident frequency rate in 2019, following two years of decline, the rate decreased in the first half of 2020.

The severity rate of accidents at work (which had also been up compared to 2018) was stable in the first half of 2020 (down 0.2% between the end of May 2019 and the end of May 2020).

At the end of June 2020, La Poste had 5,090 employees working remotely, excluding those working remotely due to the Covid-19 health crisis (up 59% since June 2019). During the health crisis, nearly 40,000 La Poste parent company employees carried out their duties remotely.

Furthermore, the new gender equality at work index published by the La Poste parent company in February 2020 was 94/100, the same as in 2019. This score confirms La Poste's proven track record on equality, with women now employed in 50.6% of its supervisory roles.

1.7.4 Social activity and housing services

La Poste's 2020 budget for social and cultural activities is €200 million.

This year, La Poste also intends to set aside over €40 million for its social housing policy.

In the first half of 2020, 6,460 La Poste employees benefited from the services offered as part of the housing policy (compared with 8,097 La Poste employees in the first half of 2019), including 4,806 financial grants awarded to starters (5,536 in the first half of 2019), 537 employees who were given access to social housing (798 in the first half of 2019), and 96 La Poste employees in difficult situations provided with support. The health crisis reduced the options for access to social housing in the first half of 2020.

On 16 June 2020, La Poste joined the Action Logement digital rental platform. This application should make it easier for La Poste employees to access housing in the second half of 2020.

2. Alternative performance measures

2.1 Introduction

The Group uses a number of alternative performance measures (APM) which are not covered by IFRS (International Financial Reporting Standards). Le Groupe La Poste's management team believes that these indicators are useful for measuring and analysing the Group's performance. However, the APMs should be considered as an additional system. It should not take precedence over the GAAP measurements taken from the consolidated financial statements, nor should it replace them. In accordance with AMF position DOC-2015-12, each APM is defined below.

2.2 Alternative performance measures - Definitions

2.2.1 Adjusted EBITDA

Adjusted EBITDA comprises all operating revenue within the scope of consolidation, La Banque Postale excluded, less running costs and personnel expenses, excluding allocations to end-of-career benefits. To this is added the dividends received from equity associates and dividends received from La Banque Postale during the period relating to the previous year's results.

2.2.2 Free cash flow

Free cash flow consists of the following components: Adjusted EBITDA + change in working capital requirement + cash flows on purchases of property, plant and equipment and intangible assets net of disposals of property, plant and equipment and intangible assets + cash flows from taxes (including CICE flows recognised and generated) + net interest paid + repayment of lease liabilities and interest expense on lease liabilities.

Each of the free cash flow aggregates is added together for its value in terms of cash flows; positive for cash inflows and negative for cash outflows.

2.2.3 Net debt

Net financial debt includes all current and non-current financial debt, less all cash and cash equivalents and derivative instruments linked to Group financing. It also includes the financial debt arising from the application of IFRS 16 (Leases), short-term financial investments with no significant risk of a change in value but whose original maturity on the subscription date was greater than three months, and the net financial receivable against La Banque Postale

Group net debt does not take into account La Banque Postale, for which this concept is not relevant.

2.2.4 Change at constant scope and exchange rates (organic change)

Change at constant scope and exchange rates refers to the difference between the profit/loss obtained during the period and the profit/loss of a comparative period, following adjustment for any acquisitions or disposals which have been completed during the periods in question. The comparative periods are thus adjusted for identical scopes of consolidation. Currency transactions for the comparative period are valued at the average rate for the reference period.

2.2.5 Operating profit/(loss) including share of jointly controlled entities

The operating profit/(loss) is equal to the consolidated net profit/(loss), adjusted for the share in the profits/(losses) of equity associates, the tax expense and the financial profit/(loss).

2.2.6 Net debt / Equity

The net debt/equity ratio indicates the proportion of the Group's net debt in relation to the Group share of equity.

2.2.7 Common Equity Tier 1 ratio (CET 1)

This ratio is the calculation of the proportion of Tier 1 equity (CET 1) in relation to the total risk exposure amount (i.e. total risk-weighted assets - RWA - for the credit and counterparty risk, the market risk and the operational risk).

The CET1 ratio is the information which enables supervisors to determine whether or not a bank is solvent.

This ratio is only calculated for La Banque Postale.

2.2.8 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. The target is over 100%.

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.

This ratio is only calculated for La Banque Postale.

2.2.9 Cost to income ratio

The cost to income ratio is calculated by dividing management expenses by the net banking income adjusted for doubtful interest. Management expenses are the sum of the general operating expenses and the net depreciation, amortisation and impairment of property, plant and equipment and intangible assets.

This ratio is only calculated for La Banque Postale.

3. Summary of Le Groupe La Poste consolidated results

The financial information presented was taken from Le Groupe La Poste's consolidated financial statements as at 30 June 2020.

Half-year ended 30 June

(€ million)	06/2020	06/2019	Change: Impact of the contribution of CNP Assurances shares	Change: vs n-1 (excluding the contribution of CNP shares) (in €m)	Change: vs n-1 (excluding the contribution of CNP shares) (in %)	Change at constant scope and exchange rates: vs n-1 (in €m)	Change at constant scope and exchange rates: vs n-1 (in %)
Group operating performance							
Operating revenue	**14,495**	**12,795**		**+1,699**	**+13.3**	**-139**	**-1.1**
Operating profit after share of net profit of jointly controlled entities	**2,588**	**572**	**3,007**	**-991**	**ns**	**-1,661**	**ns**
Operating margin	2.9%	4.5%		-		-	
Net profit Group share	**2,315**	**474**	**3,600**	**-1,759**	**ns**	**-1,896**	**ns**
Net margin	16.0%	3.7%		-	*12.3 pts*	-	*15.0 pts*
Free cash flow (a)	**-659**	**132**		**-791**	**ns**		
Adjusted EBITDA	*120*	*883*		*-763*	*-86.4*		
Key figures – La Banque Postale							
Net banking income	**3,793**	**2,850**		**+943**	**+33.1**	**-21**	**-0.7**
Cost income	71.9%	83.2%		-	*11.3 pts*		

(a) Please refer to Section 6.1.1

Half-year ended 30 June

(€ million)	06/2020	12/2019	Change: Impact of the contribution of CNP Assurances	Change: vs n-1 (excluding the (in €m)	Change: (in %)
Key financial indicators					
Net debt (a)	**8,493**	**6,462**		**+2,031**	**+31.4**
Equity Group share	**17,620**	**12,624**	**7,034**	**2,038**	**-16.1**
Net debt / Equity	48.2%	51.2%	*-32.0 pts*	-	*29.0 pts*
Net profit (b) / Equity	15.1%	6.5%	*24.0 pts*	-	*-15.4 pts*
Common Equity Tier 1 (c)	**17.3%**	**12.2%**		-	*5.1 pts*
Loan to deposit ratio	**83%**	**90%**		-	*-7.3 pts*
Liquidity coverage ratio	**157%**	**153%**		-	*4.0 pts*

(a) Group net debt does not take into account La Banque Postale, for which this concept is not relevant

(b) Net profit/(loss) calculated over 12 rolling months

(c) CET1 ratio fully-loaded

3.1 Impacts of the health crisis on the Group's business activity

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. Since April the Group's traditional activities have gradually recovered but have not made up all lost ground. There has been a sharp upwards trend in e-commerce activities, with a growth in BtoC volumes in all countries in which the Group operates. La Banque Postale recorded a slowdown in its commercial activity, but has seen an improvement since the month of June.

The main impact of the health crisis was to reduce the Group's operating revenue (by about €800 million). The negative outlook for making up lost ground has resulted in the impairment of parent company Mail assets and deferred taxes, which has impacted the net profit (for an amount of almost €2,200 million).

The expenses action plans put in place have more than offset the direct costs incurred due to the Covid-19 epidemic (virucides, masks, cleaning, etc.), which at 30 June were estimated at €100 million.

3.2 Operating revenue

Le Groupe La Poste's operating revenue amounted to €14,495 million at the end of June 2020, up €1,699 million compared to June 2019, representing an increase of 13.3%. Amidst a difficult operating environment from Covid-19 heavily impacting operating revenue and emphasising the decline in traditional mail, this rise was driven by GeoPost (consolidation of BRT, Lenton and Geis and organic growth of its express business), La Banque Postale's consolidation of CNP Assurances and stability elsewhere in its business, by the acquisition of Digital Services, the growth of the Parcel business and the mail subsidiary of Asendia.

Half-year ended 30 June

	06/2020	06/2019	Change		Change at constant scope and exchange rates	
			vs n-1		*vs n-1*	
(€ million)			*(in €m)*	*(in %)*	*(in €m)*	*(in %)*
Services-Mail-Parcels	5,510	6,122	-612	-10.0	-649	-10.6
GeoPost	5,057	3,730	+1,327	+35.6	+550	+14.9
La Banque Postale	3,793	2,850	+943	+33.1	-21	-0.7
Digital Services	369	339	+30	+8.9	-37	-11.0
Other segments and intercompany	-235	-245	+11	-4.4	+17	-7.1
OPERATING REVENUE	**14,495**	**12,795**	**+1,699**	**+13.3**	**-139**	**-1.1**

After adjustment for scope effects, i.e. an additional €1,862 million driven essentially by GeoPost (up €804 million), La Banque Postale (up €964 million), Digital Services (up €67 million) and by the Services-Mail-Parcels business unit (up €33 million), and an exchange rate loss of €24 million, including a €13 million loss on the Brazilian real, a €6 million loss on the Polish zloty and a €5 million loss on the South African rand, the Group's organic decline at the end of June 2020 was €139 million (down 1.1%).

The operating revenue for the first half of 2020 was characterised by the following:

- A reduction in operating revenue from the Services-Mail-Parcels business unit at €5,510 million, down €612 million representing a 10.0% decrease, including a €37 million increase from scope and exchange rate effects primarily due to the consolidation of EDE in 2020 and the disposal of VC at the end of 2019. The health crisis caused a sudden organic decline of the Services-Mail-Parcels business unit, down €649 million (down 10.6%), despite the positive performance of the Parcel business and Asendia. Mail operating revenue saw an organic decrease of €855 million compared to the end of June 2019 (down 19.9%), impacted by the decline in addressed mail volumes (down 26.0% in equivalent working days) and a decrease in international mail (down €56 million) due to the health crisis. The decreases were particularly noticeable during the lockdown period and were partially offset by the price increase which came into force on 1 January 2020 (up €174 million). Within the business unit, the Parcel business posted strong organic growth in operating revenue of €92 million (up 10.4%), supported by a favourable equivalent working-day traffic effect of €123 million (up 17.6%), due to high levels of e-commerce activity from April due to the health crisis. The subsidiaries of the Mail businesses recorded organic growth of €114 million (up 12.5%), driven in particular by the growth in e-commerce (including Asendia) which partially offset the drop in printed advertising (shut down from 16 March to 24 May);

- The growth of GeoPost's operating revenue by €1,327 million to €5,057 million, of which €804 million attributed to the scope effect due to the acquisition of BRT, Lenton and Geis, and €28 million in exchange rate losses. Adjusted for scope and exchange rate effects, organic growth stood at €550 million (up 14.9%), driven by strong organic growth in the volumes handled (up 16.6%) due to BtoC and e-commerce;

- La Banque Postale's net banking income totalled €3,793 million. After adjustment for the change in the home savings provision, the NBI for La Banque Postale increased by €993 million, €964 million of which was due to the scope effect, therefore representing organic growth of €29 million (up 1.0%) excluding the home savings provision. Excluding the scope effect, the Retail Banking division increased by €56 million, adjusted for the home savings provision. The effects of the health crisis and the context of long-standing low rates have largely been offset by active balance sheet management and obtaining €50 million in additional compensation from the French State (of which €25 million was received in the first half of 2020). The Insurance division was down 27 million compared to June 2019, which benefited from a favourable liquidation of prior years' provisions. The Asset Management division is stable, with movement commissions offsetting the market effect;

- The operating revenue of the Digital Services business unit, at €369 million, increased by €30 million, or 8.9%, buoyed by external growth. Excluding the scope effect of €67 million primarily linked to the acquisitions of Softeam and Arkhineo, the business unit contracted by €37 million (down 11.0%). The Docaposte division's activities, hit hard by the health crisis (site closures, etc.), saw an organic decline of €32.3 million. The Mediapost division declined by €1.6 million, while the Transformation and Innovation division decreased by €5 million (lower rebilling).

3.3 Operating profit/(loss)

The Group's operating profit, after the share of the net profit of the jointly controlled entities, totalled €2,588 million at the end of June 2020. This comprises €3,007 million from the impact of the contribution of CNP Assurances shares, and €671 million from scope and exchange rate effects, representing an organic decrease of €1,661 million.

Half-year ended 30 June

(€ million)	06/2020	06/2019 segment proforma	Impact of the contribution of CNP Assurances shares	vs n-1 (excluding the contribution of CNP shares) (in €m)	(in %)	Change at constant scope and exchange rates vs n-1 (in €m)	(in %)
Services-Mail-Parcels	-1,177	289	+0	-1,466	ns	-1,484	ns
GeoPost	351	193	+0	+158	+81.7	+114	+59.5
La Banque Postale	3,913	492	+3,007	+414	+84.2	-196	-39.8
La Poste Network	-49	-36	+0	-13	+35.7	-13	+35.7
Digital Services	-35	-5	+0	-30	ns	-29	ns
Real Estate	22	34	+0	-12	-35.4	-12	-35.4
Supports and Structures	-93	-73	+0	-21	+28.7	-21	+28.7
Unallocated and eliminations	-344	-323	+0	-21	+6.6	-21	+6.6
OPERATING PROFIT/(LOSS) AFTER SHARE OF NET P/(L) OF JOINTLY CONTROLLED ENTITIES	**2,588**	**572**	**+3,007**	**-991**	**ns**	**-1,661**	**ns**

Highlights of operating profit by business unit are as follows:

- Services-Mail-Parcels: the operating loss for the business unit amounted to €1,177 million at the end of June 2020, €1,466 million lower than in June 2019 (€1,484 million lower at constant scope and exchange rate). This was primarily due to the impact of the health crisis, which led to a major slowdown in the Mail business and printed advertising, and a €863 million impairment of parent company Mail assets;
- GeoPost delivered an operating profit of €351 million, up €158 million or 81.7% compared to the end of June 2019. After adjustment for scope and exchange rate effects, and in the context of the health crisis which highlighted GeoPost's ability to adapt, the profit increased by €114 million or 59.5% compared to the first half of 2019, due to an exceptional increase in volumes;
- The La Banque Postale business unit posted an operating profit of €906 million excluding the impact of the contribution of CNP Assurances shares, representing a €414 million increase compared to June 2019 including the home savings provision. There was also a €610 million scope effect linked to the consolidation of CNP. Excluding this scope effect, the operating profit/(loss) for the La Banque Postale business unit was down €196 million, including a Covid-19 impact of €141 million on the cost of risk;
- The Network posted an operating loss of €49 million at the end of June 2020, €13 million lower than in June 2019, due to a lower volume of charged services caused by the Covid-19 epidemic;
- The Digital Services business unit recorded an operating loss of €35 million, down by €29 million after adjustment for scope and exchange rate effects, due to the slowdown in business caused by the health crisis, partially offset by a decrease in expenses;
- Other business segments:
  - ✓ Real Estate recorded an operating profit of €22 million, down €12 million, reflecting

the reversal of provisions applied in 2019;

- ✓ Supports and Structures, which recorded an operating loss of €93 million, saw an improvement of €21 million in a context of continued cost optimisation efforts;
- ✓ The expenses for the “Unallocated” segment increased by €12 million, primarily due to an increase in expenses related to end-of-career arrangements Group-wide.

3.4 Financial profit/(loss)

The financial profit/(loss) was up €12 million, with an overall expense of €112 million. Its change is characterised by a decrease in the net borrowing cost of €8 million and a reduction of €4 million in the expense corresponding to other financial items.

3.5 Net profit

At €2,315 million, the net profit Group share increased by €1,841 million compared to the first half of 2019. Excluding the impact of the takeover of CNP Assurances (€3,600 million) and adjusted for scope and exchange rate effects, the net profit Group share decreased by €1,896 million. This trend was characterised by a €1,661 million organic contraction in the operating profit/(loss), heavily impacted by the health crisis and an organic tax expense increase of €244 million following an impairment of deferred taxes recorded on 31 December 2019 (€269 million).

3.6 Change in net debt

The Group’s net debt stood at €8,493 million at the end of June 2020. It increased by €2,031 million during the first half of 2020.

The change in Group debt is highly correlated with the net flows linked to external growth and financial assets (-€667 million), to the change in finance lease liabilities (up €629 million) due to external growth transactions, and to the free cash flow generated (-€659 million).

4. Operating results by business segment

4.1 Summary of operating results by business segment

Segment reporting is presented in accordance with IFRS 8 – "Operating segments".

A segment is a distinguishable component for which separate financial information is available and regularly reviewed by the Group's Executive Management for the purpose of allocating resources and assessing performance.

The criteria used for defining operating segments specifically include: the nature of the products distributed, the customer type or category for whom they are intended, the production process, the distribution network and the regulatory environment. The definition of operating segments is based on Le Groupe La Poste's current management structure.

Published 06/2020 (€ million)	Services-Mail-Parcels	GeoPost	La Banque Postale	Digital Services	La Poste Network	Real Estate	Support and Structures	Unallocated	Elim.	TOTAL
External revenue & NBI	5,367	5,016	3,785	289	27	10	1	0		14,495
Intersegment revenue & NBI	144	41	8	80	1,771	404	543	0	-2,990	
Operating revenue	**5,510**	**5,057**	**3,793**	**369**	**1,798**	**414**	**544**	**0**	**-2,990**	**14,495**
Operating profit/(loss) before share of net p/(l) of jointly controlled entities	**-1,177**	**354**	**881**	**-35**	**-39**	**22**	**-93**	**-335**	**-9**	**-431**
Share in results of joint ventures	0	-3	25	0	-10	-0	-0	0	0	13
Operating profit/(loss) after share of net p/(l) of jointly controlled entities	**-1,177**	**351**	**906**	**-35**	**-49**	**22**	**-93**	**-335**	**-9**	**-418**
Impact of the CNP transaction	0	0	3,007	0	0	0	0	0	0	3,007
Operating profit/(loss) after share of net p/(l) of jointly controlled entities including impact of CNP transaction	**-1,177**	**351**	**3,913**	**-35**	**-49**	**22**	**-93**	**-335**	**-9**	**2,588**
Operating margin (as a %)	-21.4	6.9		-9.5		5.4				-2.9

Segment proforma 06/2019 (€ million)	Services-Mail-Parcels	GeoPost	La Banque Postale	Digital Services	La Poste Network	Real Estate	Support and Structures	Unallocated	Elim.	TOTAL
External revenue & NBI	5,979	3,689	2,837	255	23	12	1	0		12,795
Intersegment revenue & NBI	143	41	13	84	1,838	402	555	0	-3,077	
Operating revenue	**6,122**	**3,730**	**2,850**	**339**	**1,862**	**414**	**556**	**0**	**-3,077**	**12,795**
Operating profit/(loss) before share of net p/(l) of jointly controlled entities	**289**	**193**	**492**	**-5**	**-23**	**34**	**-72**	**-323**	**-0**	**583**
Share in results of joint ventures	0	1	0	0	-13	1	-0	0	0	-11
Operating profit/(loss) after share of net p/(l) of jointly controlled entities	**289**	**193**	**492**	**-5**	**-36**	**34**	**-73**	**-323**	**-0**	**572**
Operating margin (as a %)	4.7	5.2		-1.6		8.3				4.5

The June 2019 data is presented proforma. This proforma includes segment changes versus published data: taking into account the new treatment of invoicing flows from the "Servir le développement" programme between the Network and the Supports. From 2020 onwards, the services provided by the Regional Support Departments are invoiced at lower costs. Consequently, the operating revenue from the Network as well as the consolidation adjustments are impacted.

4.2 Services-Mail-Parcels

The Services-Mail-Parcels business unit includes:

- Mail business activities (pick-up, sorting, and delivery of correspondence, advertising and press publications);
- La Poste SA's Parcel business, which specialises both in deferred delivery and in the delivery of parcels under 30 kg to individuals, BtoC or CtoC in France and for export;
- Small parcel delivery services, import/export and cross-border mail (Asendia);
- The new local services (written driving licence test, eco-mobility) and energy transition services (EDE, Fluow, etc.);
- Direct marketing services (Mediapost, Sogec, etc.) and data-marketing services (ISOSKELE);
- Logistic and e-logistic solutions (mainly STP and Neolog);
- The Silver Economy activities and home healthcare services (mainly Asten Santé and Diadom).

(€ million)	06/2020	06/2019	Change vs N-1 (in €m)	(in %)
Operating revenue	5,510	6,122	-612	-10.0
non-Group revenue	*5,367*	*5,979*	*-612*	*-10.2*
Operating expenses	-6,687	-5,833	-854	+15
Operating profit/(loss) before share of net profit/(loss) of jointly controlled entities	**-1,177**	**289**	**-1,466**	**ns**
Share of net profit of jointly controlled entities	0	0	+0	+24
OPERATING PROFIT/(LOSS) AFTER SHARE OF NET PROFIT/(LOSS) OF JOINTLY CONTROLLED ENTITIES	**-1,177**	**289**	**-1,466**	**ns**
Operating margin	*-21.4%*	*4.7%*	*-26.1 pts*	

4.2.1 Services and Mail business activity

The Covid-19 health crisis and the generalised lockdown as of 17 March in France and in most countries in the world have had significant consequences on economic activity.

Mail has taken all the necessary measures to ensure business continuity, while giving priority to the health of its employees and customers in compliance with government measures. A transitional organisation was set up during the health emergency, allowing a return to making deliveries five days a week starting in May, with a reduction in the number of rounds on Saturdays.

At 30 June 2020 operating revenue amounted to €4,529 million, representing a €709 million decrease (down 13.5%) compared to 30 June 2019. This decrease includes positive scope and exchange rate effects of €32 million mainly due to the consolidation of EDE (2020), the disposal of VLC (November 2019) and, to a lesser extent, Silver (IM Santé), which is pursuing its external growth policy in the regions.

In the context of the health crisis, Mail recorded a 26.0%[5] decrease in traffic (i.e. a negative volume/product mix effect of €950 million). International business was also impacted with a decline of €56 million or 15.2%.

The business of the advertising mail subsidiaries decreased by €96 million due to the complete cessation of activity during the period from 16 March to 24 May. This decrease includes a positive scope effect of €1 million related to Ofertia.

The logistics activities saw a decline of €33 million in logistics and e-logistics offerings, including a negative scope effect of €36 million related to VLC.

These declines in activity were partially offset by:

- The 4.8% average price increase[6] on 1 January 2020, with an estimated positive effect on traffic-generating operating revenue of €174 million;
- A very strong rebound in e-commerce activity from April. Asendia generated operating revenue of €742 million, with organic growth of €198 million. Its subsidiary e-Shopworld, specialised in the sale of goods in e-commerce in the retail sector, has performed very well and is up by €146 million compared to the end of June 2019;
- The new services of the subsidiaries increased by €69 million, mainly in the field of energy transition, of which €9 million related to the Fluow Eco mobility and a scope effect of €60 million on EDE;
- La Poste Silver's subsidiaries resisted the health crisis, generating operating revenue of €88 million, an increase of €5 million including a scope effect of €2 million mainly due to Alliance Perf and IM Santé, companies acquired in 2019.

[5] Based on traffic-generating operating revenue.

6 As a percentage of basic traffic-generating operating revenue.

4.2.2 Parcel business

The activity in the first half of 2020 was marked by the health crisis with a sudden slowdown at the beginning of lockdown and a rebound in activity unparalleled since April, driven by the growth of e-commerce.

In order to ensure continuity of activity while taking personal protective measures, the Parcel business adapted its offer and commitments during the crisis as follows:

- Suspension of the “With signature” offer, the “Ad-valorem” option, large parcels and adaptation of the “International” offer in view of the stoppage of a large number of air routes;
- Suspension of quality of service commitments.

Operating revenue at 30 June 2020 was €981 million, showing organic growth of €92 million (up 10.4%).

The volume of parcels delivered grew by 17.6% at equivalent working days, totalling 199 million items, with a €123 million impact on operating revenue at equivalent working days. Volumes delivered break down as follows:

- A sharp increase in BtoC (up 19.3% at equivalent working days) with 175 million items, driven by the growth of e-commerce, and, in particular, National Entreprise growth of 30 million items (up 21.5% at equivalent working days) compared to the end of June 2019. Home delivery recorded an increase of 35.2 million items (up 30.9% at equivalent working days) or 83.2% of BtoC traffic;
- 18 million CtoC items, representing a 6.0% increase at equivalent working days compared to the end of June 2019;
- 6 million items in import products, a 7.7% increase at equivalent working days.

4.2.3 Operating profit/(loss)

The operating loss for the Services-Mail-Parcels business unit totalled €1,177 million at the end of June 2020, €1,466 million lower than in June 2019. This decrease is mainly due to the accelerated decline in Mail volumes due to the slowdown in activity related to the health crisis, which led to an impairment of €863 million in Mail assets at the end of June 2020.

The subsidiaries’ profit was down €24 million (including €18 million in positive scope and exchange rate effects related to EDE and the disposal of VLC in 2019), strongly impacted by the cessation of printed advertising during the lockdown (down €48 million), mitigated by Asendia and EDE.

The operating profit of the Parcel business increased by €1 million (excluding exceptional items related to the industrial master plan in 2019, the growth is €11 million), in a context of strengthening the industrial network to cope with the growth in volumes.

4.3 GeoPost

GeoPost, a subsidiary of Le Groupe La Poste, covers deferred and express parcel operations in France and internationally under the following main trademarks: DPDgroup in European countries and internationally, Chronopost in France, BRT in Italy, Seur in Spain, Jadlog in Brazil and Tigers for freight forwarding. The subsidiaries of this division have traditionally been involved in the business to business (BtoB) segments, and increasingly in business to consumer (BtoC) which accounted for 53.9% of volumes at the end of June 2020. In addition to this activity as an express delivery specialist, GeoPost is developing new urban services around urban logistics, Stuart and personalised recipient logistics.

	06/2020	06/2019	Change	
			vs N-1	
(€ million)			*(in €m)*	*(in %)*
Operating Revenue	5,057	3,730	+1,327	+35.6
non-Group revenue	*5,016*	*3,689*	*+1,327*	*+36.0*
Operating expenses	-4,703	-3,537	-1,166	+33.0
Operating profit/(loss) before share of net profit/(loss) of jointly controlled entities	**354**	**193**	**+161**	**+84**
Share of net profit of jointly controlled entities	-3	1	-3	ns
OPERATING PROFIT/(LOSS) AFTER SHARE OF NET PROFIT/(LOSS) OF JOINTLY CONTROLLED ENTITIES	**351**	**193**	**+158**	**+81.7**
Operating margin	*6.9%*	*5.2%*	*+1.8 pts*	

4.3.1 GeoPost business

GeoPost's operating revenue at the end of June 2020 was €5,057 million. It grew by €1,327 million (35.6%) compared to the end of June 2019. After adjustment for scope effects of +€804 million (increase in stakes in BRT and Lenton and acquisition of Geis Parcel in January 2020) and exchange rate effects of -€28 million (including -€12.9 million on the Brazilian real, -€6.3 million on the Polish zloty, -€5.1 million on the South African rand, -€3.4 million on the rouble, -€0.6 million on the pound Sterling and +€1.3 million on the US dollar), organic growth was €550 million, up 14.9%.

At the end of June, GeoPost had delivered 850 million parcels, an organic increase of 16.6% compared to the end of June 2019, driven by the unexpected boom in the BtoC segment, which began in April in countries affected by the Covid-19 health crisis. This increase in volumes mainly explained the organic operating revenue growth, with an increase of €521 million (up 14.1%) including a favourable working-day effect (€15 million), and offset the €29 million price decrease caused by the distortion of the mix.

- The United Kingdom reported operating revenue of €876 million, representing organic growth of 23.2% driven by a 23.7% increase in volumes driven by the BtoC segment.

- In France, the increase in organic operating revenue of 1.1% for DPD France and 6.2% for Chronopost compared to the end of June 2019 was driven by price increases for DPD France (up 2.1%) and organic growth in volumes for Chronopost (up 7.8%).
- With operating revenue of €975 million, Germany posted organic growth of 7.8% under the effect of a 5.7% increase in volumes. Amazon remains strong with sales growth of 15%.
- Spain generated operating revenue of €256 million, an organic increase of 10.8%, thanks in particular to Amazon flows.
- Benelux operating revenue, which amounted to €305 million, saw strong organic growth of 35.8% driven by a 38.4% increase in volumes as a result of the strength of key international accounts.
- Russia's operating revenue of €108 million saw an organic increase of 26.0%, supported by volume growth of 36.1%, reflecting the market dynamics seen everywhere else.
- In Poland, the operating revenue of €282 million comprised organic growth of 27.1%, due to volume growth of 26.2% driven by BtoC and e-commerce.
- The business activity of Tigers, in a highly competitive sea freight market, saw operating revenue of €128 million, an organic decrease of 1.2%, due to the economic slowdown following the Covid-19 health crisis.
- The operating revenue from New Urban Services was up €2 million organically, primarily driven by the activity of Stuart.

4.3.2 Operating profit/(loss)

Operating profit, including GeoPost's share of the net profit of the jointly controlled entities, totalled €351 million at the end of June 2020. Adjusted for the scope and exchange rate effects of €44 million, the operating profit was up €114 million organically compared to the end of June 2019 (up 59.5%).

This result should be viewed in the context of an increase in e-commerce following the lockdown put in place due to the Covid-19 health crisis in several countries and ongoing tensions regarding the cost of subcontracting and transport.

4.4 La Banque Postale

This business segment includes La Banque Postale, its subsidiaries, and the Shared Resources division formed between La Poste and La Banque Postale that is governed by a cost-sharing agreement. All expenses relating to the Shared Resources division, which mainly consist of the costs of La Poste staff working exclusively for La Banque Postale, are re-billed at cost to La Banque Postale.

Since 4 March 2020, as part of the creation of a large public financial group provided for in the binding memorandum of understanding signed on 31 July 2019 between the French State, Caisse des Dépôts, La Poste and La Banque Postale, La Banque Postale has become the majority shareholder of CNP Assurances.

4.4.1 Commercial activities

In context of lockdown and loss of confidence linked to the crisis, outstanding savings were up by €13.1 billion compared to the end of June 2019 (up 4.1%), at €335.5 billion:

(savings outstandings in € billion)	06/2020	06/2019	Change *(in € billion)*	*(in %)*
Sight deposits	80.3	69.5	+10.8	+15.6
Ordinary savings	86.7	83.6	+3.0	+3.6
Livret A savings account	64.6	62.0	+2.6	+4.1
LEP savings accounts	6.3	6.9	-0.5	-7.9
Sustainable development savings accounts (LDD)	8.5	8.0	+0.5	+6.5
Other savings accounts	7.2	6.8	+0.5	+7.1
Home savings	31.7	31.6	+0.1	+0.2
UCITS[a]	10.9	10.3	+0.6	+5.6
Life insurance[a]	124.8	126.5	-1.7	-1.4
Other[b]	1.2	0.9	+0.3	+30.9
CUSTOMER SAVINGS	**335.5**	**322.5**	**+13.1**	**+4.1**

(a) Products distributed by the network of La Banque Postale and its subsidiaries.

(b) Term deposits and PEP savings plans.

The health crisis and the lockdown period, with the closure of non-food businesses, limited household consumption, which resulted in an increase in savings that inflated current accounts.

While sight deposits continued to enjoy robust inflows, with outstanding volumes up €10.8 billion year on year (up 15.6%), ordinary savings also contributed to this increase. Outstandings rose sharply in the first half of 2020 by €3.0 billion (up 3.6%) despite the low yields offered. The interest rate on Livret A savings accounts, which has been set at 0.50% since 1 February 2020, played its role as a precautionary savings measure in this crisis context.

La Banque Postale's life insurance outstandings amounted to €124.8 billion, down slightly by €1.7 billion (down 1.4%) compared to the end of June 2019.
Activity was impacted by the health and economic crisis, with gross inflows of €3 billion, down 26.6%.

Within La Banque Postale's savings outstandings, the outstandings managed by the BPE private bank grew by 9.9% to €10.1 billion, relying on personalised expertise in asset management and a local network with 30 agencies and 49 designated post office outlets. Total BPE outstanding loans also rose to €3.7 billion (up 14.7%). This trend reflects La Banque Postale's development among high net worth customers.

BPE also strengthened its expertise in real estate with the acquisition in the first half of the year of La Banque Postale Immobilier Conseil (LBPIC), thereby developing its range of integrated products and services.

Despite a very unfavourable environment and a slowdown in lending activities due to the lockdown, outstanding customer loans increased by 8.8% year on year to €105.7 billion.

	06/2020	06/2019	Change	
(outstanding loans in € billion)			*(in € billion)*	*(in %)*
Home loans [(a)]	64.0	61.8	+2.2	+3.6
Consumer loans	5.0	5.0	-0.0	-0.5
Other loans [(b)]	0.5	0.4	+0.1	+16.9
Loans to legal entities [(c)]	36.2	29.9	+6.3	+21.1
CUSTOMER LOANS	**105.7**	**97.1**	**+8.6**	**+8.8**

(a) Excluding repurchases of Dutch loan portfolios.

(b) Overdrawn sight deposits and amounts owed on bank cards; proforma data as of 30 June 2019 following the exclusion of securities given under repurchase agreements not deemed to be customer transactions.

(c) Companies, social housing associations, non-profits and local authorities.

In the first half of 2020, La Banque Postale and its subsidiaries (BPE and Sofiap) provided €4.9 billion in home loans, down 12.8% compared to the end of June 2019, in a context of low interest rates and the health crisis. The introduction of the lockdown in March had a significant impact on home loans.

The development of consumer loans, managed by La Banque Postale Financement, was penalised by the sharp decline in consumption during the lockdown period, which weighed on new business (down 26.6%), taking outstandings to €5.0 billion (down 0.5% compared to the end of June 2019). Sales via the Internet or the remote platform remained high and represented 41% of the production of personal loans at the end of June 2020.

Committed to supporting regional development and the real economy, La Banque Postale finances the local public sector and companies. This business activity has experienced strong growth since its launch and this was confirmed in the first half of 2020 with the amount outstanding increasing by 21.1% over a one-year period to reach €36.2 billion, thus consolidating La Banque Postale's position as the number one lender to local authorities. These amounts include €4.3 billion from factoring, with La Banque Postale actively expanding its range of specialised business loans. Lastly, it should be noted that growth in customer loans was reduced by the sale of €5.0 billion in outstanding loans to Caisse Française de Financement Local over the period, in line with the growth model adopted, when La Banque Postale entered the local public sector market.

4.4.2 Operating performance

Net Banking Income (NBI) resilient in a difficult context

La Banque Postale's Net Banking Income (NBI) amounted to €3,793 million at the end of June 2020, up €29 million excluding the home savings provision and scope and exchange rate effects (consolidation of CNP Assurances) compared to the end of June 2019, i.e. up 1.0% in a context of persistently low interest rates and with the effects of the Covid-19 crisis.

	06/2020	06/2019	Change	
(€ million)			*(in €m)*	*(in%)*
Retail banking	*2,602*	*2,596*	*+6*	+0.2
Net interest margin	*1,459*	*1,467*	*-8*	-0.6
Commissions	*1,167*	*1,148*	*+19*	+1.6
Other income and expenses	*-24*	*-19*	*-5*	+25.4
Insurance	*1,117*	*180*	*+938*	n.s.
Non-life insurance excluding CNP	*153*	*180*	*-27*	-14.9
Net banking income CNP	*1,105*	*0*	*+1,105*	+0.0
Net banking income PPA CNP (a)	*-140*	*0*	*-140*	+0.0
Asset Management	*74*	*74*	*-0*	-0.1
NET BANKING INCOME	**3,793**	**2,850**	*+943*	**+33.1**

(a) PPA (Purchase Price Agreement)

Retail Banking division:

The NBI of the Retail Banking division, restated for the home savings provision, was up 2.2% compared to the end of June 2019 (€56 million).

The net interest margin (NIM) thus restated rose by 3% to €1,481 million; the receipt of €50 million in additional compensation from the French State for 2020 (with an impact of €25 million in the first half of 2020) and active balance sheet management having made it possible to absorb the effects of the decline in interest rates and the Covid-19 crisis.

Commissions increased by €19 million (up 1.6%), despite an estimated €71 million impact from Covid-19.

Insurance division:

The NBI of the Insurance division, including CNP Assurances, amounted to €1,117 million.

Excluding the impact of the consolidation of CNP Assurances, the NBI for the Insurance division amounted to €153 million, down 14.9% compared to the end of June 2019, which benefited from the liquidation of prior-year provisions.

Life and Loan Protection Insurance

Savings/retirement operating revenue amounted to €4.6 billion, evenly split between euro and unit-linked policies.

In France, the operating revenue of €2.9 billion was impacted in half by the consequences of the financial and health crisis (-€2.3 billion) and in half by the consequences of CNP Patrimoine's commercial policy aimed at reducing its exposure to euro contracts (-€1 billion) in the context of low interest rates. The share of unit-linked policies in operating revenue increased despite the difficult context.

Net savings/retirement inflows amounted to -€3.7 billion at the end of June 2020, including an outflow of €4.3 billion for euro-denominated contracts and positive inflows of €0.6 billion for unit-linked policies.

In Latin America, the operating revenue of €0.8 billion was down due to the three-month halt in sales of insurance products at the counters of the Caixa Economica Federal bank, whose activity is exclusively dedicated to the payment of emergency aid for low-income populations.

In Europe excluding France, operating revenue of €1 billion was impacted by the health crisis and a commercial policy of restricting access to contracts in euros.

In Italy, the activity was stable, with inflows holding steady at the June 2019 level.

Property and casualty insurance, Contingency, Health:

Operating revenue amounted to €483 million over the period. The contract portfolio now stands at 4.633 million contracts, a slight increase of 0.1%.

In Contingency, operating revenue was down 2.2% to €258 million. The contract portfolio decreased by 1.4% to 2.633 million contracts.

In Property & Casualty, operating revenue rose by 2.5% to €181 million, reflecting the impact of measures to support policyholders during the lockdown period (application of the "Petit rouleur" tariff to the motor insurance portfolio). The contract portfolio, at 1.806 million contracts, grew by 2.6% (39% of the portfolio).

Operating revenue from **borrower insurance** amounted to €1.3 billion, including €0.9 billion in France.

Asset Management division:

At €74 million, Asset Management's NBI was stable (down €0 million or 0.1%) compared to the end of June 2019, despite the decline in assets under management.

The assets under management, comprising those of La Banque Postale Asset Management and Tocqueville Finance, and the division's outstandings distributed (Kames Funds and Dutch Mortgages) totalled €227.1 billion at the end of June 2020, down 2.0% over the period. This decline in outstandings was primarily due to a negative market effect, reflecting the volatility of financial markets over the period (for €2.5 billion), and by an outflow on certain large institutional mandates in the context of the merger of the management activities of Ostrum and La Banque Postale Asset Management, which was more than offset by an increase in the management fees on UCIs.

An increase in operating profit taking into account the integration of CNP Assurances and the impact of the health crisis.

Excluding the impact of the contribution of CNP Assurances shares, the La Banque Postale business unit's operating profit came to €906 million, up 84.2% compared to the end of June 2019.

(€ million)	06/2020	06/2019	Change vs n-1 *(in €m)*	*(in %)*
Net banking income	3,793	2,850	+943	+33.1
Management expenses	-2,682	-2,316	-367	+15.8
Gross operating profit/(loss)	**1,110**	**534**	**+576**	**ns**
Cost of risk	-228	-41	-186	ns
Gains and losses on other assets	-1	0	-1	ns
Impact of the contribution of CNP Assurances shares	3,007	0	+3,007	+0.0
Operating profit/(loss) before share of net p/(l) of jointly controlled entities	**3,888**	**492**	**+3,396**	**ns**
LBP cost income ratio	71.9%	*83.2%*		*-11.3 pts*
Share of net profit of jointly controlled entities	25	0	+25	+0.0
OPERATING PROFIT/(LOSS) AFTER SHARE OF NET P/(L) OF JOINTLY CONTROLLED ENTITIES	**3,913**	**492**	**+3,421**	**ns**

(a) Management fees include the positive impact of the pooling of resources for €27.7 million as at 30 June 2020 and €37.2 million as at 30 June 2019.

Management expenses for the Banque Postale business unit rose by 15.8% to €2,682 million compared to the end of June 2019, including a negative €363 million scope effect related to the integration of CNP. Excluding this scope effect, management expenses rose by €3 million, reflecting the ongoing efforts to control costs while continuing the transformation programme (integration of CNP and development of its subsidiaries).

The business unit's gross operating income was €1,110 million, up by 108.0%. La Banque Postale's cost to income ratio amounted to 71.9%.

The cost of risk, at €228 million, is €186 million higher than the level at the end of June 2019 including a specific IFRS9 global provision of €141 million related to the Covid-19 crisis. As a proportion of outstanding loans, it is at a high level of 32 basis points[7].

4.4.3 Financial structure

La Banque Postale has a solid financial structure with a Common Equity Tier 1 ratio estimated at 17.3% at 30 June 2020 (up 5.1 points compared to December 2019 as published), well above the overall CET1 capital (OCR) of 8.38%[8] set by the European Central Bank and applicable as of 2 April 2020. This increase includes the effects of the increase in share capital and the exceptional impact related to the integration of CNP Assurances.

The total capital ratio stood at 20.8%, up 4.6 points compared with the end of June 2019.

The leverage ratio at the end of June 2020, excluding outstanding savings deposits centralised at Caisse des Dépôts[9], stood at 6.1%. The leverage ratio, in accordance with the May 2019 decision of the European Central Bank (excluding 50% of the centralised savings), was 5.4%.

The liquidity position of the balance sheet remains above the regulatory requirements and translates into a loan to deposit ratio of 82.7%, down 7.3 points, and a LCR estimated at 157% (short-term liquidity), compared to 153% at 31 December 2019.

[7] The commercial bank's cost of credit risk in relation to outstanding amounts at the beginning of the period.

[8] The CET1 capital requirement fell as a result of the reduction to 0% of the countercyclical buffer rate decided by the Financial Stability Board (the increase from 0.25% to 0.50% decided in 2019 should enter into force on 2 April 2020) and the ability to use non-CET1 capital for P2R hedging purposes (increased from 1.75% to 2% on 1 January 2020).

[9] In accordance with the delegated act published by the European Commission on 10 October 2014.

4.5 La Poste Network

La Poste Network distributes to retail customers the products and services of Le Groupe La Poste (La Poste Network parent company) and of the La Poste Telecom subsidiary (corresponding to the line "Share of net profit/(loss) of jointly controlled entities") marketing its offering under the "La Poste Mobile" brand.

(€ million)	06/2020	06/2019 *segment proforma*	Change vs N-1 *(in €m)*	*(in %)*
Operating revenue	1,798	1,862	-64	-3.4
Operating expenses	-1,837	-1,885	+48	-2.5
Operating profit/(loss) before share of net profit/(loss) of jointly controlled entities	**-39**	**-23**	**-16**	**+68**
Share of net profit of jointly controlled entities	-10	-13	+3	-23.8
OPERATING PROFIT/(LOSS) AFTER SHARE OF NET PROFIT/(LOSS) OF JOINTLY CONTROLLED ENTITIES	**-49**	**-36**	**-13**	**+36**

Operating revenue represents internal billing for services provided by La Poste Network on behalf of the other business units. It is governed by service agreements such as:

- service agreements based on operating indicators (revenue, number of items handled) with the Services-Mail-Parcels business unit and GeoPost (Chronopost);
- for La Banque Postale, service agreements based on transactions processed at the counters and charged based on actual costs for the banking advisory line integrated into the Network (e.g. financial advisers, specialised real estate advisers, etc.);
- the transfer of costs related to the universal postal service and regional planning and development missions, as well as transitional costs (including end-of-career benefits), to the "Unallocated" segment.

4.5.1 La Poste Network

Faced with changes in society and in its customers' needs, La Poste is transforming and adapting to new ways of life, so that it can offer more services and local presence. La Poste Network benefits from an organisation with 17,027 retail outlets, comprising 7,708 post offices and 9,319 partnerships (La Poste local postal agencies and "La Poste Relais" outlets). Thanks to this network, La Poste is able to fulfil its role as a point of contact with customers throughout France. It is this contact that La Poste was able to maintain during the health crisis by quickly finding an organisation compatible with its priorities: the health and safety of La Poste employees and customers.

Its ability to respond to the most difficult situations was tested by the Covid-19 health crisis and facilitated by the projects initiated in recent years:

- A commercial banking efficiency action plan including:

- ✓ a managerial structure with increasing empowerment of the most crucial sectors in the context of the health crisis;
- ✓ a 120,500 man-days training programme led by École de la banque et du réseau (EBR) with particular focus on increasing skills in the field of life insurance;
- ✓ the completion of the Cap Client 3.0 banking advisor workstation with additional functionalities enabling products to be sold not just face to face but also remotely.

- A service Network that is both digital and human thanks to the roll-out of digital tools for the teams and increased digital support for customers:
  - ✓ customer service representatives now meet customers' requests in the middle of the sales area via smartphones (Smartéo) that can carry out most functions (such as purchasing a product, picking up or dropping off an item, providing advice, etc.);
  - ✓ in rural areas, the Network helps maintain public services in the most vulnerable areas. Its efforts to reduce the digital divide translates into the making available of connected equipment and local support. The provision of self-service tablets facilitates access to the online services offered by the Group and to public services (the French employment office, family allowances, health insurance, etc.);
  - ✓ in rural and urban areas, free Internet access is offered (2 hours with a "Mon Compte"), which makes access to digital services easier and simpler for everyone. 4,100 post offices had been equipped by the end of June 2020;
  - ✓ in urban areas, to ensure the independence of people who experience difficulties with digital services, in over 400 offices, La Poste rolled out a major support programme built around the availability of facilitators and efforts by partners specialised in reducing digital illiteracy;
  - ✓ customer information and promotion at the sales site have also been modernised using a digital communication system rolled out in 1,614 post offices, including in the French overseas departments.

- Implementation of diversified formats:
  - ✓ La Poste maintained its presence in rural areas, thanks in particular to 501 public service areas, 48 of which were awarded the France Services label at the end of June 2020 (the France Services label is awarded by the French State);

    La Poste is introducing postmen-counter clerks: the 995 such clerks at the end of 2020 share their time between services performed by postmen (mail and parcel delivery, local services) and post office counter services, thereby handling all postal products and services;

- ✓ in urban environments, in collaboration with town councils, the coverage by La Poste's outlets is tailored to the needs of town and city dwellers: 1,129 "La Poste Relais" outlets in urban areas with more than 2,000 inhabitants in cooperation with major national chains;
- ✓ The modernisation of offices has been ongoing for the past five years: 1,778 in urban areas and 420 in rural areas.

Thanks to its adaptation plans, the Network reduced its operating costs by 2.5% compared to the end of June 2019. This reduction, including the costs related to the Covid-19 health crisis, directly benefits the Group's business units by reducing the invoicing linked to their use of the Network.

4.5.2 La Poste Mobile

Created in 2011, La Poste Telecom is a joint venture in which Le Groupe La Poste has a 51% stake and SFR the remaining 49%. La Poste Mobile positions itself as an operator with a physical network offering a wide range of fixed and mobile telephony services, high-quality local services and a responsive after-sales service.

In the first half of 2020, La Poste Mobile adapted its sales strategy to the health context, offering the first month free on its mobile plans. Special offers on the SIM 30 and 60 GB plans boosted plan sales, which now account for 83% of La Poste Mobile's sales.

This new commercial strategy enabled La Poste Mobile to acquire 225,300 customers (including prepaid customers), 196,000 of which were new subscribers during the half-year. Net subscription sales (after terminations) totalled 64,000. The total subscription and pre-paid customer base grew by 3.8% over the half-year to 1.7 million customers, including 1.6 million subscription customers.

In addition to the mobile telephony offer, La Poste Mobile changed its fixed telephony range. It has stopped marketing the box under the LPM brand and has been marketing the SFR box since 19 May.

4.6 Digital Services

The Digital Services business unit is made up of two divisions: the first division develops commercial activities through its subsidiaries specialised in digital services, Docaposte and Mediapost Communication, as well as the laposte.fr e-commerce website; the second division drives the deployment of the Group's digital strategy, in particular the Group's modernisation and digital transformation, in close connection with the other divisions.

The commercial activities division is organised around:

- ✓ Docaposte, operator of physical and digital services, specialist in supporting digital transitions. The share of its digital activities (66% at the end of June 2020) is steadily increasing;
- ✓ Mediapost Communication, a specialist in data processing and artificial intelligence;
- ✓ The e-commerce website laposte.fr, which develops the online operating revenue of postage products (mail, parcels) and service offers (forwarding, electronic registered mail, etc.).

On behalf of the Group, the modernisation and transformation division ensures:

- ✓ the modernisation of internal and customer processes, especially via digitisation;
- ✓ transformation, through the development of new services centred around the end customer, in particular in regards to customer knowledge and innovation projects;
- ✓ La Poste's position as a trusted third party in the digital world: Digiposte, Digital Identity, e-health.

	06/2020	06/2019	Change *vs N-1*	
(€ million)			*(in €m)*	*(in %)*
Operating Revenue	369	339	+30	+8.9
including non-Group revenue	*289*	*255*	*+34*	*+13.3*
Operating expenses	-404	-345	-60	+17.4
OPERATING PROFIT/(LOSS)	**-35**	**-5**	**-30**	**ns**
Operating margin	*-9.5%*	*-1.6%*	*-7.9 pts*	

4.6.1 Operating revenue

At the end of June 2020, operating revenue totalled €369 million (€340 million for the Commercial Activities division and €29 million for the Transformation and Innovation division), an increase of €30 million or 8.9% compared with the end of June 2019. On an organic basis, and adjusted for positive scope and exchange rate effects of €67 million, operating revenue decreased by €37 million.

The operating revenue of the commercial activities division increased by €35 million:

- ✓ Docapost's revenue came to €296 million at the end of June 2020, up €35 million (up 13.4%) compared to the end of June 2019. This growth is largely due to scope and exchange rate effects (up €67 million) corresponding to the acquisitions of Softeam in January 2020, and of Arkhinéo and Icanopée at the end of 2019. Excluding the scope and exchange rate effects, Docaposte experienced an organic decrease of €32.3 million compared to the end of June 2019 under the effect of the health crisis. Thus, the physical activities have been and continue to be severely penalised by the closure of customer sites (in situ activities), by the significant reduction in the volume of cheques and fines, and by the deterioration of production conditions due to the health constraints. The digital activities are impacted by the decrease in overall demand for consulting activities (customer projects postponed or cancelled, reduction in calls for tenders);
- ✓ The operating revenue of the Mediapost Communication division, at €18 million, decreased by €2 million or 8.4% compared to the end of June 2019 following the cessation of advertising campaigns during the lockdown;
- ✓ Laposte.fr saw a significant increase in its sales, to €135 million (up 33.1%) recognised in the form of commission and rebilling for technical services, up by €1.2 million compared to the end of June 2019.

The operating revenue of the Transformation and Innovation division decreased by €5 million. This division develops cross-functional projects on behalf of the Group. Its rebilling for such projects was down €5 million. In addition, the operating revenue of the Digital Trust division grew by €1 million, in line with the growth in Digiposte customers.

4.6.2 Operating profit/(loss)

The operating loss for the Digital Services business unit totalled €35 million at the end of June 2020, €30 million lower than at the end of June 2019, with €1 million of the decrease being due to scope and exchange rate effects, mainly due to the negative impact of the Covid-19 health crisis.

4.7 Other Segments

4.7.1 Real Estate

The Real Estate segment includes the Poste Immo subsidiary and the Real Estate Department of the La Poste parent company.

(€ million)	06/2020	06/2019	Change vs N-1 (in €m)	(in %)
Operating Revenue	414	414	-0	-0.0
non-Group revenue	*10*	*12*	*-2*	*-12.8*
Current operating expenses	-395	-385	-10	+3
Gains/(losses) on disposals	3	4	-1	-26.3
Operating profit/(loss) before share of net profit/(loss) of jointly controlled entities	**22**	**34**	**-11**	**-33.9**
Share of net profit of jointly controlled entities	0	1	-1	ns
OPERATING PROFIT/(LOSS) AFTER SHARE OF NET PROFIT/(LOSS) OF JOINTLY CONTROLLED ENTITIES	**22**	**34**	**-12**	**-35.4**
Operating margin	*5.4%*	*8.3%*	*-2.9 pts*	

The Real Estate division's operating revenue was €414 million, stable compared to the end of June 2019.

The operating profit, after the share of net profit of jointly controlled entities, was €22 million, down €12 million compared to the end of June 2019. The decrease was primarily due to the reversal of provisions for litigation in 2019 in the amount of €10 million and to an increase in depreciation and amortisation (€7 million) which hid the savings on owner expenses (€5 million) and on running costs (€5 million).

4.7.2 Supports and Structures

The Supports and Structures segment includes headquarters costs and the Support Departments (mainly vehicle fleet management, pooled services centres (IT, HR, Accounting, Legal, Purchasing, etc.) social and supply operations) that rebill the Group's other business units for costs incurred.

(€ million)	06/2020	06/2019	Change vs N-1 (in €m)	(in %)
Operating Revenue	544	556	-12	-2.1
Operating expenses	-637	-628	-9	+1.4
Operating profit/(loss) before share of net profit/(loss) of jointly controlled entities	**-93**	**-72**	**-21**	**+28.8**
Share of net profit of jointly controlled entities	0	0	-0	+13
OPERATING PROFIT/(LOSS) AFTER SHARE OF NET PROFIT/(LOSS) OF JOINTLY CONTROLLED ENTITIES	**-93**	**-73**	**-21**	**+28.7**

The operating revenue was €544 million at the end of June 2020, down €12 million, due primarily to a decrease in recharges for the vehicle fleet management subsidiary (€8 million) following the decline in activity and fleet use during the lockdown. The efforts to optimise expenses continued for the support functions, but were reduced by the continuation of transfers to increase pooling.

4.7.3 Unallocated expenses

(€ million)	06/2020	06/2019	Change vs N-1 (in €m)	(in %)
Net cost of regional postal presence	-249	-250	+1	-0.5
Other operating expenses	-87	-73	-14	+18.5
OPERATING PROFIT/(LOSS)	**-335**	**-323**	**-12**	**+4**

The “Unallocated” segment includes the costs of the universal postal service accessibility mission, the costs of the regional planning mission, the corresponding local tax allowance and, lastly, the costs associated with end-of-career benefits that are considered to be Group cross-entity costs and which are therefore not allocated to the business units.

The €12 million decline in profit was primarily due to a rise in expenses related to end-of-career arrangements (an increase in the number of members) and, to a lesser extent, to a decrease in the net cost of regional postal coverage.

5. Other key aggregates of the income statement

5.1 Financial profit/(loss)

	Half-year ended 30 June			
	06/2020	**06/2019**	vs N-1	
(€ million)			*(in €m)*	*(in %)*
Net interest expense	-110	-112	+2	-1.9
Change in “fair value” including debt credit spread	3	-3	+6	ns
Cost of net financial debt	**-107**	**-116**	**+8**	**-7.2**
Other financial items	-5	-8	+4	-43.9
FINANCIAL PROFIT/(LOSS)	**-112**	**-124**	**+12**	**-9.7**

The financial profit/(loss) improved by €12 million. It represented a total expense of €112 million, with a reduction in the net borrowing cost of €8 million and a decrease of €4 million in other financial items.

The net interest expense, at €110 million, was down €2 million (1.9%). The change in fair value during the first half of 2020 of the fair value option debt and the derivatives backed by this debt, which corresponded to a charge of €3 million at the end of June 2020, was down €6 million compared to the first half of 2019.

Other financial items (expense of €5 million in the first half of 2020), was down €4 million compared to the first half of 2019. These are essentially the accretion expense on social debt (expense of €1 million, down €5 million).

5.2 Net profit/(loss), Group share

	Half-year ended 30 June				
	06/2020	**06/2019**	**Change**		
(€ million)			*Impact of the contribution of CNP Assurances shares*	*vs N-1 (excluding the contribution of CNP (in €m)*	*(in %)*
Operating revenue	**14,495**	**12,795**		**+1,699**	**+13.3**
Operating expenses	**-11,919**	**-12,212**	**3,007**	**-2,714**	**+22.2**
Operating profit/(loss)	**2,575**	**583**	**3,007**	**-1,014**	**ns**
Share in profits of jointly controlled entities	13	-11		+24	ns
Operating profit after share of net profit/(loss) of jointly controlled entities	**2,588**	**572**	**3,007**	**-991**	**ns**
Financial profit/(loss)	-112	-124		+12	-9.7
Profit/(loss) before tax	**2,476**	**448**	**3,007**	**-979**	**ns**
Income tax	-576	-108		-468	ns
Share in profits of associates	632	143	594	-105	-73.4
CONSOLIDATED NET PROFIT/(LOSS)	**2,532**	**483**	**3,600**	**-1,552**	**ns**
Net profit/(loss), Group share	**2,315**	**474**	**3,600**	**-1,759**	**ns**
Non-controlling interests	217	9		+208	ns

The net profit Group share was €2,315 million at the end of June 2020. It was up €1,841 million overall compared to June 2019, of which, €3,600 million as a result of the contribution of CNP Assurances shares which breaks down as follows:

- Recognition of badwill in the amount of €4,578 million corresponding to the difference between the fair value of CNP Assurance's assets and liabilities prior to the acquisition price allocation in the amount of the Group's holding percentage (i.e. €10,538 million) and the value of all the shares held after the transaction valued at the market price of the day of the transaction (i.e. €5,960 million). This badwill was recorded in the operating profit/(loss) as "non-current operating income and expenses";
- Impairment of the value of the CNP shares previously equity-accounted with regard to the market price of the CNP Assurances share on the day of the transaction in the amount of €1,571 million. This impairment was recognised in the operating profit/(loss) under "non-current operating income and expenses";
- Reallocation to the income statement of the Group share in the unrealised gains and losses and translation adjustments of CNP Assurances in the amount of €594 million. This share was recorded in profit/(loss) as a share of the profit/(loss) of other equity associates.

Excluding the impact of the contribution of CNP Assurances shares, the net profit/(loss) Group share decreased by €1,759 million (€1,896 million at constant scope and exchange rates), with for primary components, a decrease in the operating profit/(loss) after the share of the net profit of the jointly controlled entities of €991 million (€1,661 million at constant scope and exchange rates), resulting primarily from the effects of the health crisis on the Group's activity during the first half of 2020, amplified by an increase in the Group's tax burden in the amount of €468 million consecutive to the impairment of deferred tax assets within the scope of the tax consolidation. The Group's financial profit/(loss) remained stable, with an expense of €112 million, up by €12 million compared to the first half of 2019.

The share of the profit/(loss) of equity associates, excluding the contribution of CNP Assurances shares, decreased by €105 million, primarily due to the full consolidation of BRT as at 1 January, of which the Group had held 37.5% (€17 million) until then, and the full consolidation of CNP Assurances as at 4 March 2020, of which the Group had held 20.15% (€90 million) until then. The increase in non-controlling interests comes primarily from the non-controlling interests in CNP Assurances (€189 million).

6. Debt and financial strength

The tables below are set out so as to present both the banking activities and the industrial and commercial activities within the same group, while providing a more economic view of their respective contribution to Group cash flows.

As Group parent company, La Poste provides funding for industrial and commercial operations and equity for La Banque Postale. As such, La Banque Postale, although fully consolidated, is considered based on the dividends it distributes to its parent company, which are considered as Group cash flows, once all minimum regulatory equity requirements are met.

Consequently, Group net debt does not directly take into account La Banque Postale, for which this concept is not relevant. Group net debt thus varies largely according to the following:

- the ability of the industrial and commercial activities to generate surplus net free cash flows (EBITDA, change in working capital, capital expenditure and potential external growth);
- dividends paid by La Banque Postale to La Poste (including coupons for AT1 hybrid securities) or from equity associates and, in return, potential capital increases in these entities;
- the corporate tax expense resulting from the tax group set up between La Poste and its subsidiaries;
- La Poste's cost of capital employed, based on interest paid on net debt and dividends paid out to its shareholders.

6.1.1 Free cash flow

The Group generated -€659 million in free cash flow as at the end of June 2020. This was down €791 million compared to the end of June 2019.

	Half-year ended 30 June			
	06/2020	06/2019	vs N-1	
(€ million)			(in €m)	(in %)
EBITDA	166	519	-353	-67.9
Dividends received from equity associates	2	336	-334	-99.4
HR provisions excluding end-of-career benefits	-49	28	-77	ns
Adjusted EBITDA	**120**	**883**	**-763**	**-86.4**
Change in WCR	-28	-337	+309	-91.8
Purchases of property, plant and equipment and intangible assets	-436	-503	+67	-13.4
Disposals of property, plant and equipment and intangible assets	34	59	-25	-41.6
Net interest paid (excluding IFRS 16)	-33	-31	-2	+7.1
AT1 coupons received	0	29	-29	-100.0
Income tax	27	-13	+40	ns
CICE deducted	2	331	-329	-99.4
CICE generated	0	0	-0	+32.1
Repayment of lease liabilities	-310	-252	-58	+22.8
Interest expense on lease liabilities	-35	-34	-1	+4.3
FREE CASH FLOW	**-659**	**132**	**-791**	**ns**

6.1.1.1 Adjusted EBITDA

Adjusted EBITDA was €120 million at the end of June 2020. It was down by €763 million under the combined effects of a decline in EBITDA of €353 million, the delay to the second half of 2020 of the La Banque Postale dividends payable, which resulted in an unfavourable impact of €327 million at the end of June 2020, and an increase of €77 million in expenses on HR provisions excluding end-of-career arrangements, resulting, notably, from an increase in the unemployment provision of €68 million.

EBITDA for non-banking activities was €166 million. It decreased by €353 million with a decrease of €525 million for the Services-Mail-Parcels business unit which experienced a substantial drop in volumes due to the health crisis. This was partially offset by GeoPost, whose EBITDA was up by €201 million with, notably, €91 million in scope effect from BRT and a favourable impact of the health crisis on GeoPost's BtoC business overall.

6.1.1.2 Purchase of property, plant and equipment and intangible assets

Cash outflows for purchases of property, plant and equipment and intangible assets decreased by €67 million at the end of June 2020 compared to June 2019 to reach €436 million. This decrease consists of a reduction in investments of €91 million and of an adverse impact on payables to suppliers of non-current assets of €24 million.

	Half-year ended 30 June			
	06/2020	**06/2019**	**Change**	
		segment	*vs N-1*	
(€ million)		*proforma*	*(in €m)*	*(in %)*
Services-Mail-Parcels	-117	-112	-5	+4.3
GeoPost	-117	-112	-5	+4.3
La Poste Network	-11	-16	+5	-33.2
Digital Services	-19	-36	+16	-46.1
Real Estate	-113	-147	+35	-23.6
Supports & Other	-60	-80	+20	-25.5
Purchase of property, plant and equipment and intangible assets	**-436**	**-503**	**+67**	**-13.4**
Change in non-current asset accounts payable	94	71	+24	+33.6
INVESTING ACTIVITIES EXCLUDING BANKING ACTIVITIES	**-342**	**-433**	**+91**	**-21.0**

Purchases of property, plant and equipment and intangible assets include:

- Services-Mail-Parcels business unit: the total purchases of property, plant and equipment and intangible assets amounted to €117 million, up by €5 million, including €22 million for Parcels which is continuing to implement its industrial and IT master plan;
- GeoPost: €117 million, up by €5 million, of which €9 million in scope effect from BRT, which was acquired in January 2020. The projects for the first half focused on Hub construction (UK and France) and depots (Germany and France);
- Real Estate division: €113 million, down €35 million, primarily due to the shutdown of building sites during the lockdown. These investments primarily relate to the transformation of the business units, and to the Group's major projects including the industrial master plan for the Services-Mail-Parcels business unit (€5 million), the Louvre (€10 million) and VLP région (€4 million);
- Digital Services business unit: €19 million, down by €16 million compared to June 2019;
- Supports & Other: €60 million, down by €20 million, of which €20 million less on the acquisition of vehicles for the Group due to the health crisis (closure of manufacturing plants).

6.1.1.3 Disposals of property, plant and equipment and intangible assets

The disposals of property, plant and equipment and intangible assets totalled €34 million, down €25 million compared to the end of June 2019.

The asset disposals notably include disposals by the Real Estate division which totalled €16 million at the end of June 2020, down €7 million, and €11 million for GeoPost, down €10 million, particularly following the disposal in the first half of 2019 of technical equipment (Eindhoven conveyor) taken over under a finance lease contract.

The disposals of vehicles, totalling €7 million at the end of June 2020, were down by €4 million.

6.1.1.4 Other items of free cash flow

The other free cash flow items include the net CICE balance deducted and generated, totalling €2 million at the end of June 2020 following the termination of the CICE plan as of 1 January 2019 (with the exception of the staff seconded to Mayotte), with an unfavourable impact of €329 million corresponding primarily to the allocation and monetisation of the CICE implemented by the Group during the first half of 2019.

The change in the working capital requirement, which represented cash outflows of €28 million, had a favourable impact of €309 million, notably resulting from the loss of operating revenue (trade receivables) experienced during the health crisis.

6.1.2 Change in net debt

The Group's net debt increased by €2,031 million in 2020. It now stands at €8,493 million, including €3,254 million in lease liabilities.

The change in Group debt is highly correlated with the net flows linked to external growth and financial assets (-€667 million), to the change in finance lease liabilities (up €629 million) due to external growth transactions, and with the free cash flow generated (-€659 million).

	Half-year ended 30 June			
	06/2020	**06/2019**	*vs N-1*	
(€ million)			*(in €m)*	*(in %)*
Free cash flow	**-659**	**132**	**-791**	**ns**
Dividends paid	-27	-219	+192	-87.7
External growth and net financial assets	-667	-78	-589	ns
Change in finance lease liabilities	-629	-72	-557	ns
Change in interest accrued not yet due	-38	-48	+10	-20.5
Capital incr. / reduc.	0	0	-0	-98.6
Issue of undated hybrid subordinated notes	0	0	+0	-
Impact of changes in scope and exchange rates on debt	-58	-6	-52	ns
Elimination HR Prov excl. DFC	49	-28	+77	ns
Other funds from operations	-33	-12	-21	ns
Other changes in net debt	32	4	+28	ns
Change net debt	**-2,031**	**-326**	**-1,705**	**ns**
Net debt at the beginning of the period	**6,462**	**3,442**	**+3,020**	**+87.7**
First-time application of IFRS 16 at 01/01/2019	0	2,462	-2,463	ns
Closing net debt (reported)	**8,493**	**6,231**	**+2,262**	**+36.3**

6.1.2.1 Impact of external growth transactions and purchases of financial assets on the Group's net debt

Net flows from external growth and changes in financial assets totalled €667 million, up €589 million compared to 2019, comprising the following:

- Acquisitions of subsidiaries minus cash acquired for €587 million, up €554 million;
- Acquisitions of financial assets for €87 million, up €17 million;
- Purchases of non-controlling interests: favourable impact of €10 million. The Group did not acquire any non-controlling interests during the first half of 2020;
- Disposals of financial assets for +€8 million.

Flows relating to external growth transactions broke down by segment as follows:

- The Services-Mail-Parcels business unit completed a total of €31 million in external growth transactions with payment of price supplements totalling €16 million for previous acquisitions of wnDirect, EDENEXT and IM Santé. The Services-Mail-Parcels business unit also proceeded with a series of unconsolidated healthcare investments totalling nearly €13 million;
- With a total amount of €627 million in 2020, GeoPost completed its acquisition of BRT shares, thus assuming control of BRT, in which the Group now holds an 85% stake. GeoPost also participated in a capital increase with the equity associate Ninja Van for the sum of €56 million.

6.1.2.2 Dividends paid by the Group in 2020

The Group paid out €27 million in dividends in 2020. This sum broke down as follows:

- €3 million paid to the Group’s non-controlling interests;
- €23 million recognised as dividends paid and corresponding to the remuneration of undated hybrid subordinated notes subscribed in 2018 and recorded in Group equity.

6.1.3 Change in cash and cash equivalents

The Group's cash and cash equivalents increased by €785 million at the end of June 2020. It thus stood at €3,241 million, as against an opening balance of €2,456 million.

	Half-year ended 30 June			
	06/2020	06/2019	vs N-1	
(€ million)			*(in €m)*	*(in %)*
Free cash flow	**-659**	**132**	**-791**	**ns**
Dividends paid	-27	-219	+192	-87.7
External growth and net financial assets	-667	-78	-589	ns
Proceeds from new borrowings	2,391	483	+1,907	ns
Repayment of borrowings (Excluding lease liabilities)	-611	-336	-275	+82.0
Capital incr. / reduc.	0	0	-0	-98.6
Issue of undated hybrid subordinated notes	0	0	+0	-
Change in financial assets used in cash management	25	5	+20	ns
Other cash flows from financing activities	50	16	+34	ns
Exchange rate effect and change in method	-24	2	-26	ns
Intercompany cash flow	291	-242	+533	ns
Elimination HR Prov excl. DFC	49	-28	+77	ns
Other funds from operations	-33	-12	-21	ns
Change in cash and cash equivalents	**785**	**-276**	**+1,061**	**ns**
Opening cash and cash equivalents	**2,456**	**2,286**	**+170**	**+7.4**
Cosing cash and cash equivalents	**3,241**	**2,010**	**+1,231**	**+61.2**

This change in cash and cash equivalents was mainly due to the following:

- Cash outflows of €1,353 million resulting from the net amount of free cash flow generated, dividends paid and cash outflow relating to external growth transactions and purchases of financial assets.
- A net increase in cash and cash equivalents of €2,090 million from the proceeds of new borrowings and the repayment of borrowings excluding IFRS 16.
    - Issues of commercial paper in the amount of €480 million and drops in commercial paper for an identical amount resulted in outstanding commercial paper remaining at €300 million.

  - Issue of two tranches of senior debt, in the total amount of €1,800 million with a first tranche of €650 million (6.5-year maturity) and a second tranche of €1,150 million (12-year maturity).

- The intra-group cash flow of -€291 million reflected the change in the net financial position vis-à-vis La Banque Postale and was primarily due to the change in the balance of La Poste SA's current accounts with La Banque Postale to €275 million at the end of December 2019 for a position of €465 million at the end of 2019 and the recording of a loan in the amount of €105 million issued by La Banque Postale as part of the transactions pertaining to the acquisition of BRT. Also of note was a change in the debt *vis-a-vis* La Banque Postale in respect of the overall position of intra-group 'payables/receivables' of €11 million, from which a €14 million increase in bank accounts held by subsidiaries should be deducted.
- An increase in cash and cash equivalents from movements in financial assets used in cash management of €25 million, relating to the reimbursement at maturity of various deposits over three months partly replaced.
- An increase in other cash flows from financing activities of €50 million mainly from an increase in current bank facilities.

6.1.4 Gross debt

The Group's gross debt increased by €2,469 million during the first half of 2020. It now stands at €12,267 million.

Gross debt breaks down as follows:

	Half-year ended 30 June			
	06/2020	12/2019	Change vs n-1	
(€ million)			*(in €m)*	*(in %)*
Bonds	**7,798**	**6,032**	**+1,766**	**+29.3**
Short-term bonds	0	0	+0	-
Medium- and long-term bonds	7,798	6,032	+1,766	+29.3
La Poste savings bonds	**53**	**54**	**-0**	**-0.3**
Short-term La Poste savings bonds	53	54	-0	-0.3
Medium- and long-term La Poste savings bonds	0	0	+0	-
Commercial paper	**300**	**300**	**+0**	**+0.0**
Short-term commercial paper	300	300	+0	+0.0
Medium- and long-term commercial paper	0	0	+0	-
Deposits and guarantees received	**111**	**103**	**+9**	**+8.6**
Short-term deposits and guarantees received	84	76	+8	+10.9
Medium- and long-term deposits and guarantees received	27	26	+0	+1.9
Accrued interest	**84**	**64**	**+21**	**+32.4**
Accrued interest	84	64	+21	+32.4
Subordinated debt	**445**	**444**	**+1**	**+0.2**
Lease Liabilities	**3,254**	**2,625**	**+629**	**+24.0**
Short-term lease liabilities	526	492	+34	+6.8
Medium- and long-term lease liabilities	2,728	2,133	+596	+27.9
Other items excluding lease liabilities	**221**	**177**	**+44**	**+24.7**
Other short-term items	151	91	+60	+66.0
Other medium- and long-term items	70	87	-16	-18.6
GROSS DEBT	**12,267**	**9,798**	**+2,469**	**+25.2**
Short-term gross debt	**1,199**	**1,077**	**+122**	**+11.4**
Medium- and long-term gross debt	**11,068**	**8,721**	**+2,347**	**+26.9**

The Group's bond debt at the end of June 2020 comprised 15 issues, originally with fixed rates (excluding hybrid bonds and including green bonds), some of which were switched to floating rates, then converted back to fixed rate according to whether interest rates were forecast to rise.

The main changes recognised in 2020 relate to the bond debt, which rose by €1,766 million following the issue in April 2020 of two tranches of senior debt representing a total of €1,800 million. The two tranches, with maturities of 6.5 years (2026) and 12 years (2032), are for €650 million and €1,150 million, respectively.

Commercial paper outstandings remained stable at €300 million. Note also that accrued interest not due increased by €21 million while deposits and guarantees received increased by €9 million.

Subordinated debt, valued at €445 million at the end of June 2020 (for a nominal value of $500 million swapped for euros), rose €1 million on the back of changes in the Euro/US Dollar exchange rate.

The cost of debt at one year was 1.89% at the end of June 2020 (2.54% at the end of December 2019). When projected over the next few years, the average cost of debt at four years was 1.65% at the end of December 2019 (2.04% at the end of December 2019).

6.1.5 Net debt

	Half-year ended 30 June			
	06/2020	**12/2019**	**Change** *vs n-1*	
(€ million)			*(in €m)*	*(in %)*
Gross debt at the end of the period	12,267	9,798	+2,469	+25.2
Cash and cash equivalents	-3,241	-2,456	-785	+32.0
Other assets	-533	-880	+347	-39.4
NET DEBT AT THE END OF THE PERIOD	**8,493**	**6,462**	**+2,031**	**+31.4**

The Group's net debt stood at €8,493 million at the end of June 2020. It was up €2,031 million compared to December 2019.

Other assets amounting to -€533 million comprised the following:

- Debt-related derivative assets with a fair value of €85 million, down €27 million;
- Investments maturing in over three months at inception, which amounted to €300 million, were down €25 million compared to December 2019;
- Security deposits paid for derivatives recognised as assets for €0 million, down €4 million;
- The net financial position vis-à-vis La Banque Postale is a net credit position of €148 million, down €291 million over the first half of 2020.

6.1.6 Equity and financial structure

Half-year ended 30 June

(€ million)	06/2020	*Impact of the contribution of CNP Assurances shares*	*Excluding the impact of the contribution of CNP*	12/2019	Change *vs n-1 (excluding the contribution of CNP shares) (in €m)*	*(in %)*
Equity Group share (opening)	**12,624**		**12,624**	**12,014**	**+611**	**+5.1**
Capital increase	1,968	1,968	0	0	+0	ns
Net profit/(loss), Group share	2,315	3,600	-1,285	822	-2,107	ns
Dividend payments	-57		-57	-217	+160	-73.6
Unrealised gains and losses on financial instruments	-1,134	-743	-391	356	-747	ns
Translation adjustments	-288	149	-438	34	-472	ns
Actuarial adjustments	7		7	-77	+84	ns
Other items	2,185	2,059	126	-308	+434	ns
Equity Group share (closing)	**17,620**	**7,034**	**10,586**	**12,624**	**-2,038**	**-16.1**
Non-controlling interests	11,250	10,997	254	907	-653	-72.0
CONSOLIDATED EQUITY (CLOSING)	**28,870**	**18,030**	**10,840**	**13,531**	**-2,691**	**-19.9**

Equity Group share was €17,620 million at the end of June 2020. It increased by €7,034 million as a result of the contribution of CNP Assurances shares with a capital increase of €4,027 million (share capital and issue premiums in the amount of €1,968 million and reserves of €2,059 million) and income, net of the recycling of unrealised gains and losses and translation adjustments of €3,007 million.

Excluding the contribution of shares, the Group's equity decreased by €2,038 million, due primarily to the net loss Group share, excluding the impact of the takeover of CNP Assurances, of €1,285 million, and a negative change in the unrealised gains and losses on financial instruments and translation adjustments of €828 million. Other equity Group share was up €75 million overall.

Non-controlling interests stood at €11,250 million, up €10,343 million, including €10,997 million relating to the consolidation of CNP.

6.2 Credit rating

The Fitch rating agency affirmed the short- and long-term ratings of La Poste in May 2020, and those of La Banque Postale in April 2020. It revised La Poste's outlook to negative in line with the outlook for France, and maintained La Banque Postale's outlook at stable. On 15 July 2020, Fitch awarded CNP Assurances a rating of A+ with stable outlook.

In December 2019, the Standard and Poor's rating agency affirmed CNP Assurances' rating and outlook. In March 2020 it affirmed the short- and long-term ratings of La Poste and La Banque Postale, revising their outlooks from positive to stable in the context of the Covid-19 pandemic.

In June 2020, the Moody's rating agency affirmed the rating of CNP Assurances.

La Poste rating

Company	Agency	Long-term rating	Short-term rating	Outlook	Last revised
La Poste	Fitch Ratings	A+	F1+	Negative	22 May 2020
	Standard and Poor's	A	A-1	Stable	27 March 2020

La Banque Postale rating

Company	Agency	Long-term rating	Short-term rating	Outlook	Last revised
La Banque Postale	Fitch Ratings	A-	F1	Stable	15 April 2020
	Standard and Poor's	A	A-1	Stable	27 March 2020

CNP Assurances rating

Company	Agency	Long-term rating	Outlook	Last revised
CNP Assurances	Fitch Ratings	A+	Stable	15 July 2020
	Moody's	A1	Stable	11 June 2020
	Standard and Poor's	A	Stable	18 December 2019

7. Outlook and post balance sheet events

7.1 Outlook

Over the coming quarters, the Group will continue its efforts to limit the ongoing impacts of the Health Crisis on its results by rolling out an ambitious cost-saving plan.

Over the period, it will seek to respond to the challenges of achieving financial equilibrium in the Universal Postal Service.

The Group will also look to respond to the postal needs expressed during the lockdown, by supporting the accelerated growth of the parcel and express network, and by preparing organisational methods and processes to be rolled out in the event of a second wave of the crisis.

The Group continues to be fully committed to developing synergies between Caisse des Dépôts, La Poste, La Banque Postale and CNP Assurances so as to consolidate the leading public financial group.

It will also pursue its transformation goals via external growth and will pay special attention to the integration of the recently acquired companies (BRT, EDE and Softeam).

The second half of 2020 will also be the final half-year of the “La Poste 2020: Conquering the Future” strategic plan and will mark the beginning of work on the new strategic plan, “La Poste 2030”, which will involve all stakeholders in a post-Covid context still subject to many unknowns.

7.2 Post balance sheet events

1.2 Transactions with related parties

Transactions with related parties are indicated in the note 24 “Ralated party transactions” of the condensed consolidated financial statements at 30 June 2019.

1.3 Main risks and incertainties

The main risks facing Le Groupe La Poste and influencing its economic health and capacity to meet its strategic objectives were updated in 2019.

These major risks are identified and assessed as part of a process involving all levels of the Group (Executive Management, business units, subsidiaries and branches) and coordinated by the Group’s Risk Department. The risk mapping and management plans resulting from this process are presented to the Executive Committee and then presented to the Audit Committee.

This chapter details the risk factors specific to Le Groupe La Poste that seem to us to have a significant net impact and to be likely to influence investment decision making. In terms of methodology, only the risk factors specific to Le Groupe La Poste and whose net impact is the most significant have been selected. The net impact takes into account all the risk mitigation measures implemented by the Group. This work was carried out on the basis of a review of the Group’s mapping of major risks.

The risk factors are divided into four categories. The 1st category includes risk factors upstream of and external to the Group, related to its economic, financial and geopolitical environment, which contribute to drawing up and updating its strategy. The three other categories include downstream risk factors weighing on the implementation of Le Groupe La Poste’s strategy:

- risk factors relating to the economic, financial and geopolitical environment that threaten the achievement of the objectives of Le Groupe La Poste as part of its corporate purpose, its public service missions and linked to the expectations of its various stakeholders;
- risk factors relating to the transformation of the Group’s business model and the implementation of growth drivers, whether they are well-established Group activities facing risk in terms of growth or new activities requiring nurturing until they reach critical mass;
- risks relating to non-compliance with laws and regulations: often common to all Group companies, they relate mainly to banking compliance and compliance with anti-corruption and data protection regulations as well as compliance with competition law. Their aggregation and/or intensity make them significant at Group level;
- cross-entity risks related to the Group’s business activities: they mainly cover issues of personal health and safety, cybercrime, disruption of activities in the event of a major crisis and adaptation to environmental and societal issues.

For each of the four categories set out above, the tables below show:

- the main risk factors, in terms of their net criticality combining their probability of occurrence and their negative impact;
- their description;
- their potential negative impacts;
- the main mitigation measures implemented;
- risk factor trend compared to the previous fiscal year.

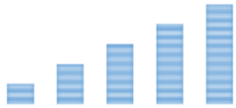
These risk factors are presented in descending order of net criticality in each of the categories. Notwithstanding the Group's active risk identification policy, other risks of which the Group is currently unaware or which are considered insignificant at the date of this document may exist and, if they materialise, may have a material adverse impact on the Group, its business, its financial position, its earnings or its ability to achieve its objectives, or on its reputation.

"Trend" key:

↘ risk factor improvement
→ risk factor stability
↗ risk factor deterioration

RISK RELATED TO THE ECONOMIC, FINANCIAL AND GEOPOLITICAL ENVIRONMENT

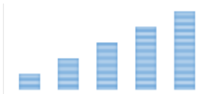
1. Consequences of interest rates on the results of La Banque Postale		**Level of criticality** 	**Trend**
Description and potential impacts	The persistence of a low interest rate environment tends to penalise the activity of La Banque Postale and in particular retail banking. In 2019, La Banque Postale contributed 21.6% to Le Groupe La Poste's consolidated operating revenue. More specifically, during periods of low interest rates, interest rate spreads may have an adverse impact on La Banque Postale's net interest margin. Regulated savings products (Livret A Savings Accounts, Sustainable Development Savings Accounts (LDD) and National Savings Accounts (LEP)) may have interest rates higher than market rates. La Banque Postale, a historical distributor of these products, may become less able to reduce the cost of its customer deposits. Moreover, a prolonged context of low interest rates may lead to an increase in early redemption and refinancing of mortgages and/or other fixed-rate loans granted to La Banque Postale's retail and corporate customers, which may have a significant impact on La Banque Postale's revenues and profitability. La Banque Postale's ability to strengthen its equity on its own may be reduced. Lastly, since the beginning of 2020, La Banque Postale has included CNP Assurances in its scope of consolidation, which is itself exposed to interest rate risk. This integration will increase La Banque Postale's earnings trajectory and equity in the short term. The larger balance sheet of the new group will, however, remain exposed to the effects of negative rates over the long term.		↗

Main mitigation measures	In response to this unfavourable environment, La Banque Postale's strategy consists of: ▪ developing activities that are less reliant on interest rates in the medium and long term; ▪ developing the range of products and services used by customers: wealth management, asset management and consumer loans with a constant concern for risk control; and ▪ refining the control of the prices of the commercial bank and controlling its operating expenses. (See URD 2019, Section 1.8)	
2. Decline in the volume of physical mail	**Level of criticality** 	**Trend**
Description and potential impacts	The decline in the volume of physical mail may accelerate due to the digitisation of exchanges and regulations fostering digitisation. This acceleration may make it difficult to cover the costs of the universal postal service (see URD 2019, Section 1.14) and may result in a reduction in the operating profit/(loss) of the Services-Mail-Parcels business unit (see URD 2019, Section 5.1.3.2), thus leading to difficulties in organising the production tools and preserving employment. Note that the revenue from correspondence and advertising mail and other products and services accounted for 27% of Le Groupe La Poste's revenue in 2019 (30% in 2018 and 31% in 2017). The business model of the business unit remains very sensitive to the realisation of the revenue assumptions for mail, in particular those relating to volumes. The French State, local authorities and companies are engaged in a strategy of reducing their spending and digital transformation that impacts the assumptions of an accelerating decline in volumes.	↗
Main mitigation measures	The strategy implemented at the business unit level consists of: ▪ carrying out marketing actions and adapting and developing the mail ranges (priority mail, "Lettre Verte" (green mail) and economic mail); ▪ continued development of local services, Silver economy services and offers for professionals; ▪ adaptation of the industrial facilities to the needs generated by the mail and parcel activities; and ▪ forward-planning for milestones relating to the digitisation and flow pooling of key accounts. (See URD 2019, Section 1.6)	
3. Emergence of new players in retail banking	**Level of criticality** 	**Trend**
Description and potential impacts	The emergence of new competitors on the periphery of the financial and insurance sector offering a disintermediated relationship with customers may lead to market share losses for La Banque Postale and translate into: ▪ a reduction in its market share, particularly through the non-renewal of its clientele; ▪ loss of contact with individual customers; and ▪ increased difficulties in bearing the fixed costs of a large local bank with a highly regulated activity. As a reminder, retail banking represents 93% of La Banque Postale's NBI (see URD, Section 1.8.2), which itself represents 21.6% of Le Groupe La Poste's consolidated operating revenue (see URD 2019, Section 1.1). The adoption of the second Payment Services Directive, which recognises the aggregator status of these new players (with low regulatory constraints), is a	→

	first regulatory step in recognising and facilitating this transition as it obliges banks to facilitate their access to accounts.	
Main mitigation measures	La Banque Postale embarked very early on its digital transformation, digitisation of its processes and the development of its digital bank to adapt its tools to customers' new uses. For its most digitally savvy customers, La Banque Postale launched "Ma French Bank" on 22 July 2019, a 100% mobile bank. It also simultaneously pursues an innovation policy and partnerships with fintech players (e.g. crowdfunding with KissKissBankBank, organisation of the Artificial Intelligence hackathon and creation of the Platform58 incubator) and insurtech players. Finally, La Banque Postale offers services to improve its attractiveness as an omnichannel bank (account aggregator, digitisation of the processes of distribution of loans for professionals). (See URD 2019, Section 1.8)	
4. Competitive pressure in Express delivery	**Level of criticality**	**Trend**
Description and potential impacts	In the current context of slowing global economic growth, there is an inflationary pressure on transport costs in the parcel market, which is difficult to pass on to customer prices. In addition, GeoPost's express and rapid parcel transport business (representing 29.6% of the Group's consolidated operating revenue) is facing a high level of pricing pressure in both the BtoB and BtoC segments, with the difficulty of maintaining prices corresponding to the production costs of high value-added services, particularly in a European environment marked by recruitment difficulties. This may result in a squeeze between selling prices and production costs, due to prices held too low by certain market players compared to rising labour costs, and consequently a decline in GeoPost's operating profit/(loss). (See URD 2019, Section 5.1.3.3)	↘
Main mitigation measures	Appropriate measures help to limit the impact of the strong competitive pressure in Express services, such as: ▪ the review of the pricing policy, particularly in Germany (see URD 2019, Section 5.1.3.3); ▪ continued organic and external growth (several acquisitions were made including, in 2019, Tipsa in Spain, Geis Parcel in the Czech Republic and Slovakia, Lenton in Asia and, in early 2020, BRT in Italy) (see URD 2019, Section 5.1.1.4); and ▪ launch of innovative and value-added solutions (delivery of fresh products and meals). By way of illustration, since 2018, the actions implemented by GeoPost in all European BUs have made it possible to gradually restore margins despite a competitive environment characterised by the rise of postal operators who have progressively put in place pricing policies to capture market share in the parcel sector. The corollary was a controlled slowdown in volume growth in a market that was itself decelerating. (See URD 2019, Section 1.7)	
5. Country risk	**Level of criticality**	**Trend**
Description and potential impacts	The Group has an increasing share of its activities abroad (i.e. 30% of consolidated revenue in 2019, vs 27% in 2018), in particular through its express delivery specialist business. Unstable financial, economic or political conditions in foreign countries may adversely affect exchange rates, activity and margins in those countries. As a result, the consolidation of the results of foreign subsidiaries may also be affected. The currencies concerned include the pound sterling, rouble, real and South African rand, as well as those of countries where Tigers is present (Asia, Australia, Europe, United	↘

	States, Africa and India) and where Biocair is present (Asia, Australia, Europe, United States and Africa) (see URD 2019, GeoPost section). The realisation of Brexit has begun to have a negative impact on cross-border flows between GeoPost's UK subsidiary and other European countries. As at 31 December 2019, the impact of currency risk on the Group's consolidated revenue excluding banking activities amounted to €18 million, stemming mainly from the pound sterling, and its impact on operating profit/(loss) in 2019 was not significant (see Note 33.4 to the consolidated financial statements).	
Main mitigation measures	The strategy implemented by the Group is based on: • as far as possible, financing of acquisitions through debt in local currencies, in order to neutralise at source the foreign exchange effects on operating revenue; • monitoring of the ups and downs of local markets in the management of activities and earnings; and • implementing a specific organisation to limit the operational effects of Brexit on the Group's activities (customs clearance volumes, HR, financial and operational impacts).	

RISKS RELATED TO THE TRANSFORMATION OF THE GROUP'S BUSINESS MODEL

6. Growth drivers	**Level of criticality** 	**Trend**
Description and potential impacts	Faced with the decline in its historical core business (see Risk 2) and the factors that threaten its banking activities (see Risks 1 and 3) and Express activities (Risk 4), the necessary transformation of the Group's business model requires the development of growth drivers and potential sources of revenue and margin. These may prove insufficient, both qualitatively and quantitatively, generating too limited a compensation for the decline in traditional activities. In addition, the integration of companies may prove difficult and the expected synergies may be long to achieve or ineffective.	↗
Main mitigation measures	Le Groupe La Poste, as part of the deployment of its strategic plan "La Poste 2020: Conquering the future", has defined several avenues for development: ▪ support and renew its traditional offerings around new uses such as home delivery, return to sender from home (reverse logistics) and the proliferation of services to individuals (see URD 2019, Section 1.6.3); ▪ conquer new growth territories as illustrated by recent acquisitions in the fields of digital (acquisition of Softeam Group), the Silver economy and health (acquisitions of Asten Santé from Diadom and Agévie), urban logistics and the energy transition (acquisition of EDE); ▪ support and finance innovation through, for example, the electronic safe, or the digital identity and hub, etc. (see URD 2019, Section 1.10); and ▪ contribute to the modernisation of public service activities, such as passing the driving licence test, and the development of an e-administration, which simplifies the issuance of administrative documents such as registration certificates (recent acquisition of Voxaly). As a reminder, the relative weight of traditional mail in Le Groupe La Poste's overall revenue went from 36% in 2014 to 25.6% in 2019. (See URD 2019, Section 1.4)	

7. Transformation of the Group's networks and production tools	**Level of criticality** 	**Trend**
Description and potential impacts	The Group has embarked on a programme to transform its distribution networks and historical production tools (post offices, mail and parcel processing and distribution platforms, banking infrastructure). The challenges of customer acquisition and loyalty, and of cost optimisation targeted by this strategic programme, may be called into question in the event of insufficient, delayed or inefficient actions undertaken, with consequent difficulty in meeting new customer consumption patterns and in integrating these transformations for Group employees.	→
Main mitigation measures	The Group relies on three policies to mitigate this risk factor: • transformation of the physical customer reception network (new formats, diversification of post office formats, pooling of spaces); • implementation of a new industrial structure transforming mail centres into multi-stream centres; and • increasing awareness among managers about results-driven management. -	

8. Financial resources	**Level of criticality** 	**Trend**
Description and potential impacts	The Group may encounter difficulties in financing the transformation of its business model and in ensuring the development of its new business lines, firstly through insufficient cash flow generation and secondly through difficulties in financing itself on the financial markets. An increase in interest rates or spreads may lead to an increase in financing rates. In this context, this may call into question its ability to: ▪ ensure its overall and sustainable growth and to support its policy of development and modernisation of its production tools; ▪ continue the successful execution of public service missions (the universal postal service, press transport and delivery, contributing to regional planning and banking accessibility) (see URD 2019, Section 1.14.2); and ▪ provide a reasonable return to shareholders (i.e. Caisse des Dépôts, 66% and the French State, 34%). As a reminder, the free cash flow generated by Le Groupe La Poste was €223 million in 2019 and €9 million in 2018 (see URD 2019, Section 5.1.5.1).	→
Main mitigation measures	In order to overcome these potential difficulties, Le Groupe La Poste is working to: ▪ implement a financial strategy for raising financial resources at the right time; in September 2019 and April 2020, the Group issued bonds totalling €1.7 billion and €1.8 billion respectively; ▪ develop operational synergies and cooperation between the business units (for example, the management lines of the Network and La Banque Postale have been brought together, resulting in a more efficient organisation); ▪ optimise operating costs to take into account the evolution of the Group's activities by restructuring its support functions, both at the local and the national level and by leading a significant effort to reduce structural costs (see URD 2019, Section 1.4); and	

	▪ manage large internal investments and develop growth drivers that contribute sufficiently to margins (such as the development of international express business).	
9. Prudential capital in banking of La Banque Postale	**Level of criticality**	**Trend**
Description and potential impacts	La Banque Postale may encounter difficulties in meeting the increased capital requirements of the prudential standards for the banking sector in Europe, in particular because of difficulties in generating or finding the financial resources needed to meet the statutory prudential ratios. As at 31 December 2019, La Banque Postale's total prudential capital amounted to €12.4 billion and its CET1 ratio stood at 12.2%, compared with a minimum CET1 ratio requirement of 9.24% at 31 December 2019 and 9.75% at 1 April 2020, as notified by the ECB to La Banque Postale following the Supervisory Review and Evaluation Process.	→
Main mitigation measures	LBP issued an undated bond callable after 7 years, for €750 million to increase its equity by the same amount, i.e. €750 million in Tier 1 (AT1). In addition, the strategic equity alliance between CNP Assurances and La Banque Postale, effective as of 4 March 2020, strengthened La Banque Postale's core equity. La Banque Postale also pursues a policy of optimisation of the equity allocations by business line.	
10. Quality of service as perceived by customers	**Level of criticality**	**Trend**
Description and potential impacts	The commitment to customer service is a major component of the strategy of Le Groupe La Poste and of each business unit and subsidiary. Le Groupe La Poste's customers are: - individuals (91% of French people claim to be buyers of La Poste services; in addition, the mail-parcel business has 16 million referenced customers, La Banque Postale 10.5 million customers and La Poste Mobile 1.5 million customers); - professionals (2.4 million referenced customers); - companies (365,000 legal entity and local government authority customers); and - communities and administrations (including 35,000 local authorities). The Group's customer approach is organised by business unit and supported by numerous joint projects (see URD 2019, Section 3.5.2). However, the action programmes implemented by the Group may be insufficient in view of the new uses of customers. This may result in: ▪ loss of credibility and image of Le Groupe La Poste; ▪ loss of market share; and ▪ increasing demands for financial compensation from dissatisfied customers.	↗
Main mitigation measures	Le Groupe La Poste has introduced many tools to improve its customer knowledge, including tools to measure customer satisfaction in each of its business units and subsidiaries, which are included in the Group's transformation monitoring dashboard. In 2019, the Services-Mail-Parcels business unit extended the measurement of the quality perceived by customers to all mail and parcel services delivered to individual customers and introduced new measurements of this indicator for professional customers. The Network and La Banque Postale have also completed their customer satisfaction measurement system, and have introduced satisfaction surveys (see URD 2019, Section 3.5.2). The Group is also working to improve:	

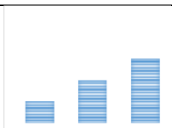
	▪ the quality culture (the monitoring of which is one of the objectives of the Special Committee of the Board of Directors on Quality and Sustainable Development (see URD 2019, Section 4.2.4); and ▪ the customer approach (overhaul of the customer experience, etc.) (See URD 2019, Section 5.1.2)	
11. Skills management and professional development	**Level of criticality** 	**Trend**
Description and potential impacts	Le Groupe La Poste, which is one of the largest employers in the French employment market (with a full-time equivalent workforce of 210,641 employees in France in 2019), may face difficulties in developing employment. The challenge is to have the right skills in the right place, in an environment marked by: - the concomitant reduction in mail volumes; - a reduction in post office traffic; and - an increase in parcel volumes and the development of activities involving new business lines. These developments may include: ▪ increasing mismatch between employees and their position, given the needs of customers, and difficulties in organising professional development within the Company; ▪ growing unsuitability and demotivation of employees; and ▪ insufficient internal mobility leading to unfilled jobs in some places and over-staffing in others, undermining the running of activities.	→
Main mitigation measures	As part of its current strategic plan, La Poste has built a social component: the labour-management agreement, “Le pacte social”, aimed at pursuing a responsible employment policy, including: ▪ strengthening of training policies in line with business trends and the establishment of qualifying training paths; in 2019, more than 8 out of 10 employees benefited from at least one training course in accordance with the commitments made in the “Pacte Social” (see URD 2019, Section 3.1.2), the number of qualifying training paths started since 2015 reached 43,600 in 2019 (i.e. 6,600 more in one year), in line with the timetable, which plans 50,000 training paths by the end of 2020 (see URD 2019, Section 5.1.1.7); ▪ facilitation of professional development and mobility through the job exchange, Group mobility/recruitment spaces and implementation of a “nurturing” approach for key functions (see URD 2019, Section 3.1.2); ▪ strengthening of the Human Resources (HR) function through managerial development and transformation of the HR division; and ▪ forward-planning of jobs and skills in coordination between managers and HR managers in order to better identify the jobs of the future. (See URD 2019, Section 3.1)	

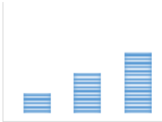
RISKS RELATED TO COMPLIANCE WITH LAWS AND REGULATIONS

12. Non-compliance	**Level of criticality** 	**Trend**
Description and potential impacts	Due to its size and the increasing diversity of its activities, as well as the increasing intensity of the regulatory constraints and the associated sanctions, Le Groupe La Poste is exposed to the risk of deviation from compliance rules concerning general (competition law, consumer law, anti-corruption, protection of personal data, duty of care) or sectoral (duty to provide banking advice, fight against money laundering and the financing of terrorism) regulations. These regulations are complex and evolving, both in their drafting and in their jurisprudential interpretation.	→

	With regard to the fight against corruption, the extraterritorial nature of certain legislations may give rise to sanctions on the part of foreign authorities for the activities carried out by Le Groupe La Poste abroad. The rapid development of the Group's digital offerings and data activities reinforce its exposure to the risk of non-compliance with the Act of 6 January 1978 and the General Data Protection Regulation (GDPR). Should this risk materialise, it may harm the Group's image and affect its earnings in the event of a sanction. Its management requires a thorough assessment of the reality of the risk and its scope, an adequate organisation of the legal function and awareness-raising among all stakeholders. In this regard, it is recalled that on 21 December 2018, the ACPR Sanctions Committee ruled against La Banque Postale, resulting in a reprimand and a financial penalty of €50 million following a report on the Anti-Money Laundering and Anti-Terrorist Financing (AML-CFT) system. The report noted a shortcoming in the ex-ante control system of national money orders issued by non-customers of the bank, an activity that was terminated on 31 December 2017. This decision was confirmed by the French Council of State. Action plans were implemented in 2019 to address the ACPR's observations. These include strengthening the bank's AML-CFT governance and the organisation of the Financial Security Department, launching a KYC remediation programme, and limiting cash transactions in post offices.	
Main mitigation measures	The strategy implemented by the Group is based on: • rollout of compliance programmes throughout the Group; • training and awareness raising among staff about the regulations in force; • implementation of an alert system in the Group and its subsidiaries; and • regular assessment of programmes and systems (risk mapping, monitoring, self-assessment and audit).	

CROSS-ENTITY RISKS RELATED TO THE GROUP'S ACTIVITIES

13. Cybercrime	**Level of criticality** 	**Trend**
Description and potential impacts	Le Groupe La Poste faces the risk of a growing number of increasingly sophisticated cyberattacks. Le Groupe La Poste's digital transformation and the diversity of its activities increase the areas exposed to attack, including attacks of the "supply chain" type (extended company). This area has also expanded with the integration of CNP Assurances. Cybercrime may hinder or weaken the ability of the Group's IT or telecommunications to support its operating activities. The threat of malicious attacks on the Group's information systems to steal or destroy data or deceive authentication devices in order to perform illegitimate transactions is increasing. Consequently, the cyber risk exposes Le Groupe La Poste to additional risks, including hardware, network or data recovery costs in the event of a successful attack, possible impacts on revenue or margin (delay or loss of activity) and image risks. Furthermore, cybercriminal attacks can also expose the Group to the risk of significant regulatory sanctions.	→

Main mitigation measures	The strategy implemented by the Group is based on: • training and awareness raising among staff about best practice in terms of vigilance; • use of feedback and technology watch; • strengthening of the Group's digital asset monitoring capabilities; • integration of the requirements of the Military Programming Act with the Group's information systems security policy; • the security incident management system; and • resilience tests and adaptation of systems.	
14. Health and safety	**Level of criticality** 	**Trend**
Description and potential impacts	Various causes, whether internal (accidents at work, psychosocial risks, road risks, etc.) or external (physical or verbal abuse), may harm the health and safety of Group employees or employees of suppliers and subcontractors. This may include: ▪ physical or psychological harm to Group employees or third parties; ▪ absenteeism weighing on the Group's activities and its ability to provide the services offered to its customers; in 2019, the absenteeism rate for illness within the Group, in France, amounted to 6.76%, vs 6.59% in 2018; and ▪ a decrease in the level of commitment of employees.	→
Main mitigation measures	Le Groupe La Poste implements a range of actions aimed at improving health, safety and quality of life at work, such as: ▪ training and awareness-raising among managers and employees about the challenges and means of improving health and safety at work; ▪ rollout of new work equipment (e.g. by gradually replacing motorised two-wheelers with a three-wheeler, the Staby); ▪ support for the resumption of activity, transformations and improvements in quality of life at work (for example, improving accident prevention and an adapted part-time working arrangement for older workers); ▪ involvement of suppliers and subcontractors in health/safety risk coverage for their own personnel; and ▪ implementation of a national programme for the reduction of incivility in the most exposed post offices. (See URD 2019, Sections 3.1.4 and 3.1.6)	
15. Disruption of activities in the event of a major crisis	**Level of criticality** 	**Trend**
Description and potential impacts	Due to the diversity of its activities (mail/parcel/express/digital services/banking and insurance activities, see URD 2019, Section 1.5), the extent of its geographical locations, and the density of its physical presence in the regions, Le Groupe La Poste is exposed to the risks of a major crisis. Its characteristics make it sensitive to the occurrence of major crises, in particular exogenous ones (climatic episodes, terrorism, epidemics, social tensions, systemic incident on information systems and Internet-type network infrastructures). In the face of the Covid-19 health crisis, Le Groupe La Poste has, during the lockdown period, refocused its activity on its most essential missions and adapted the delivery process of mail, parcels and services to allow strict compliance with health instructions. La Poste has also concentrated its activities on 1,600 post offices, respecting the barrier measures and the conditions necessary for the protection of employees and customers. Subsequently, the Group gradually restored the delivery process of mail and parcels six days a week, and the opening of all post offices and La Poste retail outlets, with appropriate timetables.	→

<table>
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<td>The periods of lockdown observed in France and in the countries in which Le Groupe La Poste is present have resulted in a reduction in the Group's business volume, with situations varying according to country and/or business unit. The Covid-19 epidemic is still an ongoing event, the magnitude of which is uncertain. It may have a negative impact on the activities and financial results of Le Groupe La Poste, whose half-yearly results will be communicated on 4 August. Le Groupe La Poste is extremely vigilant about the evolution of the situation and takes the necessary measures (adjustments of charges and capex) to limit as much as possible the negative impacts of the pandemic on its profitability and its financial structure.
The Group has a solid financial position. La Poste successfully issued a €1.8 billion bond in April 2020. As at 9 July 2020, its cash (and cash equivalents) amounted to €3.0 billion. The Group also has other sources of financing with €1.4 billion of confirmed but unused credit facilities with 11 major banks.

Feedback on this phase of the health crisis has been provided in the various activities and support functions throughout Le Groupe La Poste.</td>
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<tr>
<td>Main mitigation measures</td>
<td>The mitigation strategy implemented by La Poste is based on:
• integration of subsidiaries into the cross-entity crisis management system;
• organisation of crisis management exercises at national and local level;
• the system for securing essential operating activities and managing business travel;
• use of IT devices enabling employees' activities to continue through remote access; and
• adaptation of systems within the framework of the deployment of a national and international anti-terrorist policy.</td>
</tr>
<tr>
<td>16. Adaptation to environmental and societal issues</td>
<td>Level of criticality</td>
<td>Trend</td>
</tr>
<tr>
<td>Description and potential impacts</td>
<td>Le Groupe La Poste pays particular attention to taking environmental and societal issues into account, as well as their economic and social translation, in the implementation of its development strategy.

Thus, La Poste faces several challenges, including identifying stable assumptions or identifying key environmental or societal issues to support the Group's transformation and its business model.

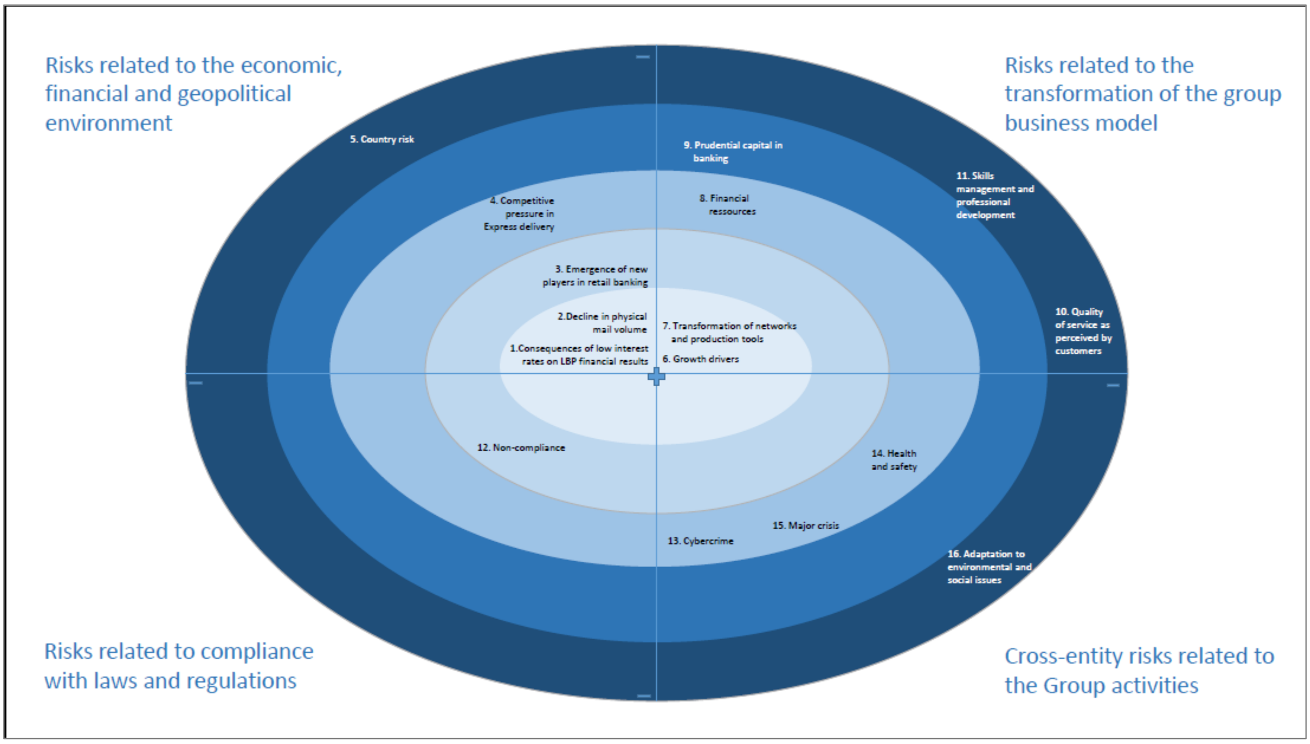
The main consequences of a poor understanding of environmental and societal issues may relate to:
- impaired credibility and brand image;
- downgrading of non-financial ratings and decline in attractiveness for large customers and investors; and
- unsustainability of its business model in the long-term in the face of emerging societal and environmental issues.

It should be noted that in November 2018 Le Groupe La Poste, through the issuance of a green bond, financed assets to combat global warming and reduce greenhouse gas emissions (electrification of the vehicle fleet, improvement of the energy performance of the real estate portfolio and green energy production).
Note, in terms of non-financial ratings in 2020:
- the review of the Group's rating by CDP (reference agency for climate issues) from A to A-; and
- Vigeo Eiris' award to Le Groupe La Poste of the world's best rating in terms of corporate social responsibility (CSR).</td>
<td>→</td>
</tr>
</table>

Main mitigation measures	The strategy implemented by La Poste is based on: • improving the integration of the Group's entities in France by grouping them into regional players in line with the offer, purchasing, postal coverage, regional innovation, real estate projects and projects run by local authorities (see URD 2019, Section 3.2.3); • implementation of responsible and ethical digital services (see URD 2019, Section 3.2.4); • support for the control of risks related to the environmental transition (energy and resources) (see URD 2019, Section 3.2.5); • coverage of reputation risk among stakeholders; and • integration of the measurement of quality as perceived by customers into the performance management and support in the Group's transformation.	

DISTRIBUTION OF THE MAIN RISKS OF LE GROUPE LA POSTE ACCORDING TO THEIR NET CRITICALITY

A breakdown of the major risks monitored by the Group is presented in the figure below. These risks are positioned in this figure according to their criticality calculated on the basis of their impact and probability of occurrence. The farther the risk is from the centre of the figure, the lower its criticality.



This work incorporates the main conclusions of the prospective analysis on the impacts of Le Groupe La Poste governance development project linked to the strengthening of the capital link with Caisse des Dépôts.

This analysis enabled the review of two risk factors already identified on La Banque Postale:

- risk related to the consequences of the interest rates level on its results,
- risk related to its level of prudential capital in banking.

The analysis concludes with a double favorable effect which materializes from 2020. First, the results trajectory of La Banque Postale is positively impacted by the strategic equity alliance with CNP Assurances. Secondly, the bank's capital level has been significantly increased.
The balance sheet of the new, larger financial pole, however, will remain exposed to the effects of negative rates over the long term.

2

Condensed consolidated financial statements

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CONSOLIDATED INCOME STATEMENT

(€ million)	NOTE	H1 2020	H1 2019	2019
Revenues from commercial activities	4	10,709	9,958	20,359
Net banking income	5	3,785	2,837	5,624
Operating revenue		**14,495**	**12,795**	**25,983**
Purchases and other expenses	6	(6,088)	(5,017)	(10,662)
Personnel expenses	7	(6,694)	(6,378)	(12,683)
Taxes and levies	8	(295)	(190)	(347)
Depreciation, amortisation, provisions and impairment	8	(2,051)	(793)	(1,802)
Other operating expenses and income	8	206	162	413
Proceeds from asset disposals		(4)	4	13
Net operating expenses		**(14,926)**	**(12,212)**	**(25,069)**
Share in profit of joint ventures	14	13	(11)	(25)
Current operating profit/(loss) after share in results of joint ventures		**(418)**	**572**	**889**
Impact of the takeover of CNP Assurances	1.1	**3,007**		
Operating profit/(loss)		**2,588**	**572**	**889**
Cost of net financial debt		(107)	(116)	(215)
Other financial items		(5)	(8)	(10)
Financial profit/(loss)	9	**(112)**	**(124)**	**(225)**
Profit before tax of consolidated companies		**2,476**	**448**	**664**
Income tax	10	(576)	(108)	(134)
Share in profits of associates		632	143	305
CONSOLIDATED NET PROFIT/(LOSS)		**2,532**	**483**	**835**
Net profit/(loss), Group share		**2,315**	**474**	**822**
Attributable to non-controlling interests		217	9	13

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts after tax *(€ million)*	H1 2020	H1 2019	2019
CONSOLIDATED NET PROFIT / (LOSS)	**2,532**	**483**	**835**
OTHER COMPREHENSIVE INCOME RECOGNISED IN EQUITY			
Recyclable items	**(2,042)**	**398**	**385**
Change in unrealised gains and losses on financial instruments	(282)	151	161
Reclassification under net income	*(71)*	*(86)*	*(125)*
Translation adjustments	(897)	15	27
Reclassification under net income			
Impact of the overlay appoach	(186)	11	13
Share in other comprehensive income of associates and joint ventures	(676)	221	184
Of which - reclassification under net income of CNP Assurances (see note 1.1), during takeover	*(594)*		
- change in unrealised gains and losses on financial instruments of CNP Assurances, before takeover	*(39)*	*213*	*177*
- change in translation reserves of CNP Assurances before takeover	*(32)*		
- translation reserve	*(11)*	*8*	*7*
Non-recyclable items	**9**	**(78)**	**(71)**
Actuarial adjustments on employee benefits	7	(72)	(77)
Change in credit risk of liabilities designated as at fair value through profit or loss	11	(4)	(5)
Revaluation of equity instruments recognized at fair value through equity (excluding securities sold during the year)	(9)	(1)	11
Total other comprehensive income recognised in equity (after tax)	**(2,033)**	**320**	**314**
Total comprehensive income/(loss)	**499**	**803**	**1,149**
TOTAL COMPREHENSIVE INCOME/(LOSS), GROUP SHARE	**899**	**794**	**1,132**
Total comprehensive income/(loss) attributable to non-controlling interests	(400)	9	17

CONSOLIDATED BALANCE SHEET

ASSETS

(€ million)	NOTE	30/06/2020	31/12/2019
Goodwill	11	4,100	2,625
Intangible assets	12	3,217	1,497
Property, plant and equipment	12	5,818	6,039
Right of use assets	13	2,799	2,582
Investments in joint ventures and associates	14	794	4,384
Other non-current financial assets	15	557	701
Deferred tax assets		157	365
Non-current assets		**17,441**	**18,193**
Inventories and work-in-progress	15	202	154
Trade and other accounts receivable	15	4,675	4,014
Other current financial assets	15	375	475
Income tax credit		764	308
Other accrual accounts – Assets		113	79
Cash and cash equivalents	15	3,241	2,456
Assets held for sale		177	153
Current assets		**9,546**	**7,638**
Cash and central bank deposits	16	31,973	22,412
Financial assets at fair value through profit or loss	16	185,837	10,763
Financial hedging derivatives	16	1,651	1,488
Financial assets at fair value through OCI	16	231,580	14,813
Securities classified at amortised cost	16	25,234	28,068
Credit institutions loans and receivables at amortised cost	16	76,497	70,635
Customer loans and receivables at amortised cost	16	121,561	113,626
Revaluation adjustment on hedged portfolios -fair value heges	16	264	207
Other financial assets and accrual accounts	16	35,117	3,157
Investment property	16	3,003	
Specific assets of banking and insurance activities		**712,716**	**265,169**
TOTAL ASSETS		**739,704**	**291,000**

LIABILITIES

(€ million)	NOTE	30/06/2020	31/12/2019
Share capital and issue premium		6,668	4,700
Reserves		8,584	5,628
Unrealised gains and losses on financial instruments		(188)	946
Translation reserve		(503)	(215)
Undated hybrid subordinated notes		744	744
Net profit/(loss), group share		2,315	822
Equity, group share		**17,620**	**12,624**
Non-controlling interests		11,250	907
CONSOLIDATED EQUITY		**28,870**	**13,531**
Bonds and financial debt [1]	18.1	9,013	7,173
Lease liabilities [1]	18.1	3,254	2,625
Provisions for contingencies and losses [1]	17	830	503
Employee benefits [1]	20	3,043	2,865
Deferred tax liabilities (no current)		1,182	198
Trade and other payables [1]	22	7,485	5,448
Government – Income tax		127	60
Other accrual accounts – Liabilities (current)		289	219
Liabilities held for sale (current)		134	115
No-current liabilities		**14,759**	**11,218**
Current liabilities		**10,599**	**7,988**
Financial liabilities at fair value through profit or loss	21	3,233	1,445
Financial hedging derivatives	21	788	591
Liabilities to credit institutions and similar transactions	21	36,600	30,715
Liabilities to customers	21	221,886	190,546
Debt evidenced by a certificate	21	20,045	23,739
Revaluation adjustment on hedged portfolios -fair value hedges	21	851	839
Other financial liabilities and accrual accounts	21	20,950	4,556
Specific provisions for the insurance and Banking activities and shadow accounting	21	370,235	2,736
Subordinated debt	21	10,888	3,097
Specific liabilities of banking and insurance activities		**685,476**	**258,263**
TOTAL LIABILITIES		**739,704**	**291,000**

(1) Of which current share :

Bonds and financial debt	*673*	*584*
Lease liabilities	*526*	*492*
Provisions for contingencies and losses	*695*	*386*
Employee benefits	*697*	*713*
Trade and other payables	*7,458*	*5,418*

CHANGES IN CONSOLIDATED EQUITY 2020

1st semester 2020

Amounts after tax (€ million)	Share capital and issue premium	Unallocated profit/ (loss)	Translation reserve	Unrealised gains and losses on financial instruments	Undated hybrid subordinated 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								(156)	**(156)**
Remuneration of undated hybrid subordinated notes						(57)(b)	**(57)**		**(57)**
Call options on non-controlling interests						157	**157**	36	**193**
Transactions with non-controlling interests						(33)	**(33)**	(142)	**(176)**
Appropriation of 2019 net profit/(loss)		(822)				822			
Comprehensive income for the year		2,315	(288)	(1,134)		7	**899**	(400)	**499**
Of which: - Net profit		*2,315*					***2,315***	*217*	***2,532***
- Acturial adjustments items						*7*	***7***		***7***
-Reclassification under net income following the takeover of CNP Assurances			*149*	*(743)*			***(594)***		***(594)***
- Other comprehensive income items			*(438)*	*(391)*			***(828)***	*(618)*	***(1,446)***
Other						2	**2**	9	**12**
CONSOLIDATED EQUITY AS AT 30/06/2020	**6,668**	**2,315**	**(503)**	**(188)**	**744**	**8,584**	**17,620**	**11,250**	**28,870**

(a) See description of the transaction in note 1.1. CNP Assurances securities (288,262,094 shares) were contributed to La Poste for a value of €1,968 million. The increase in consolidated shareholders' equity generated by this transaction, i.e. €4,027 million, corresponds to the contributed securities valued at the market price on March 4, 2020.
(b) Remuneration of undated hybrid subordinated notes from La Poste (€23 million), La Banque Postale (€15 million) and CNP Assurances (€19 million).

CHANGES IN CONSOLIDATED EQUITY 2019

1st semester 2019

Amounts after tax (€ million)	Share capital and issue premium	Unallocated profit/(loss)	Translation reserve	Unrealised gains and losses on financial instruments	Undated hybrid subordinated notes	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						(150)	**(150)**	(2)	**(152)**
Consolidated equity as at 01/01/2019	**4,700**	**798**	**(250)**	**590**	**744**	**5,282**	**11,864**	**194**	**12,058**
Dividend payments		(200)					**(200)**	(13)	**(213)**
Remuneration of undated hybrid subordinated notes						(17)	**(17)**		**(17)**
Call options on non-controlling interests						147	**147**	242	**388**
Transactions with non-controlling interests						(143)	**(143)**	(238)	**(381)**
Appropriation of 2018 net profit/(loss)		(599)				599			
Comprehensive income for the year		474	22	370		(72)	**794**	9	**803**
Of which: - Net profit		*474*					***474***	*9*	***483***
- Actuarial adjustments						*(72)*	***(72)***		***(72)***
- Other comprehensive income items			*22*	*370*			***392***		***392***
Other						7	**7**	15	**21**
CONSOLIDATED EQUITY AS AT 30/06/2019	**4,700**	**474**	**(228)**	**960**	**744**	**5,801**	**12,451**	**209**	**12,660**

2019 fiscal year

Amounts after tax (*€ million*)	Share capital and issue premium	Unallocated profit/(loss)	Translation reserve	Unrealised gains and losses on financial instruments	Undated hybrid subordinated 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						(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		(200)					**(200)**	(15)	**(215)**
Remuneration of undated hybrid subordinated notes						(17)	**(17)**		**(17)**
Call options on non-controlling interests						(24)	**(24)**	201	**177**
Transactions with non-controlling interests						(148)	**(148)**	(255)	**(403)**
Appropriation of 2018 net profit/(loss)		(598)				598			
Issue of undated hybrid subordinated notes [(a)]								744	**744**
Comprehensive income for the year		822	34	356		(77)	**1,136**	17	**1,152**
Of which: - Net profit		*822*					***822***	*13*	**835**
- Actuarial adjustments						*(77)*	***(77)***		***(77)***
- Other comprehensive income items			*34*	*356*			***391***	*4*	***394***
Other						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 was €750 million, of which the issue premium has been deducted.

CONSOLIDATED CASH FLOW STATEMENT

(€ million)	H1 2020			H1 2019			2019		
	Group	**Non-banking activities**	**La Banque Postale**	**Group**	**Non-banking activities**	**La Banque Postale**	**Group**	**Non-banking activities**	**La Banque Postale**
EBITDA	**1,468**	**166**	**1,302**	**1,122**	**519**	**603**	**2,359**	**1,204**	**1,155**
Change in provisions for current assets and irrecoverable receivables	(265)	(28)	(237)	(71)	(12)	(59)	(218)	(26)	(191)
Miscellaneous financial income and expenses	(5)	(5)					9	9	
Cash flows from operating activities before cost of net debt and taxes	**1,198**	**133**	**1,065**	**1,051**	**507**	**544**	**2,150**	**1,187**	**963**
Change in working capital requirement	(711)	(28)	(683)	(327)	(337)	9	(125)	(145)	21
Change in balance of banking resources and uses	13,062		13,062	3,349		3,349	4,494		4,494
Taxes paid	(371)	29	(400)	(78)	(95)	18	(90)	158	(248)
Monetisation of CICE tax credit					413	(413)		413	(413)
Dividends paid by La Banque Postale to La Poste					356	(356)		356	(356)
Dividends received from equity associates	4	2	1	136	9	127	146	19	127
Cash flows from operating activities	**13,181**	**136**	**13,045**	**4,131**	**853**	**3,278**	**6,576**	**1,988**	**4,587**
Purchase of property, plant and equipment and intangible assets	(656)	(436)	(220)	(649)	(503)	(146)	(1,501)	(1,207)	(294)
Purchase of financial assets	(87)	(87)		(84)	(70)	(14)	(240)	(219)	(21)
Proceeds from the disposal of property, plant and equipment and intangible assets	34	34		59	59		173	172	1
Proceeds from disposals of financial assets	9	8	1	33	33		39	39	
Impact of changes in consolidation scope	(617)	(588)	(30)	(31)	(31)		(278)	(278)	
Change in financial assets held for cash investment purposes	25	25		5	5		125	125	
Cash flows from investing activities	**(1,292)**	**(1,043)**	**(249)**	**(668)**	**(508)**	**(160)**	**(1,682)**	**(1,368)**	**(314)**
Capital increase	3		3						
Issue of undated hybrid subordinated notes							744		744
Dividends paid and remuneration of hybrid subordinated notes	(211)	(27)	(184)	(229)	(219)	(11)	(232)	(221)	(11)
Purchase of non-controlling interests	(209)		(209)	(386)	(10)	(376)	(403)	(27)	(376)
Interest paid	(68)	(68)		(65)	(65)		(229)	(229)	
Proceeds from new borrowings	3,141	2,391	750	483	483		2,981	2,981	
Repayment of borrowings	(639)	(611)	(28)	(336)	(336)		(1,948)	(1,948)	
Repayment of lease liabilities	(328)	(310)	(18)	(269)	(252)	(17)	(563)	(529)	(34)
Other cash flows from financing activities	50	50		16	16		38	38	
Intra-group flows		291	(291)		(242)	242		(515)	515
Cash flows from financing activities	**1,739**	**1,716**	**23**	**(785)**	**(624)**	**(162)**	**389**	**(449)**	**838**
Decrease (increase) in cash and cash equivalents from banking activities before impact of changes in consolidation scope	(12,819)		(12,819)	(2,956)		(2,956)	(5,111)		(5,111)
Impact of subsidiaries held for sale	(7)	(7)					(9)	(9)	
Impact of changes in exchange rates	(17)	(17)		2	2		7	7	
Change in cash and cash equivalents	**785**	**785**		**(276)**	**(276)**	**(0)**	**169**	**169**	
Opening cash and cash equivalents	2,456	2,456		2,286	2,286		2,286	2,286	
Closing cash and cash equivalents	3,241	3,241		2,010	2,010		2,456	2,456	

GENERAL ITEMS

NOTE 1 SIGNIFICANT EVENTS DURING THE HALF-YEAR

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 in the first half of 2020:

- 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 27.1.

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 €1,279 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 11) 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 27.2.

1.3 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.

1.4 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%.

1.5 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.

1.6 Impact of the Covid-19 health crisis

The analysis of the effects of the crisis on business is set out in the Group's activity report.

The main impacts of the crisis on the assets of the consolidated balance sheet are presented below as at 30 June 2020.

a) Review of impairment loss indicators

In the context of the health crisis in the first half of the year, a review of the Group's main CGUs was carried out as at 30 June 2020 in order to detect any signs of impairment. This analysis was carried out with regard, firstly, to the tests implemented at the end of December 2019 and their sensitivity to the change in the assumptions made, and, secondly, to the evolution of the activity observed during the first half of 2020.

Following this analysis, tests were carried out on the CGUs presenting a significant risk. The impairment test involves comparing the net book value of the CGUs to their recoverable value, calculated according to the method set out in the accounting principles explained in Note 2.13 of the 2019 consolidated financial statements.

These tests led to the impairment of the Mail CGU's assets for €863 million. This point is detailed below.

In addition, goodwill for Lenton and DPD Laser were impaired for 11 and 9 million euros.

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

The sharp decrease in mail volumes recorded during the first half of the year, 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. 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 using a scenario of the future cash flows of this CGU, established to the best of the Group's vision in June 2020.

The impairment recorded in the accounts breaks down as follows:
- Intangible assets: €192 million,
- Tangible fixed assets: €280 million,
- User rights: €391 million.

No depreciation has been recorded on buildings and vehicles whose market value is assessed as greater than their net book value.

b) Deferred tax asset recoverability review

Due to the sharp decrease in the Mail business during the first half of 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 during the first half of 2020.

The total amount of impairment recorded in the 2020 half-year financial statements amounted to €269 million, corresponding to the net deferred tax assets recognised at 31 December 2019. Moreover, the deferred tax assets in respect of the deficit recorded in the financial statements as at 30 June 2020 were not recognised in the financial statements, amounting to €481 million (see tax proof in Note 10).

c) Impacts of the Covid-19 crisis on credit risk measurement

The Covid-19 crisis generated a negative impact estimated at €141 million on the credit risk measurement. This was made up of €86 million from legal entities and €55 million from individuals.

Concerning legal entities, although among some segments and customers, the pandemic has had an immediate and brutal negative impact, most of the impacts of the crisis will be felt from the second half of 2020 onwards, after certain exceptional measures are stopped.
To include this information in advance in the balance sheet of 30 June 2020, in accordance with applicable regulatory and accounting standards, a provisioning approach was implemented, based on portfolio observations and the expertise of the La Banque Postale Risk Department.
Therefore, on 30 June 2020, the cost of credit risk from legal entities was calculated using:

- the surveillance process of the bank's exposures, with provisioning decisions being taken on an ad hoc basis,
- the application of industry-wide provisioning rules,
- the decision to adjust the calculation parameters used in statistical processing to incorporate increased systemic risk on certain customer segments in the default probabilities.

As regards individuals, the profile of credit exposures did not show any major change, as the effects of the pandemic have not yet had a major impact on the structure of the exposures. However, a change in this risk profile is expected over the coming months. Therefore, to reflect the anticipated impacts of the pandemic, an expert adjustment of the risk parameters was conducted by applying a multiplication factor to the default probabilities used to calculate the provisions. This adjustment was also applied differently according to the socio-professional category (CSP) of customers.

Payment date deferments granted in relation to the Covid-19 crisis were considered to reflect an aggravated credit risk. They were downgraded to a sensitive category (bucket 2), with some exceptions, and a provision was allocated to them as a result. Please refer to note 28 for details of exposure to credit risk

1.7 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)	**H1 2020**	**H1 2019**	**H1 2020**	**H1 2019**
Revenues and NBI	**14,495**	**12,795**	**12,602**	**12,742**
Purchases and other expenses	(6,088)	(5,017)	(5,326)	(4,983)
Personnel expenses	(6,694)	(6,378)	(6,361)	(6,363)
Taxes and levies	(295)	(190)	(269)	(188)
Amortisation, provisions and impairment	(2,051)	(793)	(1,929)	(787)
Other operating expenses and income	206	162	216	165
Proceeds from asset disposals	(4)	4	(3)	4
Net operating expenses	**(14,926)**	**(12,212)**	**(13,673)**	**(12,152)**
Share in results of joint ventures	13	(11)	(12)	(11)
CURRENT OPERATING PROFIT/(LOSS) AFTER SHARE IN RESULTS OF JOINT VENTURES	**(418)**	**572**	**(1,082)**	**579**

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

	H1 2020		**H1 2019**	
(€ million)	**Operating revenue**	**Operating profit/(loss)**	**Opérating revenue**	**Operating profit/(loss)**
Published consolidated financial statements	**14,495**	**(418)**	**12,795**	**572**
Impact of changes in scope and changes :				
CNP Assurances	959	610	-	-
BRT	706	39	-	-
Other	228	15	54	(7)
Consolidated financial statements excluding scope and exchange rate effects	**12,602**	**(1,082)**	**12,742**	**579**

NOTE 2 ACCOUNTING RULES AND POLICIES

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 semester ended 30 June 2020 were signed off by the Board of Directors (meeting on 4 August 2020).

2.1 Accounting guidelines

Pursuant to European Regulation No. 1606/2002 of 19 July 2002, the condensed consolidated financial statements of Le Groupe La Poste for the semester ended 30 June 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 (ec.europa.eu/internal_market/accounting/ias/ index_fr.htm).

The condensed consolidated financial statements as of 30 June 2020 have been prepared in accordance with IAS 34 – *Interim financial reporting*. The condensed financial statements do not contain all the information required for full annual financial statements, and should be read in conjunction with the Group's financial statements at 31 December 2019.

The accounting principles applied as at 30 June 2020 are unchanged from those applied as at 31 December 2019, except for the items described in Point 2.1.1 below.These principles are set out in Note 2 to the Group's financial statements as at 31 December 2019.

2.1.1 Standards and application interpretations that are mandatory for the first time as of January 1, 2020

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 including customer demand deposits).

2.1.2 Standards and application interpretations that will be mandatory after 30 June 2020 and that were not applied early

The Group La Poste did not adopt in advance any standard or interpretation with mandatory application after 30 June 2020.

2.2 Valuation basis and use of estimates

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

When preparing the financial statements, the Group is required to make the best possible estimates and to select assumptions that affect the values of assets and liabilities in the balance sheet, and the contingent assets and liabilities disclosed in the notes to the consolidated financial statements, as well as the income and expenses in the income statement. The actual amounts may subsequently differ from the estimates and assumptions.

The items primarily concerned are:

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

NOTE 3 SEGMENT REPORTING

The accounting principles applied to segment reporting, and the reported segments, did not change since 31 December 2019.

1st semester 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	5,367	5,016	3,785	289	27	10	1			14,495
Inter-segment revenues and NBI	144	41	8	80	1,771	404	543		(2,990)	
Operating revenue	**5,510**	**5,057**	**3,793**	**369**	**1,798**	**414**	**544**		**(2,990)**	**14,495**
Share in results of joint ventures		(3)	25		(10)					13
Current operating profit/(loss) after share in results of joint ventures	**(1,177)**	**351**	**906**	**(35)**	**(49)**	**22**	**(93)**	**(335)**	**(9)**	**(418)**
Impact of the takeover of CNP Assurances			**3,007**							**3,007**
Operating profit/(loss)	**(1,177)**	**351**	**3,913**	**(35)**	**(49)**	**22**	**(93)**	**(335)**	**(9)**	**2,588**
Financial profit/(loss)								**(112)**		**(112)**
Income tax								(576)		(576)
Share in profits of associates		(7)	638			1				632
CONSOLIDATED NET PROFIT/(LOSS)										**2,532**
Depreciation, amortisation, provisions and impairment	(995)	(322)	(406)	(35)	(19)	(208)	(67)			(2,051)
Segment assets	3,408	9,304	717,996	1,026	204	4,335	9,018	(5,587)		739,704

1st semester 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	5,979	3,689	2,837	255	23	12	1			12,795
Inter-segment revenues and NBI	143	41	13	84	1,838	402	555		(3,077)	
Operating revenue	**6,122**	**3,730**	**2,850**	**339**	**1,862**	**414**	**556**		**(3,077)**	**12,795**
Share in results of joint ventures		1			(13)	1				(11)
Operating profit/(loss) after share in results of joint ventures	**289**	**193**	**492**	**(5)**	**(36)**	**34**	**(73)**	**(323)**		**572**
Financial profit/(loss)								**(124)**		**(124)**
Income tax								(108)		(108)
Share in profits of associates	(1)	8	136			1				143
CONSOLIDATED NET PROFIT/(LOSS)										**483**
Depreciation, amortisation, provisions and impairment	(113)	(219)	(152)	(28)	(19)	(194)	(67)			(793)
Segment assets	3,807	6,731	262,724	762	204	4,302	7,600	(4,863)		281,267

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			25,983
Inter-segment revenues and NBI	285	89	23	187	3,781	813	1,100		(6,278)	
Operating revenue	**12,376**	**7,768**	**5,647**	**697**	**3,832**	**839**	**1,101**		**(6,278)**	**25,983**
Share in results of joint ventures		1			(27)	2				(25)
Operating profit/(loss) after share in results of joint ventures	**410**	**379**	**820**	**10**	**(14)**	**142**	**(191)**	**(665)**		**889**
Financial profit/(loss)								**(225)**		**(225)**
Income tax								(134)		(134)
Share in profits of associates		12	282			11				305
CONSOLIDATED NET PROFIT/(LOSS)										**835**
Depreciation, amortisation, provisions and impairment	(243)	(504)	(414)	(68)	(40)	(396)	(137)			(1,802)
Segment assets	4,299	7,102	271,178	968	204	4,409	8,340	(5,500)		291,000

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

NOTES TO THE INCOME STATEMENT

NOTE 4 REVENUES

(€ million)	H1 2020	H1 2019	2019
Services-Mail-Parcels revenues	**5,367**	**5,979**	**12,091**
Correspondence and other La Poste products and services	2,508	3,139	6,136
Advertising mail	341	479	971
Press [(a)]	207	230	456
Products and services of the subsidiaries (domestic mail)	321	374	789
International mail	654	666	1,373
Parcels	974	875	1,859
E-commerce - sale of goods [(b)]	361	215	506
GeoPost revenue	**5,016**	**3,689**	**7,679**
Express Rest of World	4,154	2,872	5,935
Express France	862	817	1,744
Digital Services revenue	**289**	**255**	**511**
La Poste Network revenue [(c)]	**27**	**23**	**51**
Real Estate revenue [(d)]	**11**	**13**	**27**
TOTAL	**10,709**	**9,958**	**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 Group.

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

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

NOTE 5 NET BANKING INCOME

(€ million)	H1 2020	H1 2019	2019
Interest and similar income	**2,091**	**2,131**	**4,257**
Interest and similar expenses	**(939)**	**(1,015)**	**(1,920)**
Commission income	**1,118**	**1,313**	**2,640**
Commission expenses	**(1,166)**	**(140)**	**(308)**
Net gains and losses	**(3,064)**	**304**	**558**
- Financial instruments at fair value through profit or loss	(3,382)	53	110
- Financial instruments at fair value through equity	21	88	126
- Derecognition of financial assets at amortised cost [(a)]	297	164	322
Income from other activities	**7,544**	**662**	**1,307**
Expenses from other activities	**(2,065)**	**(403)**	**(890)**
Impact of the overlay appoach (gross impact)	**267**	**(15)**	**(21)**
TOTAL	**3,785**	**2,837**	**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 first half of 2020 without calling into question the portfolio management model.

NOTE 6 PURCHASES AND OTHER EXPENSES

Purchases and other expenses broke down as follows:

(€ million)	H1 2020	H1 2019	2019
External services and general sub-contracting	1,490	1,239	2,781
Purchases	379	353	790
Outsourced transport	3,186	2,382	4,956
International mail delivery services	237	218	482
Rental expenses [(a)]	180	143	303
Maintenance and repair costs	254	236	512
Telecommunications expenses	97	93	188
Travel and assignments	53	95	190
Other expenses	212	259	461
TOTAL	**6,088**	**5,017**	**10,662**

(a) This line item only comprises rents for leases which have not been restated under IFRS 16 (short-term leases or low value items leases mainly), as well as rental costs (see Note 13.3).

NOTE 7 PERSONNEL EXPENSES AND HEADCOUNT

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

(€ million)	H1 2020	H1 2019	2019
Wages and salaries, bonuses and allowances	4,962	4,769	9,418
Pension contributions	418	424	825
Other social security contributions	956	931	1,791
Employee welfare costs	125	115	216
Change in post-employment provisions	(1)	(10)	7
Change in provisions for social security contingencies and staff litigation	(5)	(11)	(9)
Change in other employee provisions	(135)	(223)	(298)
Compensation-based taxes and duties	373	383	734
TOTAL	**6,694**	**6,378**	**12,683**
Average headcount *(full-time employee equivalent per year)*	**248,992**	**250,373**	**249,304**

The “**Pension contributions**” line item corresponds to contributions paid in to post-employment defined benefits plans. Since the implementation in 2006 of the new funding arrangements for the pensions of government employees, this line item line primarily includes the full discharge contribution provided for by law.

NOTE 8 OTHER OPERATING REVENUE AND EXPENSES

Other operating revenue and expenses broke down as follows:

(€ million)	H1 2020	H1 2019	2019
Local taxes	(103)	(95)	(133)
Other taxes and levies	(192)	(95)	(214)
TAXES AND LEVIES	**(295)**	**(190)**	**(347)**
Impairment and net depreciation of assets			
- Goodwill [c]	(21)		(36)
- Rights of use assets [c]	(393)	3	17
- Intangible assets, property, plant and equipment [c]	(449)	27	21
- Current assets	(28)	(12)	(26)
Net amortisation [a]	(936)	(809)	(1,630)
Provisions for contingencies and losses	5	40	30
Banking activities cost of risk	(228)	(41)	(178)
DEPRECIATION AND IMPAIRMENT	**(2,051)**	**(793)**	**(1,802)**
Capitalised production	130	151	348
Royalties	(27)	(19)	(40)
Revenue recorded following an acquisition of control [b]	56	1	1
Other current operating revenue and expenses	47	30	104
OTHER OPERATING REVENUE AND EXPENSES	**206**	**162**	**413**

(a) Including amortisation of leases right of use assets.
(b) In 2020, €45 million impact of the revaluation of the previously held investment in BRT.
(c) including impairment set out in note 1.6.

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

NOTE 9 FINANCIAL PROFIT/(LOSS)

9.1 Cost of net financial debt
9.2 Other financial items

9.1 Cost of net financial debt

(€ million)	H1 2020	H1 2019	2019
Interest expense on financing transactions [a]	(71)	(81)	(148)
Interest expense on lease liabilities	(38)	(34)	(68)
Change in the fair value of borrowings and debt-related swaps [b]	3	(3)	(2)
Income from cash and cash equivalents [c]	(2)	3	3
TOTAL	**(107)**	**(116)**	**(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 or financial assets.

9.2 Other financial items

Other financial items primarily include the cost of discounting provision for employee benefits (€1million in the first semester of 2020, €7million in the first semester of 2019, and €16million for 2019).

NOTE 10 INCOME TAX

The income tax expense breaks down as follows:

(€ million)	H1 2020	H1 2019
Current tax (expense)	(336)	(66)
Deferred tax income/(expense)	(240)	(42)
TOTAL TAX INCOME/(EXPENSE)	**(576)**	**(108)**

The explanation of the tax reconciliation is as follows:

(€ million)	H1 2020	H1 2019
Net profit/(loss), Group share	**2,315**	**474**
Share in profits of equity associates and joint ventures	(645)	(132)
Income tax	576	108
Non-controlling interests	217	9
Consolidated profit (loss) before tax and share in profits of equity associates and joint ventures	**2,463**	**459**
Income tax rate	**32,02%**	**32,02%**
Theoretical tax expense [(a)]	**(789)**	**(147)**
Impact of takeover of CNP Assurances	963	
Deferred tax assets creation (limitation)	(750)	37
Impairment of deferred tax assets recorded as of 31 decembre 2019	*(269)*	
Other unrecognized deferred taxes	*(481)*	
Tax rate differential for foreign subsidiaries	20	15
Effect of the French income tax rate decrease [(b)]	(26)	(10)
Revaluation of investments previously held and impairment of goodwill	10	
Other	(4)	(3)
Tax restatements	**213**	**39**
ACTUAL TAX CHARGE	**(576)**	**(108)**

(a) Including the 3.3% social solidarity contribution.
(b) The last French Finance law, provides that the income tax rate in France will decrease progressively to reach 25.83% in 2022.

NOTES TO THE BALANCE SHEET

NOTE 11 GOODWILL

Breakdown of goodwill net carrying amount

(€ million) CGU	Segment	30/06/2020	31/12/2019
DPD Europe [(a)]	GeoPost	2,826	1,509
Digital Services [(b)]	Digital services	383	237
Asendia	Services-Mail-Parcels	200	202
Asten Santé	Services-Mail-Parcels	111	109
Mediapost	Services-Mail-Parcels	104	104
La Banque Postale Prévoyance	La Banque Postale	94	94
DPD Russia	GeoPost	94	106
EDE	Services-Mail-Parcels	66	67
Tigers	GeoPost	47	50
Lenton Group	GeoPost	46	
Diadom	Services-Mail-Parcels	31	31
Tocqueville Group	La Banque Postale	27	27
JadLog	GeoPost	23	31
La Banque Postale Asset Management	La Banque Postale	22	22
Stuart	GeoPost	13	13
Other Services-Mail-Parcels companies	Services-Mail-Parcels	8	8
Other GeoPost companies	GeoPost	4	5
DPD Laser	GeoPost	(0)	11
TOTAL		**4,100**	**2,625**
Services-Mail-Parcels		**521**	**520**
GeoPost		**3,053**	**1,724**
La Banque Postale		**143**	**143**
Digital Services		**383**	**237**

(a) Of which in the first semester of 2020, €1,279 million from the takeover of BRT (see note 1.2).
(b) Of which in the first semester of 2020, €145 million from takeover of Softeam in december 2019 (fully consolidated company from January 1, 2020).

Change in the net carrying amount 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)]	1,538	157
Translation adjustments [(b)]	(42)	26
Impairment [(c)]	(21)	(36)
Other		(1)
CLOSING BALANCE	**4,100**	**2,625**
of which : Gross amount	*4,393*	*2,916*
Impairment	*(293)*	*(291)*

(a) Of which in the first semester of 2020, acquisitions in the GeoPost segment : BRT for €1,279 million (see note 1.2), GEIS for €50 million as well as the takeover of Lenton Group Ltd at the end of 2019 for €46 million and the acquisition of Softeam Group in the Digital segment for €145 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 the first semester of 2020 DPD Russia for -€12 million, DPD UK for -€9 million and JadLog for -€8 million. And which in 2019, DPD Russia for +€15 million.

(c) Of which in the first semester of 2020 goodwill of acquisitions Lenton and DPD Laser for €11 million and €9 million. And in 2019, goodwill of DPD Russia was depreciated for €36 million.

NOTE 12 INTANGIBLE ASSETS, PROPERTY, PLANT AND EQUIPMENT

(€ million)	Intangible assets	Property, plant and equipment	TOTAL
GROSS AMOUNT			
Balance as at 31/12/2019	**4,523**	**13,621**	**18,144**
Acquisitions	202	277	**479**
Disposals	(16)	(128)	**(144)**
Change in consolidation scope	3,178	718	**3,896**
Transfers	6	(24)	**(18)**
Translation adjustments	(623)	(63)	**(686)**
BALANCE AS AT 30/06/2020	**7,272**	**14,400**	**21,672**
DEPRECIATION AND IMPAIRMENT			
Balance as at 31/12/2019	**(3,026)**	**(7,582)**	**(10,608)**
Depreciation for the semester	(381)	(369)	**(750)**
Impairment [(a)]	(189)	(286)	**(475)**
Reversals of impairment		6	**6**
Reversals on disposals	8	96	**104**
Change in consolidation scope	(494)	(479)	**(973)**
Transfers	(1)	7	**6**
Translation adjustments	27	25	**52**
BALANCE AS AT 30/06/2020	**(4,055)**	**(8,582)**	**(12,637)**
NET CARRYING AMOUNT			
As at 31/12/2019	**1,497**	**6,039**	**7,536**
AS AT 30/06/2020	**3,217**	**5,818**	**9,035**
OF WHICH FINANCE LEASES			
As at 31/12/2019			

(a) Including €472 million for La Poste SA's Mail CGU (see note 1.6 a).

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

Right of use assets, stemming from the application of IFRS 16, are detailed in Note 13.

NOTE 13 LEASES

13.1 Rights 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		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				17
Change in consolidation scope and translation adjustments	(32)		4		(27)
Assets held for sale	(42)	(6)	(1)		(49)
Balance as at 31/12/2019	**2,220**	**167**	**182**	**12**	**2,582**
Increase	390	15	36	1	442
Decrease	(19)		(2)		(21)
Amortisation	(263)	(24)	(42)	(3)	(332)
Provision [(a)]	(369)		(24)		(393)
Change in consolidation scope and translation adjustments	553	(4)	(8)	2	544
Other	(22)				(22)
Assets held for sale					(0)
BALANCE AS AT 30/06/2020	**2,490**	**155**	**142**	**12**	**2,799**

(a) Including €391 million for La Poste SA's Mail CGU (see note 1.6 a).

13.2 Lease liabilities

Lease liabilities are presented in note 18 for industrial and commercial activities and in note 21 for banking activity. Lease liabilities for banking activities amount to €130 million and are included in the item "Other financial liabilities and accruals account" of "Specific liabilities of banking and insurance activities" in note 21 ("Other miscellaneous payables" line).

13.3 Lease amounts recognised in profit or loss

(€ million)	H1 2020	H1 2019
Net operating expenses	**947**	**455**
Short-term lease expenses	73	64
Low value lease expenses	19	14
Rental expenses	77	62
Non-deductible VAT on rent expenses	41	37
Right of use assets amortisation	332	278
Right of use assets provision	393	(3)
Other	12	3
Cost of net financial debt	**38**	**34**
Interest expense on lease liabilities	38	34
TOTAL	**985**	**489**

13.4 Lease amounts recognised in consolidated cash flow statement

(€ million)	H1 2020	H1 2019
Cash flows from operating activities	**221**	**180**
Short-term lease expenses	73	64
Low value lease expenses	19	14
Rental expenses	77	62
Non-deductible VAT on rent expenses	41	37
Other	12	3
Cash flows from financing activities	**366**	**303**
Interest paid on lease liabilities	38	34
Repayment of lease liabiilities	328	269
TOTAL	**587**	**483**

NOTE 14 ASSOCIATES AND JOINT VENTURES

											Companies with negative net assets [e]	
(€ million)	CNP Assu-rances [a]	Subsidiaries CNP Assu-rances [b]	BRT[c]	Real Estate sub-group	Yurtici Kargo	AEW Europe	Ninja Logistics	Lenton Group Ltd [d]	Other		La Poste Mobile	
Nature of control	*Associate*	*Joint control*	*Associate*	*Associate/ Joint control*	*Associate*	*Associate*	*Associate*	*Associate*		TOTAL	*Joint control*	TOTAL
Balance as at 31/12/2019	**3,531**		**547**	**30**	**14**	**54**	**67**	**63**	**76**	**4,384**	**(39)**	**(39)**
Group share in the profit or loss	637	25		1	4		(11)		(3)	654	(10)	(10)
Dividend payments		(1)		(1)					(1)	(4)		
Net change in the fair value of financial instruments	(631)	(1)								(632)		
Change in consolidation scope and increase in control percentage	(3,504)	487	(547)					(63)	5	(3,623)		
Capital increase				1			56			57		
Other changes	(1)			2								
Translation adjustments	(32)	(4)			(2)	1	(3)		(2)	(43)		
Accretive effect of the capital increase												
BALANCE AS AT 30/06/2020		**505**		**32**	**16**	**56**	**109**		**76**	**794**	**(49)**	**(49)**

(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 Holding d'Infrastructures Gazières (HIG) for €409 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 17).

NOTE 15 OTHER NON-BANKING ASSETS

(€ million)	30/06/2020		31/12/2019	
	Current	Non-current	Current	Non-current
Net unconsolidated investments		350		498
Financial derivatives	1	85	14	98
Financial assets held for investment purposes	300	0	325	
Other financial assets	74	122	136	106
TOTAL OTHER FINANCIAL ASSETS	**375**	**557**	**475**	**701**
Other supplies inventories	178		128	
Finished and semi-finished product inventories and work in progress	24		26	
TOTAL INVENTORIES AND WORK-IN-PROGRESS	**202**		**154**	
Net trade receivables and related accounts	3,099		2,552	
International mail receivables	871		853	
Other receivables	705		608	
TOTAL TRADE AND OTHER RECEIVABLES	**4,675**		**4,014**	
Cash equivalents	1,630		1,842	
Cash at bank and cash on hand	1,611		614	
TOTAL CASH AND CASH EQUIVALENT	**3,241**		**2,456**	

Financial assets held for investment purposes

These are assets acquired as part of the cash management process:

(€ million)	30/06/2020	31/12/2019
Term deposits accessible after more than 3 months	300	325
UCITS		
TOTAL	**300**	**325**

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 18.3.

NOTE 16 SPECIFIC ASSETS OF BANKING AND INSURANCE ACTIVITIES

(€ million)	30/06/2020	31/12/2019
Central banks deposits	31,021	21,245
Cash and other	952	1,168
Cash and central bank deposits	**31,973**	**22,412**
Debt instruments	142,833	7,855
Equity instruments	34,170	197
Loans and advances	7,070	1,968
Derivatives	1,763	743
Financial assets at fair value through profit or loss	**185,837**	**10,763**
Interest-rate derivatives	1,651	1,488
Financial hedging derivatives	**1,651**	**1,488**
Equity and other variable income securities	111	111
Other long term securities	1	1
Government securities and similar	127,651	4,104
Bonds end other fixed income securities	103,816	10,596
Loans and advances		
Financial assets at fair value through OCI	**231,580**	**14,813**
Government securities and similar	22,454	25,247
Bonds and other fixed income securities	2,780	2,821
Subordinated securities		
Securities classified at amortised cost	**25,234**	**28,068**
Sight loans and receivables from credit institutions	3,591	372
Term deposits and loans from credit institutions	72,804	70,161
Subordinated loans	102	101
Credit institutions loans and receivables at amortised cost	**76,497**	**70,635**
Customer sight loans and receivables	5,005	6,295
Term customer loans and receivables	113,546	104,462
of which home loans (including non-performing receivables)	*78,676*	*77,763*
Finance lease transactions	3,010	2,869
Customer loans and receivables at amortised cost	**121,561**	**113,626**
Revaluation adjustment on hedged portfolios - fair value hedges	**264**	**207**
Other miscellaneous receivables	4,719	1,391
Other insurance assets	28,378	791
Accruals accounts	2,021	974
Deferred participation asset		
Other financial assets and accrual accounts	**35,117**	**3,157**
Investment property	**3,003**	
SPECIFIC ASSETS OF BANKING AND INSURANCE ACTIVITIES	**712,716**	**265,169**

NOTE 17 PROVISIONS FOR CONTINGENCIES AND LOSSES

As at 30 June 2020, the other provisions for contingencies and losses broke down as follows:

(€ million)	Employee-related disputes	Other disputes	Other	TOTAL
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	11	17	43	71
Reversal for use	(9)	(2)	(34)	(45)
Reversal of provisions no longer required	(7)	(4)	(7)	(18)
Other movements		(27)	16	(11)
CNP Assurances (effect of the first full consolidation as of March 1, 2020)		162	169	331
Non-current provisions	**9**	**19**	**107**	**136**
Current provisions	**45**	**210**	**440**	**695**
Balance as at 30/06/2020	**54**	**229**	**547**	**830**

As at 30 June 2020, **other provisions included**:

- a €136 million provision covering the penalty issued by the French Competition Authority against two companies of the Group.
- a €49 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 14).
- miscellaneous risks linked to the operational activity of the Group.

NOTE 18 BONDS AND OTHER FINANCIAL DEBT

18.1 Breakdown of financial debt

(€ million)	30/06/2020		31/12/2019	
	Short-term	Medium-and long-term	Short-term	Medium-and long-term
Financial debt at amortised cost	**581**	**7,235**	**507**	**5,443**
Bonds		7,145		5,358
La Poste savings bonds	53		54	
Commercial paper	300		300	
Current bank facilities	105		57	
Deposits and guarantees received	84	27	76	26
Other borrowings at amortised cost	38	63	19	58
Borrowings designated at fair value		**653**		**673**
Hedged borrowings		**445**		**444**
Bonds				
Subordinated debt		445		444
Financial derivative liabilities relating to bonds	**8**	**7**	**14**	**29**
Interest accrued not due on borrowings	**84**		**64**	
Medium and long-term bonds and other financial debt (non-current)	**673**	**8,340**	**584**	**6,589**
BONDS AND FINANCIAL DEBT	**9,013**		**7,173**	
Lease liabilities (a)	526	2,728	492	2,133
LEASE LIABILITIES	**3,254**		**2,625**	

(a) *The breakdown of liabilities by currency as at 30 June 2020 was as follows: Euros €2,644 million, Sterling Pound €503 million, other currencies €107 million. The finance lease liabilities are included in lease liabilities recognised according to IFRS 16.*
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.

18.2 Bonds and deeply subordinated debt

Bonds, excluding accrued interest, changed as follows:

(€ million)	Borrowings at amortised cost	Borrowings at fair value	Hedged subordinated debt	Total
Balance as at 31/12/2019	**5,358**	**673**	**444**	**6,475**
New borrowings	1,795			1,795
Redemptions				
Change in credit risk		(5)		(5)
Other changes	(9)	(15)	1	(22)
Balance as at 30/06/2020	**7,145**	**653**	**445**	**8,243**

18.3 Bond derivatives

(€ million)	Fair value as at 30/06/2020		Fair value as at 31/12/2019	
	Assets	Liabilities	Assets	Liabilities
Trading derivatives at fair value through profit or loss				
Fixed-for-floating derivatives	84		111	
Floating-for-fixed derivatives		7		10
TOTAL	**84**	**7**	**111**	**10**
Hedging derivatives				
Fair value hedges				
Cash flow hedges		11	1	25
TOTAL DERIVATIVES RELATING TO DEBT	**84**	**18**	**112**	**36**
Other				
Currency / exchange derivatives	2	3		7
Cash management funds derivatives				
TOTAL NON-BANKING ACTIVITIES DERIVATIVES	**85**	**21**	**112**	**43**
Amortisable balance on interrupted hedging derivatives				
Cash flow hedging derivatives	7		7	

NOTE 19 GROUP NET DEBT

19.1 Group net debt position
19.2 Changes to Group net debt

19.1 Group net debt position

(€ million)	Note	30/06/2020	31/12/2019
Cash and cash equivalents (balance sheet line)	15	3,241	2,456
Debt-related derivative assets	15	85	112
Security deposits paid in connection with derivatives, recognised as assets	15	0	4
Investment securities with initial maturities of over 3 months and UCITS	15	300	325
Net financial receivable against La Banque Postale		148	439
Cash and other asset items (1)		**3,774**	**3,336**
Medium and long-term bonds and other financial debt	18	8,340	6,589
Short-term bonds and other financial debt	18	673	584
Lease liabilities		3,254	2,625
Gross debt (2)		**12,267**	**9,798**
NET DEBT (2)-(1)		**8,493**	**6,462**
Increase (Decrease) in net debt as at 30 june 2020		**2,031**	

19.2 Changes to Group net debt

(€ million)	Cross-references	H1 2020	H1 2019
Cash flows from operating activities	**CFS** [a]	**136**	**853**
Cash flows from investing activities	**CFS**	(1,043)	(508)
Cancellation of the change in cash management financial assets	**CFS**	(25)	(5)
Cash flow from investing activities excluding the acquisitions and disposals of cash management financial assets [b]		**(1,068)**	**(513)**
Dividends paid to the shareholders and remuneration of hybrid subordinated notes	**CFS**	(27)	(219)
Purchase of non-controlling interests	**CFS**		(10)
Net financial interest expense		(109)	(113)
Change in the fair value of financial instruments		26	0
Impact of changes in consolidation scope on gross debt (including lease liabilities)		(584)	5
Non-cash changes in lease liabilities (IFRS 16)		(415)	(336)
Net debt of held-for-sale subsidiaries		11	
Other items [c]		(2)	5
Cash flows and change in debt from financing activities		**(1,099)**	**(667)**
DECREASE (INCREASE) IN NET DEBT SINCE 1 JANUARY		**(2,031)**	**(326)**
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			(2,462)
Net debt at the end of the period		(8,493)	(6,231)

(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 and subsidiaries held for sale.

NOTE 20 EMPLOYEE BENEFITS

(€ million)	31/12/2019		Changes in consolida-tion scope	Increase	Decrease for use	Provision no longer required	Interest cost	Other changes	30/06/2020	
	Current	Non-current							Current	Non-current
Post-employment benefits for La Poste's government employees	7	243		3	(4)		1	(6)	7	237
Retirement benefits for the Group's contract staff	16	507	19	21	(5)		2	1	16	545
Pension plans for employees of foreign subsidiaries		47		1	(18)			(2)		29
Post-employment benefits of CNP Assurances			335		(24)			(12)		299
Post-employment benefits	**23**	**796**	**354**	**25**	**(50)**		**3**	**(19)**	**23**	**1,110**
End-of-career arrangements	**402**	**1,155**		**14**	**(204)**		**(2)**		**374**	**991**
Severance payments	107	32		68					125	83
Long-term sick leave/long-term paid leave	48	33			(12)				42	28
Accrued leave	132	124		2	(3)				131	123
Other long-term benefits	1	12		1					3	11
Other benefits	**288**	**201**		**71**	**(15)**				**301**	**244**
TOTAL	**713**	**2,152**	**354**	**111**	**(270)**	**(0)**	**1**	**(19)**	**697**	**2,345**
	2,865								**3,043**	

NOTE 21 SPECIFIC LIABILIITES OF BANKING AND INSURANCE ACTIVITIES

(€ million)	30/06/2020	31/12/2019
Debt securities	1,288	805
Derivatives	1,945	641
Financial liabilities at fair value through profit or loss	**3,233**	**1,445**
Financial hedging derivatives	**788**	**591**
Sight liabilities to credit institutions	1,139	1,178
Term liabilities to credit institutions	35,461	29,537
of which securities given under repurchase agreements	*25,985*	*25,367*
Liabilities to credit institutions and similar transactions	**36,600**	**30,715**
Special savings accounts	119,105	114,922
of which Livret A passbook savings accounts	*64,583*	*61,498*
of which Home Loan Savings Plans and Accounts (PEL & CEL)	*31,660*	*31,365*
Liabilities to customers	102,780	75,623
of which ordinary trade payables	*79,989*	*70,642*
Liabilities to customers	**221,886**	**190,546**
Debt evidenced by a certificate	**20,045**	**23,739**
Revaluation adjustment on hedged portfolios - fair value hedges	**851**	**839**
Deferred income	499	491
Other accruals	1,568	1,514
Debt securities	89	291
Guarantee deposits received	1,001	1,327
Other miscellaneous payables	1,968	663
Settlement accounts for securities transactions	4	9
Other insurance liabilities	15,821	263
Other financial liabilities and accrual accounts	**20,950**	**4,556**
Specific provisions for the insurance activities and shadow accounting (see below)	370,030	2,552
Home Loan Savings risk provisions [(a)]	206	184
Specific provisions for the insurance and banking activities and shadow accounting	**370,235**	**2,736**
Subordinated debts	**10,888**	**3,097**
SPECIFIC LIABILITIES OF BANKING AND INSURANCE ACTIVITIES	**685,476**	**258,263**

(a) 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. It is the subject to an allocation of €22 million during the first semester of 2020.

The specific provisions for the insurance activities

(€ million)	30/06/2020			31/12/2019		
	Before reinsurance	Reinsurance	Net of reinsurance	Before reinsurance	Reinsurance	Net of reinsurance
Non-life insurance contracts	9,474	794	8,680	1,483	394	1,089
Life insurance contracts	215,449	17,091	198,358	945	2	942
including life insurance mathematics provisons	*202,709*	*16,709*	*186,000*	*829*	*1*	*828*
Financial instruments with Discretionary Participation Feature	114,507	3,372	111,135			
including life insurance mathematics provisons	*104,840*	*3,035*	*101,805*			
Financial instruments without Discretionary Participation Feature	3,824	241	3,583			
TOTAL SPECIFIC PROVISIONS	**343,254**	**21,498**	**321,756**	**2,427**	**396**	**2,031**
	Before reinsurance	Reinsurance	Net of reinsurance	Before reinsurance	Reinsurance	Net of reinsurance
Deferred participation	*26,776*		*26,776*	*125*		*125*
TOTAL SHADOW ACCOUNTING	**26,776**		**26,776**	**125**		**125**

NOTE 22 TRADE AND OTHER PAYABLES

(€ million)	30/06/2020	31/12/2019
Trade payables and related accounts	3,901	2,110
Tax and social security liabilities	2,133	1,847
Payable to suppliers of non-current assets	271	293
International mail payables	679	729
Customer advances and deposits	171	188
Other operating payables	329	281
TOTAL	**7,485**	**5,448**

ADDITIONAL INFORMATION

NOTE 23 ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS

23.1 Impact of financial instrument on net profit/(loss) and equity
23.2 Fair value and ranking of financial instruments

23.1 Impact of financial instrument on net profit/(loss) and equity

H1 2020		**Changes in fair value**				
(€ million)	Interest income (expense)	Fair value through profit or loss	Fair value through equity	Impairment	Deconso-lidation and dividends	**Net gain (loss)**
Assets and liabilities classified at amortised cost	913				297	1,211
Assets classified at fair value through OCI	126		2		21	149
Financial instruments at fair value through profit or loss		(3,382)				(3,382)
Hedging	113		27			140
TOTAL	**1,152**	**(3,382)**	**30**		**318**	**(1,883)**

23.2 Fair value and ranking of financial instruments

	H1 2020				
			Fair value ranking (b)		
(€ million)	**Book value**	**Fair value (a)**	**Level 1**	**Level 2**	**Level 3**
ASSETS					
Bank assets					
Customer loans and receivables	121,561	126,234			
Credit institutions loans and receivables at amortised cost	76,497	77,669			
Financial assets at fair value through profit or loss	185,837	185,837	134,470	39,024	12,344
Financial hedging derivatives	1,651	1,651		1,651	
Financial assets at fair value through OCI	231,580	231,580	228,674	1,684	1,222
Securities classified at amortised cost	25,234	26,751			
Investment property at amortised cost	1,389	2,402			
Investment property at fair value	1,613	1,613		1,613	
Non-bank assets					
Other non-current financial assets	557	557		85	359
Trade and other receivables	4,675	4,675		301	
Other current financial assets	375				
Cash and cash equivalents	3,241	3,241	707	2,534	
LIABILITIES					
Bank liabilities					
Liabilities to credit institutions	36,600	35,253			
Customer transactions	221,886	221,886			
Debt evidenced by a certificate and other	20,045	9,957			
Subordinated debts	10,888	10,931			
Financial liabilities at fair value through profit or loss	3,233	3,233	360	2,854	19
Financial hedging derivatives	788	788		788	
Non-banking liabilities					
Bonds and other financial debt	9,013	9,448		674	
Lease liabilities	3,254	3,254			
Trade and other payables	7,497	7,497			

(a) Including fair value of items recognised at amortised cost
(b) For items recognised at fair value

LEVEL 3 FAIR VALUES: RECONCILIATION OF OPENING AND CLOSING BALANCES (banking activities)

(€ million)	Assets at fair value through profit or loss	Assets designated at fair value through equity	TOTAL
Opening balance	**333**	**358**	**691**
Gains and losses recorded in income	176		**176**
Gains and losses recorded in equity	0	(9)	**(9)**
Purchases	711	573	**1,283**
Sales	(463)	(0)	**(463)**
Issues	(9)		**(9)**
Redemptions	(251)		**(251)**
Other movements	(2)	(0)	**(3)**
Transfers to or outside level 3	93		**93**
Change in the consolidation scope	11,756	301	**12,056**
Closing balance	**12,344**	**1,222**	**13,566**

NOTE 24 RELATED PARTIES TRANSACTIONS

Relations with CNP Assurances have changed due to the full consolidation from March 1, 2020 of this company. Apart from this, there have been no other significant changes in the nature of transactions with related parties since the 2019 year-end (see note 36 to the consolidated financial statements at December 31, 2019).

NOTE 25 OFF-BALANCE SHEET COMMITMENTS AND CONTINGENT LIABILITIES

No significant change in off-balance sheet commitments or contingent liabilities has occurred since the 2019 year-end (see Note 38 to consolidated financial statements at 31 December 2019) excepted CNP Assurances commitments related to its activities.

NOTE 26 POST-BALANCE SHEET EVENTS

None.

NOTE 27 Business Combinations

27.1 Full consolidation of CNP Assurances (La Banque Postale segment)
23.2 Full consolidation of BRT (GeoPost segment)

The amounts allocated to the identifiable assets and liabilities acquired are likely to change within one year from the date of the takeover in the event that new information is obtained.

27.1 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 June 30, 2020 in the Group's accounts are as follows:

(€ million)	30/06/2020	Opening 01/03/2020
Intangible assets, property, plant and equipment	2,065	2,852
Investments in joint ventures and associates	505	487
Deferred tax assets	20	30
Non-current assets	**2,590**	**3,369**
Trade and other accounts receivable	68	67
Income tax credit	451	380
Current assets	**519**	**447**
Financial assets at fair value through profit or loss	172,891	182,841
Financial assets at fair value through OCI	215,579	218,206
Securities classified at amortised cost	141	166
Credit institutions loans and receivables at amortised cost	1,690	1,722
Customer loans and receivables at amortised cost	1,937	2,346
Other financial assets and accrual accounts	31,666	29,718
Net participating benefit	0	4
Investment property	3,003	3,079
Specific assets of banking and insurance activities	**426,906**	**438,082**
TOTAL ASSETS	**430,015**	**441,898**
Provisions for contingencies and losses	297	315
Employee benefits	299	335
Deferred tax liabilities	988	1,257
Trade and other payables	3,566	1,992
Government – Income tax	78	36
Current and non-current liabilities	**5,227**	**3,934**
Financial liabilities at fair value through profit or loss	1,509	1,879
Financial hedging derivatives	19	5
Liabilities to credit institutions and similar transactions	49	296
Liabilities to customers	10,005	12,969
Other financial liabilities and accrual accounts	17,231	15,884
Specific provisions for the insurance and Banking activities current	367,541	378,410
Subordinated debt	7,783	6,988
Specific liabilities of banking and insurance activities	**404,135**	**416,431**
TOTAL LIABILITIES	**409,363**	**420,365**
NET ASSETS	**20,652**	**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	
Net profit/(loss), group share excluding impairment of previous participation and badwill	208	
Unrealised gains and losses on financial instruments	(192)	
Translation reserve	(310)	
Other	(24)	
Equity, group share	**10,341**	**10,537**
Non-controlling interests	10,311	10,997
NET ASSETS	**20,652**	**21,534**

CNP Assurances' contribution to the Group's 2020 half-year consolidated income statement is as follows:

(€ million)	H1 2020
Operating revenue (Net banking income)	**959**
Purchases and other expenses	(117)
Personnel expenses	(173)
Taxes and levies	(22)
Depreciation, amortisation, provisions and impairment	(63)
Other operating expenses and income	2
Proceeds from asset disposals	(1)
Net operating expenses	**(374)**
Share in profit of joint ventures	25
Operating profit/(loss) after share in results of joint ventures	**610**
Impact of the takeover of CNP Assurances	**3,007**
Operating profit/(loss)	**3,616**
Income tax	(213)
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)	**4,041**
Net profit/(loss), Group share	**3,852**
Attributable to non-controlling interests	189

27.2 Full consolidation of BRT (GeoPost segment)

The assets and liabilities of BRT at the date of acquisition (provisional valuation at fair value) and at June 30, 2020 in the Group's accounts are as follows:

(€ million)	30/06/2020	Opening 01/01/2020
Goodwill	1,279	1,279
Intangible assets, property, plant and equipment	48	48
Right of use assets	537	578
Deferred tax assets	23	21
Other non-current financial assets	37	32
Non-current assets	**1,924**	**1,958**
Trade and other accounts receivable	377	349
Income tax credit	10	5
Other accrual accounts – Assets	7	6
Cash and cash equivalents	38	1
Current assets	**432**	**360**
TOTAL ASSETS	**2,355**	**2,318**
Bonds and financial debt [(a)]	151	128
Lease liabilities	539	578
Provisions for contingencies and losses	14	15
Employee benefits	18	19
Trade and other payables	418	399
Government – Income tax	12	3
TOTAL LIABILITIES	**1,152**	**1,142**
NET ASSETS	**1,203**	**1,177**
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	**24**	
Equity, group share	**1,192**	**1,170**
Non-controlling interests	11	7
NET ASSETS	**1,203**	**1,177**

(a) Including an intragroup loan of €100 million contracted with La Banque Postale.

BRT' contribution to the Group's 2020 half-year consolidated income statement is as follows:

(€ million)	H1 2020
Operating revenue (Revenues from commercial activities)	**706**
Purchases and other expenses	(551)
Personnel expenses	(83)
Taxes and levies	(3)
Depreciation, amortisation, provisions and impairment	(53)
Other operating expenses and income	23
Net operating expenses	**(667)**
Operating profit/(loss)	**39**
Cost of net financial debt	(5)
Financial profit/(loss)	**(5)**
Profit before tax of consolidated companies	**34**
Income tax	(7)
CONSOLIDATED NET PROFIT/(LOSS)	**28**
Net profit/(loss), Group share	**24**
Attributable to non-controlling interests	4

NOTE 28 CREDIT RISK EXPOSURE

a - Credit risk concentration

Credit risk concentration by economic agent

Financial assets at amortised cost	As at 30/06/2020			
	Book value			
	Healthy or degraded assets		Impaired assets	TOTAL
(€ million)	Assets subject to a 12-month ECL (Bucket 1)	Assets subject to a lifetime ECL (Bucket 2)	(Bucket 3)	
Retail clients	68,112	3,275	1,167	72,554
Administration	99,949	11	3	99,963
Central banks	-	-	-	
Credit institutions	12,318		0	12,318
Financial companies	10,950	85	0	11,035
Non-financial companies	26,366	1,734	447	28,547
Impairment	*(135)*	*(211)*	*(644)*	*(990)*
TOTAL	**217,561**	**4,893**	**974**	**223,427**

Financial assets at amortised cost	As at 31/12/2019			
	Book value			
	Healthy or degraded assets		Impaired assets	TOTAL
(€ million)	Assets subject to a 12-month ECL (Bucket 1)	Assets subject to a lifetime ECL (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
Credit institutions	4,506			4,506
Financial companies	8,289	18		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 30/06/2020			
	Book value			
	Healthy or degraded assets		Impaired assets	TOTAL
(€ million)	Assets subject to a 12-month ECL (Bucket 1)	Assets subject to a lifetime ECL (Bucket 2)	(Bucket 3)	
Retail clients	-	-	-	-
Administration	129,686	42	-	129,728
Central banks	6,730	-	-	6,730
Credit institutions	41,442	171	-	41,613
Financial companies	46,104	462	-	46,566
Non-financial companies	6,629	206	-	6,836
TOTAL	**230,591**	**881**		**231,472**
Of which impairment	*(126)*	*(11)*	-	*(137)*

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				
Administration	4,415			4,415
Central banks				
Credit institutions	8,956	10		8,966
Financial companies	179			179
Non-financial companies	1,113	28		1,141
TOTAL	**14,663**	**38**		**14,700**
Of which impairment	*(3)*	*(1)*		*(4)*

Off-balance sheet (financing and guarantee commitment)	As at 30/06/2020			
	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	10,741	208	35	10,984
Administration	6,651	0	0	6,651
Central banks				
Credit institutions	2,004	-	-	2,004
Financial companies	5,159	10	-	5,169
Non-financial companies	6,949	548	4	7,501
Provisions (1)	*(34)*	*(17)*	*(2)*	*(53)*
TOTAL	**31,470**	**749**	**37**	**32,256**

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

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			5,522
Central banks				
Credit institutions	1,621	100		1,721
Financial companies	2,312			2,312
Non-financial companies	8,171	180	4	8,354
Provisions (1)	*(25)*	*(14)*	*(1)*	*(40)*
TOTAL	**28,520**	**462**	**29**	**29,010**

(1) 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 30/06/2020			
	Gross book value			
	Healthy or degraded assets		Impaired assets	TOTAL
(€ million)	Assets subject to a 12-month ECL (Bucket 1)	Assets subject to a lifetime ECL (Bucket 2)	(Bucket 3)	
PD < 1%	57,842	820	-	58,661
1% < PD < 3%	7,425	470	-	7,895
3% < PD < 10%	2,818	873	-	3,691
PD > 10%	27	1,112	-	1,140
Doubtful contracts - disputes	-	-	1,167	1,167
TOTAL	**68,112**	**3,275**	**1,167**	**72,554**

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

Off-balance sheet (financing and guarantee commitment)	As at 30/06/2020			
	Commitment amount			
	Healthy or degraded commitments		Impaired commitments	TOTAL
(€ million)	Commitments subject to a 12-month ECL (Bucket 1)	Commitments subject to a lifetime ECL (Bucket 2)	(Bucket 3)	
PD < 1%	9,552	28	-	9,580
1% < PD < 3%	942	46	-	988
3% < PD < 10%	246	40	-	286
PD > 10%	0	95	-	96
Doubtful contracts - disputes	**-**	**-**	**35**	**35**
TOTAL	**10,741**	**208**	**35**	**10,984**

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

Corporate credit risk exposure

Financial assets at amortised cost	As at 30/06/2020			
	Gross book value			
	Healthy or degraded assets		Impaired assets	TOTAL
(€ million)	Assets subject to a 12-month ECL (Bucket 1)	Assets subject to a lifetime ECL (Bucket 2)	(Bucket 3)	
AAA	1,351	103	0	1,454
AA	4,764	179	33	4,976
A	13,191	188	0	13,379
Other	18,010	1,349	414	19,773
TOTAL	**37,316**	**1,819**	**447**	**39,582**

Financial assets at amortised cost	As at 31/12/2019			
	Gross book value			
	Healthy or degraded assets		Impaired assets	TOTAL
(€ million)	Assets subject to a 12-month ECL (Bucket 1)	Assets subject to a lifetime ECL (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 30/06/2020			
	Fair value			
	Healthy or degraded assets		Impaired assets	TOTAL
(€ million)	Assets subject to a 12-month ECL (Bucket 1)	Assets subject to a lifetime ECL (Bucket 2)	(Bucket 3)	
AAA	2,667	-	-	2,667
AA	8,484	-	-	8,484
A	21,827	38	-	21,866
Other	19,755	630	-	20,385
TOTAL	**52,733**	**669**		**53,402**

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

<table>
<tr><th rowspan="4">Off-balance sheet (financing and guarantee commitment)
(€ million)</th><th colspan="4">As at 30/06/2020</th></tr>
<tr><th colspan="4">Commitment amount</th></tr>
<tr><th colspan="2">Healthy or degraded commitments</th><th rowspan="2">Impaired commitments
(Bucket 3)</th><th rowspan="2">TOTAL</th></tr>
<tr><th>Commitments subject to a 12-month ECL
(Bucket 1)</th><th>Commitments subject to a lifetime ECL
(Bucket 2)</th></tr>
<tr><td>AAA</td><td>438</td><td>75</td><td>0</td><td>514</td></tr>
<tr><td>AA</td><td>783</td><td>85</td><td></td><td>868</td></tr>
<tr><td>A</td><td>5,266</td><td>393</td><td>0</td><td>5,659</td></tr>
<tr><td>Other</td><td>5,621</td><td>5</td><td>4</td><td>5,629</td></tr>
<tr><td>TOTAL</td><td>12,108</td><td>558</td><td>4</td><td>12,670</td></tr>
</table>

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

Administration and central banks credit risk exposure

Financial assets at amortised cost	As at 30/06/2020			
	Gross book value			
	Healthy or degraded assets		Impaired assets	TOTAL
(€ million)	Assets subject to a 12-month ECL (Bucket 1)	Assets subject to a lifetime ECL (Bucket 2)	(Bucket 3)	
AAA	11	-	-	11
AA	69,598	1	-	69,599
A	3,872	-	1	3,872
Other	26,468	10	2	26,481
TOTAL	**99,949**	**11**	**3**	**99,963**

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

Financial assets at fair value through recyclable equity	As at 30/06/2020			
	Fair value			
	Healthy or degraded assets		Impaired assets	TOTAL
(€ million)	Assets subject to a 12 month ECL (Bucket 1)	Assets subject to a lifetime ECL (Bucket 2)	(Bucket 3)	
AAA	8,677	-	-	8,677
AA	104,187	-	-	104,187
A	4,273	-	-	4,273
Other	19,279	42	-	19,320
TOTAL	**136,416**	**42**		**136,458**

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

Off-balance sheet (financing and guarantee commitment)	As at 30/06/2020			
	Commitment amount			
	Healthy or degraded commitments		Impaired commitments	TOTAL
(€ million)	Commitments subject to a 12-month ECL (Bucket 1)	Commitments subject to a lifetime ECL (Bucket 2)	(Bucket 3)	
AAA	100	-	-	100
AA	1,288	-	-	1,288
A	2,810	-	-	2,810
Other	2,454	-	0	2,454
TOTAL	**6,651**		**0**	**6,651**

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

Credit institutions credit risk exposure

Financial assets at amortised cost	As at 30/06/2020			
	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	7	-	-	7
AA	710	-	-	710
A	5,074		-	5,074
Other	6,528	0	0	6,528
TOTAL	**12,318**	**0**	**0**	**12,318**

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			1
AA	2,177			2,177
A	1,828			1,828
Other	500			500
TOTAL	**4,506**			**4,506**

Financial assets at fair value through recyclable equity	As at 30/06/2020			
	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	3,879	-	-	3,879
AA	9,153	-	-	9,153
A	19,602	-	-	19,602
Other	8,808	171	-	8,979
TOTAL	**41,442**	**171**		**41,613**

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			50
AA	756			756
A	5,138			5,138
Other	3,011	10		3,021
TOTAL	**8,956**	**10**		**8,966**

Off-balance sheet (financing and guarantee commitment)	As at 30/06/2020			
	Commitment amount			
	Healthy or degraded commitments		Impaired commitments	TOTAL
(€ million)	Commitments subject to a 12-month ECL (Bucket 1)	Commitments subject to a lifetime ECL (Bucket 2)	(Bucket 3)	
AAA	-	-	-	
AA	1,121	-	-	1,121
A	586	-	-	586
Other	297	-	-	297
TOTAL	**2,004**			**2,004**

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

NOTE 29 SOVEREIGN DEBT

The inventory below is carried out on the scope defined by the ABE, including the local and regional administrations or the organizations profiting from a guarantee of the State. These exposures include centralized deposits at the CDC.

30/06/2020 (€ 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	4,721	316	**5,037**	94	-	**5,131**	2.0%
Austria	4,059	7	**4,065**	-	-	**4,065**	1.6%
Belgium	11,370	287	**11,657**	1,876	-	**13,533**	5.3%
Cyprus	44	55	**98**	-	-	**98**	
Spain	12,612	288	**12,899**	20	-	**12,919**	5.1%
Finland	50	0	**50**	-	-	**50**	
France	167,696	4,399	**172,095**	12,093	1,009	**185,196**	72.9%
United Kingdom	-	3	**3**	240	-	**242**	0.1%
Greece	10	0	**10**	-	-	**10**	0.0%
Ireland	3	16	**19**	-	-	**19**	0.0%
Italy	8,524	905	**9,429**	500	-	**9,929**	3.9%
Luxembourg	42	-	**42**	-	-	**42**	0.0%
Netherlands	341	5	**346**	-	-	**346**	0.1%
Poland	346	37	**383**	-	-	**383**	0.2%
Portugal	1,274	84	**1,358**	20	-	**1,378**	0.5%
Romania	-	1	**1**	17	-	**18**	
Slovenia	58	-	**58**	-	-	**58**	0.0%
Switzerland	5	0	**5**	-	-	**5**	0.0%
Other countries	2	1	**3**			**3**	0.0%
Supra-national	5,079	788	**5,867**	-	-	**5,867**	2.3%
TOTAL EUROPE	**216,235**	**7,192**	**223,426**	**14,859**	**1,009**	**239,294**	**94.2%**
Brazil	2,351	11,797	**14,148**	-	-	**14,148**	5.6%
Canada	427	-	**427**	-	-	**427**	0.2%
South Korea	2	-	**2**	-	-	**2**	0.0%
Japan	66	-	**66**	-	-	**66**	0.0%
USA	55	45	**100**	-	-	**100**	0.0%
Other countries	91	20	**110**	-	-	**110**	0.0%
Rest of the World	**2,992**	**11,861**	**14,853**			**14,853**	**5.8%**
TOTAL	**219,227**	**19,053**	**238,280**	**14,859**	**1,009**	**254,147**	**100.0%**

(a) Direct exposures: fair value or gross book value of exposures for own account
(b) Direct and indirect exposures: direct exposures to which are added indirect exposures through repurchase agreements, forward purchases and off-balance sheets

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		**2,795**	228		**3,023**	2.9%
Austria	14		**14**			**14**	0.0%
Belgium	3,660		**3,660**	310		**3,970**	3.7%
Spain	1,743	196	**1,939**			**1,939**	1.8%
France	87,151	629	**87,780**	6,328	761	**94,869**	89.5%
Ireland	2		**2**			**2**	0.0%
Italy	292	681	**973**	3		**976**	0.9%
Luxembourg	57		**57**			**57**	0.1%
Netherlands	178		**178**			**178**	0.2%
Poland	16		**16**			**16**	0.0%
Portugal	420		**420**			**420**	0.4%
Slovakia							
Slovenia	5		**5**			**5**	0.0%
Switzerland	29		**29**			**29**	0.0%
Supra-national							
TOTAL EUROPE	**96,362**	**1,506**	**97,868**	**6,869**	**761**	**105,498**	**99.5%**
Rest of the World	539		**539**			**539**	100.0%
TOTAL	**96,902**	**1,506**	**98,408**	**6,869**	**761**	**106,037**	**100.0%**

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Report of statutory auditors

LA POSTE SA

Statutory Auditors' review report on the interim financial information

(Six months ended June 30, 2020)

PricewaterhouseCoopers Audit
63, rue de Villiers
92200 Neuilly-sur-Seine Cedex
France

KPMG Audit
Tour EQHO
2 Avenue Gambetta
CS 60055
92066 Paris La Défense Cedex
France

This is a free translation into English of the statutory auditors' review report on the half-yearly consolidated financial statements issued in French and it is provided solely for the convenience of English-speaking users. This report also includes information relating to the specific verification of information given in the Group's interim management report. This report should be read in conjunction with and construed in accordance with French law and professional standards applicable in France.

Statutory Auditors' review report on the interim financial information

(Six months ended June 30, 2020)

LA POSTE SA
9, rue du Colonel Pierre Avia
75015 Paris

To the Shareholders,

In compliance with the assignment entrusted to us by your annual shareholders' meeting and in accordance with the requirements of article L. 451-1-2 III of the French Monetary and Financial Code (Code monétaire et financier), we hereby report to you on:

- the review of the accompanying condensed interim consolidated financial statements of La Poste, for the six months ended June 30, 2020 ;
- the verification of the information contained in the interim management report.

These condensed interim consolidated financial statements have been established under the responsibility of the Board of Directors on August 4, 2020, on the basis of the information available at that date in the evolving context of the Covid-19 crisis and difficulties understanding its impacts and the future outlook. Our role is to express a conclusion on these financial statements based on our review.

I - Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that these condensed interim consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 – the standard of IFRSs as adopted by the European Union applicable to interim financial information.

Without qualifying our conclusion, we draw your attention to Notes:

- 1.1 « Takeover of CNP Assurances » and 27.1 «Full consolidation of CNP Assurances (La
- Banque Postale segment)» to the condensed interim consolidated financial statements, which describe the consequences of the takeover of CNP Assurances.

- 1.6 «Impact of the Covid-19 health crisis» to the condensed interim consolidated financial statements, which describe the main effects of the Covid-19 crisis on the valuation of the assets of the consolidated balance sheet at June 30, 2020.

II – Specific verification

We have also verified the information provided in the interim management report of the Board of Directors prepared on August 4, 2020 on the condensed interim consolidated financial statements subject to our review.

We have no matters to report as to its fair presentation and consistency with the condensed interim consolidated financial statements.

Neuilly-sur-Seine and Paris La Défense, August 4, 2020

The statutory auditors

French original signed by:

PricewaterhouseCoopers Audit		KPMG Audit *Department of KPMG S.A.*	
Laurent Daniel *Partner*	Jacques Lévi *Partner*	Eric Amato *Partner*	Marie-Christine Jolys *Partner*

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Responsibility statement

Responsibility statement

I certify, to my knowledge, the condensed financial statements for the half year are prepared in accordance with applicable accounting standards and give a true and fair view of assets and liabilities, financial position and profit or loss of the issuer and the subsidiaries included in the scope of consolidation, and the half-year activity report enclosed presents a true picture of the significant events that occurred during the first six months of the year, their impact on the accounts, main related-party transactions and a description of principal risks and uncertainties for the remaining six months of the year.

Executed in Paris, 4 August 2020

Chairman and Chief Executive Officer

Philippe Wahl

LE GROUPE LA POSTE

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