2021 Half-year financial report

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Half-year management report

Review of the financial position 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.

1. Key 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 against the US dollar, the British pound, the rouble, the Brazilian real and the zloty, are also important for the Group internationally. Lastly, the Group is sensitive, for its banking and insurance activities, to changes in interest rates and, to a lesser extent, to changes in financial markets.

A global economy driven in the first half of 2021 by the United States

Whereas the first stage of the recovery was driven by China, starting in the spring of 2020, the first half of 2021 was marked by the dynamism of the US economy boosted by budgetary support. More than 20 points of GDP have been injected into the economy to date. The distribution of cheques to American households has more than compensated for the loss of income of unemployed workers in 2020 and early 2021. By mid-2021, the US economy should have returned to the level of activity that would have prevailed without the crisis. In this buoyant context, inflation surged markedly (5% year-on-year in May). In addition to a significant base effect on the price of oil, very marked but no doubt partly reversible price increases (for second-hand cars in particular) have pushed up underlying inflation (up 3.8% over one year excluding energy and food products). Due to the late recovery in some very labour-intensive sectors (especially leisure activities, accommodation and catering), 7.6 million jobs were still lacking in May 2021 compared to February 2020 (date of entry into the health crisis), including 6.5 million in the private sector.

In China, on the other hand, the increase in activity is a little less lively, beyond the base effects. The intense catching-up phase was rather concentrated in the second part of 2020. GDP grew only slightly in the first quarter compared to the end of 2020. The recovery is also unbalanced, driven solely by external demand and businesses.

In Japan, real GDP declined in the first quarter of 2021. In particular, household consumption and business investment weighed on growth. With the Tokyo Olympic Games just days away, less than 10% of Japanese were fully vaccinated by the end of June.

In emerging countries, the economic and health situation remains contrasted and sometimes complicated, due in particular to the slower development of vaccination campaigns than in developed countries and/or their lesser effectiveness. However, GDP grew in the first quarter in some countries heavily affected by Covid (Brazil, India). Food price pressures are taking a heavy toll on households in emerging countries.

Overall, global industrial production is on a slightly less steep upward slope than in the second half of 2020, probably reflecting the end of the acute catch-up phase in some countries and supply constraints (e.g. in terms of the supply of certain components) that are holding back production. Commodity price pressures remain high but have eased somewhat recently.

Euro zone: health constraints still marked at the beginning of 2021

The first months of this year were marked in Europe by a third epidemic wave which peaked between February (Spain) and April (Germany, France). This has forced governments to strengthen the prophylactic measures taken. In Germany, the constraints were even greater than during the first lockdown in the spring of 2020. This resulted in a contraction of GDP in the first quarter. For the Euro zone as a whole, the GDP at the beginning of 2021 was 5.5% below its level at the end of 2019. The countries most exposed to tourism were even further behind (9.4% for Spain). But from spring onwards, a gradual reopening of the economies began again, which was reflected in a clear improvement in the business climate in services and trade in May and June. Industry, on the other hand, remained buoyed by the international recovery. Business leaders report an increase in the production capacity utilisation rate, which feeds a rather optimistic outlook on investment. The various measures taken by governments to support the economy have prevented a surge in unemployment and an explosion in the number of business failures.

Despite a significant base effect on energy prices, inflation remained contained. In May-June it was around 2% year-on-year but core inflation remained subdued (0.9% year-on-year).

France: further decline in GDP in the first quarter, but an improvement began to emerge in May

After a decline in GDP now estimated at 8% in 2020, a decline not seen since the Second World War, the health restrictions again weighed on activity at the beginning of the year, with GDP contracting anew in the first quarter. Compared to the end of 2019, it was down by 4.7% in the first three months of the year. In a context of constrained consumption, the French have once again “over-saved”, setting aside about €25 billion, in addition to the €95 billion accumulated in 2020[1]. The figures for April showed a clear slowdown in household consumption following the closure of many shops. However, the gradual normalisation of economic and social life from mid-May onwards, made possible by a clear reduction in new infections and the ramping up of the vaccination campaign (33.5 million people vaccinated at the end of June), led to renewed optimism among business leaders in the service sector. As in other European countries, industry has been driven by the international recovery, albeit with specific difficulties in some sectors. In aeronautics, they seem to be gradually diminishing with the reopening of international relations, but they are taking on a more structural dimension in the automotive sector in the context of the energy transition. In a difficult economic and health context, the French economy nevertheless managed to create jobs in the first quarter of 2021 (88,000 in the private sector), bringing the reduction in the workforce since the end of 2019 to 209,800 (243,400 in the private sector). It should also be noted that the property market is resilient, with prices of older homes rising by 5.9% over one year in the first quarter, due in particular to the effect of interest rates that remain attractive. In June consumer price inflation was 1.5% year-on-year despite higher energy prices, with the underlying index rising by only 0.9% (May figure).

Marked rise in oil prices

After collapsing in the spring of 2020 (the price of a barrel of Brent crude fell below US$10 in April), the price of crude has gradually recovered. At the end of October 2020, Pfizer’s announcement of the effectiveness of its vaccine boosted the financial markets and drove up the price of oil. With demand prospects supported by the economic recovery, this upward trend has continued into the first part of 2021. The price of a barrel thus reached US$75 at the end of June. In this context, the producing countries, which had significantly reduced their supply at the heart of the crisis, have since gradually increased the supply. The OPEC+ members (OPEC countries and Russia in particular) have gradually adjusted their quotas upwards.

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[1] These figures are obtained by taking the difference between the observed level of savings and the level that would have been reached if the savings rate had remained at its 2019 level.

Stock markets still trending upwards

After a 20% to 30% drop in US and European stock market indices in the spring of 2020, they have recovered as investors have been favourably impressed by the fiscal support plans and the very accommodating monetary policies. By the end of 2020, the prospect of an effective vaccination against Covid-19 had given a second wind to the stock market recovery. This upward movement has generally continued in the first half of 2021, despite hesitations linked to the emergence of a third wave in Europe and the health difficulties encountered by certain countries, such as India. The new budgetary support measures adopted in the United States and the rapid expansion of vaccination campaigns have been two powerful catalysts. At the microeconomic level, the very good results of companies in the first quarter, in the United States but also in Europe, also had a very positive effect. Long lagging behind their US counterparts, European indices have also recovered with the prospect of an improved health and economic situation. The CAC 40 index thus posted an increase of 17.2% in the first six months of 2021, more than offsetting the decline experienced in 2020 (-7.1%).

Quivering in US interest rates but monetary policies remain very accommodating

Driven by the recovery of the US economy and the idea that this could translate into more inflation, US long rates began to recover in late 2020, after bottoming out at just above 0.5% in August 2020. The yield on the 10-year T-Notes increased significantly until the end of March to 1.75% (whereas it exceeded 3% in the autumn of 2018). However, this movement slowed down in the second quarter as investors seemed to be convinced that the inflationary surge was transitory. The US 10-year rate thus returned to around 1.5% at the end of June. The Fed (the US central bank) has given no sign of immediately and sharply reducing monetary support. Monetary normalisation is expected to be gradual. The same should apply to the ECB, which slightly increased its asset purchases in the spring as part of its emergency pandemic programme in order to calm the upward pressure that was beginning to be exerted on European rates. The yield on the 10-year OAT, which had ended 2020 in negative territory, was around 0.15% at the end of June.

In this context, interbank rates in the Euro zone remained flat. The EONIA, pegged to the deposit facility rate, averaged -0.48% in June, while the 3-month EURIBOR (the rate at which major banks lend to each other for three months) averaged -0.54% over the same period.

Dollar oscillation with Fed policy in focus

As US interest rates rose, the dollar strengthened against the euro in the first quarter, moving from $1.22 per euro at the end of 2020 to $1.17 per euro at the end of March. Then, with the easing of US rates, the movement was reversed. At the beginning of June, the exchange rate between the two currencies was back to the level of the end of December. In the course of June, the euro weakened somewhat against the greenback, with the prospect of a somewhat earlier normalisation of monetary policy in the US. The euro/dollar exchange rate was around $1.19 per euro at end June.

The US currency followed a similar pattern against the yen. The latter finally ends the month of June at 110.6 yen/$ after moving below the 103 yen/$ mark in early January.

The greenback had also regained an upward trend against the yuan in the first three months of the year. The Hong Kong dollar, which is expected to fluctuate within a narrow band of between HKD 7.75 and HKD 7.85 given the semi-fixed exchange rate against the US dollar, depreciated very slightly in early 2021, before reversing the path taken in the spring. At the end of June, the parity between the two currencies stood at HKD/$ 7.76.

In the face of rising US interest rates, emerging currencies held up rather well. However, this came at the cost of a rise in the key rates of certain central banks (moderate in Russia and Brazil). The Russian rouble depreciated against the greenback in Q1 following the easing of US rates before strengthening under the effect of both the easing of US rates and the three successive increases in the central bank's key rate (from 4.25% to 5.50%) between March and June. At the end of June, the US dollar was trading at 73.3 against the Russian rouble (74.3 roubles/$ at the end of December), after peaking at 77.5 in early April.

The Brazilian real depreciated slightly against the greenback at the beginning of the year, but then strengthened to end June at 4.97 reals per dollar, i.e. almost at the level of the end of December. In addition to the central bank's actions, rising material prices have been another supportive factor.

In Europe, the zloty experienced a period of depreciation against the euro in March due to an acceleration in Polish inflation. Although the central bank left its key rate unchanged, the zloty strengthened slightly, ending the month of June at 4.52 zlotys/€ (4.55 at the end of December). The Polish central bank appeared sufficiently convincing regarding the transitory nature of this acceleration of inflation. For its part, the pound sterling strengthened slightly against the euro during the first half of the year, reaching £0.86 per euro at the end of June, compared with an average of £0.90 per euro in December 2020, on the assumption that the clarification of relations with the European Union as part of the Brexit agreement and the rapid build-up of the vaccination campaign would result in a sharp rebound in economic growth. However, the rapid increase in the number of Covid-19 cases in June, with the development of the delta variant, tempered this movement.

1.2 Regulatory environment

1.2.1 Banking environment trends

ACPR instruction on home loan production reporting

On 29 January 2021, the French Prudential Control and Resolution Authority (Autorité de contrôle prudentiel et de résolution - ACPR) published Instruction No. 2021-I-02 on the supervision of home loan risks in France. This instruction repeals the previous Instructions Nos. 2011-I-14 and 2020-I-02 and presents the new reporting methods for home loan production.

This instruction follows the publication, on 27 January 2021, of Recommendation No. R-HCSF-2021-1, issued by the High Council for Financial Stability (Haut conseil de stabilité financière - HCSF), on the granting of residential real estate loans in France, amending Recommendation No. R-HCSF-2019-1 published in 2019. The main changes are as follows:

- the borrower's acceptable effort rate is now 35% (compared to 33% in its previous recommendation);
- the maturity of the loan must not exceed 25 years, to which can now be added two years of deferred amortisation when the date of possession of the asset differs from the date of granting of the loan;
- the flexibility allowed will now be a maximum of 20% (compared to 15% in 2019) of the amount of the quarterly production of new loans and should benefit buyers of their main residence for 80% and first-time buyers for 30%.

The HCSF recommendation will be monitored through the CREDITHAB reporting defined in ACPR Instruction No. 2021-I-02. This model shows the monthly loan production of credit institutions and financing companies according to the purpose of the credit transaction and the location of the asset.

The instruction entered into force on 1 March 2021 for institutions with outstanding home loans exceeding €4 billion. The other institutions will have to implement this instruction from 1 January 2022.

Decision of 6 January 2021 on the internal CML-TF control system

The Decision of 6 January 2021[2] on the internal control system for combating money laundering and terrorism financing (CML-TF) and the freezing of assets and prohibition of the provision or use of funds or economic resources, was published in the Official Journal on 16 January 2021.

It clarifies the requirements applicable to certain organisations subject to CML-TF obligations and asset freezes such as those belonging in particular to the banking sector and the payment and electronic money services sector, as well as to the insurance and banking sectors, certain investment service providers and digital asset service providers.

This text details the various requirements applicable to CML-TF and the freezing of assets, as set out in the French Monetary and Financial Code and in the Decision of 3 November 2014 on the internal control of financial institutions (banks, payment services, investment services) regulated by ACPR.

The purpose of the text is to supplement the provisions of Order No. 2020-115 transposing the fifth CML-TF Directive and should ensure that France complies with the FATF Recommendations of 2012, updated on 23 October 2020.

It repeals:

- Chapter III of the Decision of 3 November 2014 “Arrangement for combating money-laundering and terrorism financing”;
- all articles relating to CML-TF in the Insurance Code, the Mutual Insurance Code and the Social Security Code;
- the various regulations of the Banking and Financial Regulation Committee relating to the duty of care for checks for CML-TF purposes.

The main contributions are:

Organisation of the CML-TF system: The decision provides additional requirements for the elements to be included in the CML-TF procedures.

Asset freezing: The decision recalls the minimum requirements in terms of the asset freezing system that the internal procedures of the bodies must include.

Internal control: The decision stipulates that insurance companies under the so-called “Solvency II” regime must integrate the new internal control requirements into their internal control systems.

Provisions applicable to Groups: The decision also cites requirements applicable to certain groups, and more specifically to parent companies.

Role of managers: The decision also specifies the role of the effective managers and the supervisory body of the bodies subject to it.

[2] The Decision of 6 January 2021 was amended in its Articles 15 and 17 by the Decision of 25 February 2021, which aims to ensure the consistency of the terms used in the Decision of 3 November 2014 and the Decision of 6 January 2021. The Decision of 25 February 2021 entered into force on 28 June 2021.

The decision entered into force on 1 March 2021. The organisations subject to the decision have a period of one year from its publication to bring their outsourcing contracts signed before 1 March 2021 into compliance.

Distribution restrictions for credit institutions and financing companies

The Decision of 25 February 2021 relating to the distribution restrictions applicable to credit institutions and financing companies and amending the Decision of 3 November 2014 relating to capital buffers was published in the Official Journal on 6 March 2021 and entered into force the day after its publication.

This decision introduces two distinct calculation methodologies for determining the maximum amount of dividends that may be distributed based on the concerned institution's Tier 1 capital. These calculation methodologies are based on the overall capital buffer requirement and the leverage ratio buffer requirement.

The text also specifies that a specific calculation must be implemented in the event that certain capital requirements are not met and that Banque de France's resolution college should limit the distribution of dividends.

Internal control of companies in the banking, payment services and investment services sector

The Decision of 25 February 2021 amending the Decision of 3 November 2014 on the system and internal control of companies in the banking, payment services and investment services sector subject to the control of ACPR was published in the Official Journal on 6 March 2021.

The aim of this revision is the transposition of certain provisions of the CRD 5 directive and the updating of the text of several EBA guidelines relating to IT risk management (EBA/GL/2019/04) and the control framework for outsourced activities (EBA/GL/2019/02).

The amendments to the decision on internal control mainly concern:

- The organisation of internal control
- The data aggregation requirements
- The new information dissemination requirements
- The reinforcement of IT risk management requirements.

The decision entered into force on 18 June 2021.
Article 241-2, concerning the results of the assessment of the directors, enters into force the day after the publication of this decision in the Official Journal of the French Republic.

Update of the ECB's treatment of the leverage ratio

On 7 May 2021, the ECB updated its guidance on the implementation of the Eurosystem's monetary policy framework (guidance on general documentation) to reflect the change introduced by the CRR2 regulation[3] on the leverage ratio.

Indeed, as of 28 June 2021 the leverage ratio becomes a binding capital requirement under Pillar 1 in accordance with Articles 1 (46) and 3 (2) of CRR2.

The treatment of the leverage ratio in the ECB framework for counterparties to Eurosystem monetary policy operations will be aligned with that currently applied to the capital requirements under Pillar 1, consisting of the core tier 1 capital ratio, the tier 1 capital ratio and the total capital ratio.

The change applies from 28 June 2021.

Extension of the measures to reduce the leverage ratio of banks until March 2022

On 18 June 2021, the ECB announced that banks in the Euro zone under its direct supervision will continue to benefit from the exclusion of certain central bank exposures from the leverage ratio. This reduction in the leverage ratio, implemented from September 2020, may continue until March 2022 (the initial deadline was set for 27 June 2021).

This decision comes after the ECB's Governing Council evoked a response to the exceptional macroeconomic circumstances caused by the Covid-19 pandemic.

Banks that decide to exclude central bank exposures will have to recalibrate the leverage ratio requirement of 3% so that only central bank exposures accumulated since the start of the pandemic will effectively benefit from this reduction in the leverage ratio. In other words, only the increase in exposures to central banks since the end of 2019 will lead to a reduction in the leverage ratio.

1.2.2 Evolution de l'environnement assurantiel

Entry into force of the Disclosure Regulation on 10 March 2021

The Disclosure Regulation[4] (also known as the Sustainable Finance Disclosure Regulation - SFDR) entered into force on 10 March 2021.

The SFDR imposes a series of obligations on financial market participants to identify "sustainability" risks and publish information in terms of "sustainability". It will apply to these players and to products presented as "sustainable" but also, to a lesser extent, to traditional financial products.

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[3] Regulation (EU) No. 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No. 575/2013 as regards the leverage ratio, net stable funding ratio, capital requirements and eligible liabilities, counterparty credit risk, market risk, central counterparty exposures, collective investment scheme exposures, large exposures and reporting and disclosure requirements.

[4] Regulation (EU) No. 2019/2088 of 27 November 2019 on the publication of information on sustainability in the financial services sector, also known as the "Disclosure Regulation" or SFDR. This is a European Union regulation that aims to oversee the integration of environmental, social and governance (ESG) issues by financial market players.

The SFDR regulations essentially consist of two types of information:

- at the level of the legal entity, for example the updating of pre-contractual information;

- at the level of the financial product: how ESG criteria[5] are integrated in investment decisions, and the impact on risk returns of taking them into account.

All financial products are covered by Articles 6 and 7 of the regulation, which govern the ESG information to be disclosed. For insurers, this concerns unit-linked policies.

The other important point of the regulation is the definition of Principal Adverse Sustainability Impacts (PAI), the main negative impacts in terms of impact. The Regulatory Technical Standards (RTS) have specified the 18 sustainability risk indicators and their associated metrics.

From an operational point of view, a first series of obligations entered into force on 10 March 2021, essentially aimed at making ESG policies available on the entities' websites and updating the documentation for the three types of financial assets.

This step in March is key but will be followed by other deadlines, gradually increasing the level of detail communicated for each product, in January 2022 and in January 2023.

1.2.3 Pricing adjustments for mail and parcels

Price increases for mainland, overseas and international mail and parcels took effect on 1 January 2021 following the opinion issued by the French Authority for Regulation of the Electronic Communications and Postal Sectors (Autorité de régulation des communications électroniques et des postes – ARCEP) on 23 July 2020 (No. 2020-0767). 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, which limits the average change in the prices of the universal postal service to 5% per year.

On 1 January 2021, La Poste increased its mail prices by an average of 4.7%[6] on all mail within and outside the universal postal service. The price for the first weight tranche of priority mail rose from €1.16 to €1.28, while that of the first tranche of the "Lettre Verte" (green mail) rose from €0.97 to €1.08. To take account of its customers' habits, La Poste has decided to increase the price advantage offered by green mail, which accounted for 65% of ordinary items sent by private individuals in 2020. This advantage has been increased to 20 cents in 2021 compared to priority mail, compared to 19 cents in 2020.

Within the scope of the universal postal service, the prices for the business mail range have seen a moderate 3.9% rise, while advertising mail prices have risen by only 1.4% to boost the competitiveness of mail as a medium.

Parcel rates for domestic items sent by private individuals have increased by 1.6% on average, but the first 0-250 g weight band of the Colissimo France Grand Public offer has remained stable at €4.95 since 2018 in order to support the accessibility of sending small items. On 1 January 2021, items weighing less than 2 kg represented more than three quarters of the parcel volumes sent by retail customers.

In compliance with the abovementioned 2019-2022 price cap, price changes for parcels involving the overseas departments took place on 1 January 2021 following ARCEP's favourable Opinion No. 2021-0292 of 4 March 2021. As a result of the Covid-19 health crisis, which caused an increase in air freight

[5] Environmental, Social and Governance

[6] Average of 4.8% based on traffic-generating revenue.

costs due to the scarcity of air transport to the French overseas departments, La Poste increased the rates for Overseas Colissimo departing from mainland France, Andorra and Monaco to the French overseas departments and local authorities managed by La Poste (Saint-Pierre-et-Miquelon, Saint-Martin, Saint-Barthélemy) by 20%.

1.2.4 Non-pricing adjustments for mail and parcels

Since 1 January 2021, La Poste proposes a new bulk offer for businesses in the universal postal service catalogue. This offer, known as Premium Industrial Mail, is an industrial mail management offer that simplifies the production of mail for customers, in particular by simplifying the drop-off procedures, and strengthens their multi-channel communication by making each mail unique, manageable and interactive thanks to a Smart Data system of innovative marking.

Following the favourable Opinion No. 2020-0789 of ARCEP of 28 July 2020, the Online Letter has evolved with a simpler and more modern internet path, and an enrichment of the offer (increase of the maximum number of pages, follow-up option…). Its pricing structure has been updated to make the offer more understandable and attractive to customers.

On 1 April 2021, following the aforementioned favourable opinion (No. 2021-0292), La Poste introduced an economical offer for French overseas departments in its universal service catalogue. The latter adds, for individuals wishing to send parcels to the overseas departments, a particularly affordable offer because it is mainly sent by sea.

1.2.5 Price changes for press services

For 2021, the French government has decided to increase the tariffs for press transport and delivery services provided by La Poste as part of its public service mission by 1%, before taking into account reference inflation, for all press families.

La Poste submitted a pricing proposal in line with this decision, which was approved by a decision of the Minister of the Economy, Finance and Recovery of 22 December 2020, taken after considering ARCEP's Opinion No. 2020-1492.

As a result, on 1 January 2021, prices increased by an average of 0.92%, after taking into account the reference inflation (-0.08%), for each of the press families: the majority of publications holding a certificate of registration with the CPPAP, political and general information publications, and daily newspapers with limited advertising resources.

1.2.6 Economic framework of the four public service missions

Currently, three of the four public service missions give rise to public compensation. However, these compensations are lower, sometimes significantly, than the net costs or deficit of these missions and therefore the burden they represent for La Poste. In 2019, the public service missions entrusted to La Poste together represented an uncompensated expense of €850 million.

The continued decline in volumes in 2019 has exacerbated the deficit in the universal postal service account that emerged in 2018. This structural trend has been aggravated by the effects of the health crisis. The universal service account amounted to -€1,114 million in full costs in 2020, compared to -€526 million in 2019, -€365 million in 2018 and +€146 million in 2017. The economic weight that the universal postal service now represents for La Poste means that a fair compensation mechanism must be found.

Against this backdrop, on 31 March 2021 the Senate's Economic Affairs Committee adopted a report on "the future of La Poste's public service missions", which makes 28 proposals to ensure fair financing of the four public service missions entrusted to La Poste, improve the quality of services provided to users and consider new services that meet a strong social need.

At the same time, La Poste, as the operator of the universal postal service, and the French State have initiated discussions to determine the conditions for adapting and ensuring the continuity of this public service mission. In this context, on 27 May 2021, Mr Jean Launay submitted the report on the changes to the universal postal service and the future of La Poste's public service missions, for which he had been commissioned by the Minister of the Economy, Finance and Recovery.

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

In the sudden, unpredictable and exceptional context created by the Covid-19 pandemic and given the state of health crisis that was first declared on 24 March 2020, La Poste had to adapt the way it carried out its public service missions to ensure the safety of its customers and employees in all circumstances.

These adjustments resulted in a temporary reduction in the number of weekly rounds and La Poste retail outlets, and in changed conditions for the distribution of some postal items. La Poste has also been forced to prioritise certain activities, particularly for the most vulnerable and remote populations.

Following the measures presented by the President of the French Republic on 31 March 2021 to limit the worsening of the health crisis, La Poste has taken all measures to maintain the delivery of mail, parcels and press items, as well as the reception of customers in its post offices, in strict compliance with the barrier measures throughout the country.

As soon as the conditions were met, services were restored to as normal an operation as possible.

However, strict compliance with health precautionary measures still hampers La Poste's ability to achieve the quality of service of delivery as that provided prior to the outbreak of the pandemic.

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. This information was provided on 2 April, 2 June, 15 July, 23 October, 24 November 2020 and 13 April 2021.

1.2.8 Brexit

On 24 December 2020, a trade and cooperation agreement was concluded between the European Union and the United Kingdom. The agreement entered into force on 1 January 2021. It makes it possible to regulate the commercial relations in a context that marks the end of the free movement of people, goods, services and capital between the United Kingdom and the European Union. Shipments must be subject to detailed documentation, a customs declaration, possible controls and potentially the collection of value added tax. The Irish border is confirmed as being in the Irish Sea.

GeoPost has opted for a cluster organisation based on customs clearance in the country of import / export. The first weeks of January were difficult with many technical challenges to overcome.

1.3 Developments, partnerships and acquisitions

1.3.1 Services-Mail-Parcels

1.3.1.1 Acquisition of TimeOne

In May 2021, Isoskèle, a subsidiary of Le Groupe La Poste, became a 100% shareholder in TimeOne, enabling Le Groupe La Poste to strengthen its offer to brands, companies and non-governmental organisations (NGOs) with strategic and operational support for all stages of the customer experience: from recruitment to the creation of lasting links between brands and their customers.

TimeOne generated revenue of around €28 million in 2020.

1.3.1.2 Acquisition of minority interests in eShopworld, EDE and Axeo

In March 2021, Asendia, a subsidiary of Le Groupe La Poste, became a 100% shareholder in eShopworld (ESW). Headquartered in Dublin, ESW is the leading end-to-end cross-border e-commerce company, enabling brands to optimise the international e-shopping experience for their customers by leveraging the power of new technologies and an efficient supply chain.

The 100% acquisition of ESW is another step in Asendia's strategy aiming to make cross-border e-commerce simpler and more reliable, providing international brands with a local presence.

ESW generated revenue of around €900 million in 2020.

In April and June 2021, Le Groupe La Poste increased its stake in EDE Next, following the purchase of minority interests (22%), bringing the Group's stake to 97.65%.

Le Groupe La Poste has become a 100% shareholder in Axeo, following the buyout of the minority interests (24%) in June 2021.

1.3.1.3 Start of production of the Colissimo Île-de-France Sud platform

In April 2021, La Poste opened its fifth "new generation" parcel sorting platform in Montereau-sur-le-Jard (Seine-et-Marne).

It is now the largest postal parcel processing platform in France in terms of surface area but also in terms of processing capacity (37,000 parcels per hour), which is on average three times greater than the previous generation of platforms.

This new platform, which is particularly innovative in terms of workplace accident prevention, takes over part of the activity of the Colissimo platform in Moissy, located in the same department. The latter will be transformed into a mixed platform including a parcel delivery activity.

The Colissimo Île-de-France Sud platform plays an essential role in optimising the management of flows, acting as a hub by grouping together the flows of several parcel sorting platforms with its own flow to the same platform. This organisation optimises the transport of parcels by reducing the number of kilometres travelled and therefore the associated CO2 emissions.

1.3.1.4 La Poste mobilises for the distribution of electoral mail

La Poste succeeded in meeting the logistical challenge for the second round of the regional and departmental elections by delivering 100% of the distributable electoral mail[7] submitted by service providers (printers, mail preparation firms, etc.) on time. At the request of Adrexo, and with the agreement of the Ministry of the Interior, La Poste was able to work urgently to deliver 3.7 million additional items in areas initially allocated to Adrexo. This performance was made possible by the

[7] La Poste has to deal with a high rate of "undeliverable" mail (move not registered by the electoral file of the municipality, incomplete address…).

implementation of an exceptional system that mobilised around 50,000 La Poste employees and enabled La Poste to deliver the vast majority of mail, not in 48 hours as planned but sometimes in less than 24 hours.

Le Groupe La Poste, through the commitment and cooperation of its employees, contributed to enabling this important operation in the democratic life of France.

1.3.2 GeoPost/DPDgroup

1.3.2.1 Acquisition of a majority stake in Speedy AD

On 19 March 2021, DPDgroup acquired a majority stake (69.81%) in the capital of Speedy AD, thus strengthening its presence in Bulgaria and Romania. Speedy is a leading player in the Bulgarian parcel/express market, which generated revenue of around €135 million in 2020.

1.3.2.2 Acquisition of BK Pharma Logistics and BK Sneltransport

On 30 April 2021, DPD Netherlands became the sole shareholder of BK Pharma Logistics and BK Sneltransport, two experts in temperature-controlled transport of food and pharmaceutical products. This strategic acquisition allows DPD Netherlands to penetrate a market that requires in-depth expertise and a specific environment, and to extend its range of services. The two companies generated revenue of around €7.5 million in 2020.

1.3.2.3 Disposal of Tigers

In April 2021, DPDgroup sold Tigers Ltd Group (revenue of €278 million in 2020), a global distribution logistics operator.

1.3.2.4 Strategic partnership between Lenton Group and Hainan Airways

In March 2021, Lenton Group initiated a one-year agreement with Hainan Airlines on parcel air transport between China and France. Faced with the boom in online shopping and the constant increase in volumes, the two companies are joining forces to charter regular flights with two weekly round trips. This partnership illustrates DPDgroup's 2025 strategy to accelerate the growth of international e-commerce, by developing an interconnected global network, responsible deliveries and digital solutions.

1.3.2.5 Pickup and Carrefour: Launch of a new walk-through model

Pickup and Carrefour signed a partnership in June 2021 to launch a new walk-trough concept called Pickup drive. The new service will allow customers to collect their groceries and parcels at the same location in their neighbourhood. The first delivery point was opened in the 19th arrondissement of Paris.

1.3.2.6 Pickup: Launch of connected parcel boxes for the home

In April 2021, Pickup expanded its offering by launching a new delivery solution consisting of installing connected parcel boxes for single-family homes and apartment buildings to simplify the receipt of parcels. Complementary to letterboxes, they allow individuals to facilitate the receipt of their parcel 24 hours a day, seven days a week, regardless of the delivery operator.

1.3.2.7 Stuart: Launch of a mobile warehouse experiment with the City of Paris to limit the environmental impact of logistics in urban areas

In April 2021 Stuart launched, with the City of Paris and the City Hall of the 15th arrondissement, an experimental mobile warehouse project on a dedicated parking space in order to limit carbon emissions, noise pollution and traffic congestion related to urban delivery. A large capacity vehicle (from 12 to 20 m^3) parked on a public site distributes the parcels to bicycles equipped with electrically-assisted trailers (K-Ryole) for efficient and eco-responsible delivery rounds in the nearest areas. This new logistics model brings goods as close as possible to the consumer and promotes last mile delivery with active mobility. In the long term, this experiment could strengthen a same-day or by-appointment delivery offer, essential for retailers and e-retailers.

1.3.3 La Banque Postale

In a complex economic environment, marked by the pandemic and persistently low interest rates, La Banque Postale continues to transform and develop while reaffirming a civic ambition to serve a just transition meeting environmental, societal, regional and digital challenges.

1.3.3.1 Continuation of the strategy to develop international partnerships

On 4 March 2021, CNP Assurances announced that it had signed an agreement with the Aviva group for the acquisition of life insurance activities in Italy. CNP Assurances is pursuing its international development strategy and consolidating its presence in the life insurance market by doubling its market share in Italy. This transaction will also strengthen the partnership between CNP Assurances and UniCredit SpA through Aviva SpA, complementing their existing partnership through CNP UniCredit Vita SpA, making CNP Assurances the fifth largest insurer in the Italian life insurance market, with an estimated market share of 6% in terms of revenue. The completion of the transaction remains subject to various conditions precedent, including obtaining authorisations from the regulatory authorities responsible for prudential and competition matters.

On 31 March, CNP Assurances announced the finalisation of its new 20-year exclusive distribution agreement with Caixa Econômica Federal (CEF) for the “consórcio” product. CNP Assurances announced that the closing operations provided for in the memorandum of understanding signed on 13 August 2020 with Caixa Econômica Federal and Caixa Seguridade have been finalised, including the payment of an amount of 250 million Brazilian reals (€39.3 million) to Caixa Econômica Federal. A new joint company has been created. It will be consolidated within the CNP Assurances Group using the equity method. The voting rights in this new company will be distributed as follows: 50.01% for CNP Assurances and 49.99% for Caixa Seguridade, and the economic rights as follows: 25% for CNP Assurances and 75% for Caixa Seguridade. The transaction is still under review by the Brazilian Central Bank (BACEN). The new joint company will commence its operations once it has been authorised.

1.3.3.2 La Banque Postale, a socially responsible and inclusive bank

La Banque Postale and its subsidiaries La Banque Postale Asset Management and CNP Assurances are working alongside the public authorities to support the country’s economic recovery in the strategic sectors affected by the health crisis by participating in several local initiatives. These actions aim to support companies, VSEs, SMEs or mid-sized companies, in industry or services, in the fields of health (research, infrastructure, logistics and services), the digital transition and new technologies.

The La Banque Postale Group supports the economy with the Participative Recovery Loans These participating loans are tailored to the needs of companies wishing to invest and develop their business. They have a maturity of eight years, longer than the traditional loans to which companies usually have access. They will offer a deferred amortisation period of at least four years. They will be very "subordinated", in the sense that only equity investments will be more subordinated: they are therefore quasi-equity. This new tool will enable SMEs and mid-sized companies to strengthen their financial structure and finance their development.

La Banque Postale democratises access to home ownership and thus becomes the first banking institution to promote the community land trust lease model (bail réel solidaire - BRS) at the national level, an alternative to land ownership. This BRS financing operation concerns 78 social housing units in Cannes La Bocca and La Croix Valmer with the Gambetta Group, a pioneer in co-operative housing, buyer of the land and developer, and Crédit Logement, which will guarantee the home loan made to private individuals.

In January 2021, CNP Assurances and EDF Invest signed an agreement with Orange for fibre in rural areas to acquire 50% of Orange Concessions' capital. This company was set up by Orange to consolidate its fibre optic investments located in Public Initiative Networks in France, whose scope currently encompasses more than 4.5 million households spread over 23 networks governed by long-term contracts with local authorities.

1.3.3.3 La Banque Postale, THE bank for sustainable finance

La Banque Postale is committed to sustainable finance and supports the environmental transition projects of individuals, businesses and local authorities. In this context, La Banque Postale has initiated a refinancing approach through the issue of green bonds and has set itself a target of zero net emissions by 2040 for all its banking activities. La Banque Postale exclusively finances renewable energy projects and does not finance any fossil energy project. In this context, La Banque Postale has made a commitment to double its outstandings in the financing of renewable energy projects by 2023, bringing them to €3 billion.

La Banque Postale is ranked first among the international financial institutions assessed by the ISS-ESG agency, with a B- rating and "Prime" status. This ranking reflects the quality of the CSR actions implemented. V.E confirmed these good results by awarding La Banque Postale a rating of 75/100 (+4 pts) in June 2021, which places it first in the banking sector worldwide and second worldwide, all sectors combined. La Banque Postale is ranked fourth in the world (out of 344 banks analysed) by Sustainalytics with a score of 13.6.

Regarding CNP Assurances, it is ranked among the 100 most sustainable companies in the world in 2021 according to Corporate Knights. In this 17th annual ranking established by Corporate Knights, CNP Assurances is ranked fifth out of 236 insurers in terms of sustainability. Its non-financial performance, its positive societal impact and the control of its environmental footprint bear witness to this long-standing commitment, which is reflected in a demanding CSR policy.

La Banque Postale is committed with the United Nations to the Zero Net Emission Banking Alliance. The signing of the Net Zero Banking Alliance (NZBA) agreement by La Banque Postale on 21 April 2021 reinforces the commitment it made in September 2020 to reach zero net emissions by 2040, i.e. ten years before the deadline set by the Paris Agreement.

For its part, its subsidiary CNP Assurances joined the Net-Zero Asset Owner Alliance in 2019 and is committed to the carbon neutrality of its investment portfolio by 2050. Having already exceeded two of its three main objectives in the fight against global warming, CNP Assurances announced on 1 February 2021 that it would set new ambitious targets for 2025 by committing to reducing the carbon footprint of its equity and corporate bond portfolio by an additional 25% between 2019 and 2024, the carbon footprint of its property portfolio by an additional 10%, and the carbon intensity of the electricity producers in which CNP Assurances is a shareholder or bondholder by an additional 17%. It also announced that it would enter into a dialogue with eight companies (six directly and two via the Climate Action 100+ collaborative initiative) and two asset managers to encourage them to adopt a strategy aligned with a 1.5°C scenario between now and 2024. BPE, La Banque Postale's subsidiary specialised in wealth management, launched its BPE Green France 2031 offer, a Green Bond dedicated to its private customers and issued by its parent company La Banque Postale. The funds raised as part of the issue will be allocated to the financing of environmental projects. BPE Green France 2031 meets an objective of asset diversification by allocating these savings to the financing of projects contributing to the reduction of CO_2 emissions, in particular those of sustainable mobility.
On the strength of its close relations with the local public sector and its territorial roots, in February 2021, La Banque Postale has signed a partnership agreement with the semi-public company SEM Oktave, supported by the Grand Est Region, the Agency for the Environment and Energy Management (Environmental Transition Agency) and the Banque des Territoires, to facilitate the financing of energy renovation work on housing in the Grand Est.

On 7 April 2021, CNP Assurances and its partner Tikehau Capital, an alternative asset management group, launched the first private equity unit of account offering private individuals access to private equity in the energy transition sector. “CNP Relance et Climat” enables individual investors to have access, through a “Relance”-labelled private equity fund dedicated to the energy transition, to investments in unlisted assets by investing in the real economy to help respond to the climate emergency.

Lastly, LBP AM, its asset management subsidiary, joined the Net Zero Asset Managers Initiative in March 2021. The ambition is to reach zero net emissions by 2050 at the latest. This international initiative, which brings together 43 banks from 23 countries, illustrates the banking sector's commitment to decarbonisation.

On 25 January 2021, LBP AM and Tocqueville Finance announced that they were joining forces to launch the “Insurers – Caisse des Dépôts Relance Durable France – LBP AM” fund. This fund is made up of two sub-funds: one in listed shares, labelled “Relance”, managed by Tocqueville Finance, and the other in corporate private debt, managed by LBP AM. This investment programme, for a total amount of €2.2 billion and managed by the French Insurance Federation, aims to promote a sustainable economic recovery while innovating in terms of taking into account non-financial criteria (such as carbon footprint or job creation). Its objective is to allocate medium- and long-term financing to French companies - mainly VSEs, SMEs and mid-sized companies.

1.3.3.4 Development of an innovative, partnership-based and tech-oriented platform model

In April 2021, Ma French Bank joined forces with Lovys, an insurtech firm that designs and distributes 100% digital insurance solutions with no commitment, and La Banque Postale Assurances IARD to offer its customers two new insurance offers. Customers of Ma French Bank can now take out insurance for their mobile phone (and that of their family), and a non-binding multi-risk home insurance for owners or tenants of houses or apartments.

In May 2021, La Banque Postale Leasing and Factoring, a subsidiary of La Banque Postale dedicated to specialised financing for legal entities, joined forces with the French fintech NovaLend to offer its customers a 100% digital leasing solution as a partnership. This project illustrates La Banque Postale's ambition to accelerate the diversification and digitisation of its activities for legal entities, in order to become a major partner of companies and contribute to the revival of business activity. The project developed with NovaLend provides La Banque Postale's 450 Pro customer managers with a full digital platform, "My LBP Lease". It makes it possible to streamline and simplify the customer and supplier experience, from simulation to the study of the file, to the preparation of the offer and the electronic signature of the leasing or financial lease contract.

On 1 April 2021, La Banque Postale entered into a partnership with the fintech company Ebury to offer its SME customers an open banking solution to support their international business. This partnership is part of La Banque Postale's strategic plan for 2030, the aim of which is to accelerate the development of its diversification businesses, in which it has developed recognised positions of expertise and leadership, particularly in the corporate market for which it aims to achieve a market share of 5% by 2025 by multiplying the number of customers by two.

On 21 January 2021, La Banque Postale Financement, the consumer credit subsidiary of La Banque Postale, is targeting new markets and launching an open banking interface for its current and future partners, with the ambition of developing in France and abroad. This new strategy was accompanied by a name change: La Banque Postale Financement became La Banque Postale Consumer Finance (LBPCF). The launch of this new platform illustrates LBPCF's ambition to accelerate its development in the consumer credit market in France and abroad by relying on proven technical infrastructures and service quality at the highest standards in the market.

La Banque Postale Consumer Finance (LBPCF) and Alma entered into a strategic partnership on 6 May 2021 to accelerate the equipment of all French merchants with online and in-store financing solutions. This partnership enables an innovative financing model to emerge: 100% digital and omnichannel credit. The roll-out of this solution will enable La Banque Postale Consumer Finance to increase its responsible loan production, in line with its objectives (40% increase in its outstandings by 2025) and allow Alma to offer complete coverage in terms of financing.

1.3.4 La Poste Network

1.3.4.1 Launch of Digital Identity offer in post offices

Since 7 June, it has been possible to create a La Poste Digital Identity at all Smartéo equipped offices, with a customer service representative. The launch of this new customer experience was a real success, as between 7 and 13 June, 18,000 Digital IDs were created, almost half of which were created in post offices, the equivalent of a month's worth of subscriptions before the announcement that IDs could be entirely created in post offices. This is an encouraging start to achieving the target of 500,000 new conquests in 2021. The customer services managers have once again demonstrated their essential role in providing local advice to help French people make the transition to digital technology.

The La Poste Digital Identity is the key that secures and simplifies online procedures with a single identifier. It has a head start in its market, being the only one to have been certified as compliant with the substantial security level by the French State.

Finally, the offer is in line with the new strategic plan "La Poste 2030, committed for you". The aim is to make the digital footprint as powerful as the physical footprint, to strengthen La Poste's position as a trusted third party and to simplify and secure the digital life of citizens.

1.3.4.2 Continued digitisation of services

La Banque Postale has introduced the electronic signature, which facilitates the finalisation of contracts in post offices or remotely.

The Mail activity has made it possible for customers to receive their signed forwarding contracts in their Digiposte vault.

1.3.4.3 Ambitious IT investment programme

On 20 May 2021, it was announced that an exceptional programme in post offices to improve working conditions for employees and customer satisfaction with the purchase of 10,000 PCs and 13,000 Smartéo. The new equipment will enable customer service managers and bank advisors to serve customers more quickly, efficiently and smoothly and improve their experience in the post office.

1.3.4.4 Continued deployment of France Services structures

La Poste is continuing to invest in the deployment of new France Services structures within its network. By the end of April 2021, some 40 post offices had been added to the 191 already approved. La Poste is thus fully participating in the government's ambition to bring the French people closer to the public services they need and to reduce the digital divide.

In addition, since 27 April 2021, three experiments of a France Services model in mobility have been implemented by Le Groupe La Poste in Vigny, Mortagne-du-Nord (Nord) and Agen (Lot-et-Garonne) and co-financed by Banque des Territoires to the tune of €300,000. They aim to bring public services closer to French people throughout the country, whether in town halls or at La Poste's retail partners on a wider area.

In order to facilitate the day-to-day administrative procedures of the French, post offices with the France Services label provide in one place a one-stop shop for public services. In addition to postal services, customers can benefit from the services of various operators such as Pôle emploi, Caisse Nationale de l'Assurance Maladie, the Caisse d'Allocations Familiales, the Caisse Nationale d'Assurance Vieillesse, the Mutualité Sociale Agricole, the Ministry of the Interior, the Justice Ministry and the General Directorate for Public Finances.

As part of its action in favour of more inclusive and more connected regions, Banque des Territoires has committed to financing, by 2022, up to €17 million, the deployment by La Poste of new France Services locations and new digital mediation means. Each France Services is open at least five days a week for a minimum of 24 hours a week with a human presence of at least two multi-skilled people, capable of welcoming customers smoothly and freeing up useful time for assistance with online procedures.

Le Groupe La Poste's desire to contribute to the modernisation of public service activities is part of its strategic plan "La Poste 2030, committed for you". La Poste's employees are mobilised on a daily basis to contribute to the commitment made by the President of the Republic to cover every canton in

France with at least one France Services by 2022, i.e. nearly 2,000 France Services structures throughout the country.

1.3.4.5 Handling of complaints at the post office

After satisfactory tests, the Short Loop offer was generalised nationwide on 6 April. This new service, deployed in synergy with the Services-Mail-Parcels business unit, offers customers the opportunity to have their mail and parcel claims handled by a customer service manager at the post office (in addition to the “3631” phone number and the website). An intuitive, easy-to-use software tool speeds up the processing of requests and La Poste undertakes to contact customers within 48 hours.

The service enables fast and efficient handling of customer claims, to provide a successful customer experience in the post office and ensure renewed trust in La Poste.

1.3.5 La Poste Mobile

Ten years ago, on 23 May 2011, La Poste launched its mobile phone offer. The company wanted to reconnect with its history: telecommunications have always been part of Le Groupe La Poste’s DNA, and the stakes are immense in the digital revolution. Today, La Poste Mobile has become the leading mobile virtual operator and the fifth largest mobile operator in the country with almost 2 million customers.

1.3.6 Digital Services

1.3.6.1 Acquisition of Openvalue

In April 2021, La Poste acquired the consulting firm Openvalue (2020 revenue of €9.1 million), specialised in big data and AI. With this acquisition, La Poste becomes one of the main players in France in artificial intelligence consulting for large companies. This operation is also part of the “La Poste 2030, committed for you” strategic plan, which includes digital technology as one of its strategic priorities for development.

This new division brings together the skills of more than 150 data and AI experts and their experience in complex, multi-sector projects involving machine learning (giving computers the ability to learn from data), deep learning (the machine is able to learn by itself), natural language recognition and computer vision (the machine analyses, processes and understands one or more images).

Thanks to the complementary expertise of Openvalue and Probayes, La Poste has a complete offer for the entire value chain of AI projects: design and architecture of the global solution, data transformation to adapt them to AI algorithms and creation of user interfaces.

1.3.6.2 Acquisition of Boxtal

In April 2021, the Digital Services business unit acquired 96% of Boxtal (2020 revenue of €28.3 million), the leading comparator of parcel shipping solutions in the French business market. Its multi-carrier parcel delivery platform offers a unique service that allows real-time comparison of the rates of different carriers.

This operation enables La Poste to strengthen its catalogue of services for professionals and to offer a seamless, end-to-end customer experience with Laposte.fr.

1.3.6.3 Acquisition of ProsofTeam

In February 2021, Docaposte acquired 100% of ProsofTeam (2020 revenue of €1.2 million), a software publisher that supports its customers in optimising the management of their document flows.

1.3.6.4 Acquisition of a stake in Adobis Group

In May 2021, Docaposte acquired 30% of Adobis Group, a software company specialising in processing and leveraging massive and/or complex data. The Adobis Group platform ensures data security and traceability throughout the value chain. With this transaction, Docaposte, a trusted digital third party, is strengthening its offering in the secure use of health data for operators and manufacturers in the sector.

1.3.7 Real Estate

1.3.7.1 Completion of the work on La Poste du Louvre

In January 2021, after five years of work, Poste Immo took delivery of the work completed on La Poste du Louvre.

Located in the heart of the French capital, this monumental project, led by Poste Immo, has enabled the building to be transformed with the ambition of opening it up to the city and making it a real place of life for all audiences. The new building, which is now connected to the urban fabric and the surrounding Parisian passages, offers a great mix of uses around a central open-air courtyard. Shops, housing, restaurants and accommodation, offices, public services and the return of the historic post office will soon form a new focal point for the town.

1.3.7.2 Creation of SCI Résidences Seniors La Poste

On 15 April 2021, Poste Immo signed an investment agreement with a view to becoming a partner in a joint venture that will support the transformation of former La Poste sites into serviced senior residences. The entry of the partners and the signature of the financing contract with La Banque Postale were completed on 25 June 2021. SCI Résidences Seniors La Poste is 59% owned by Poste Immo, 21% by Banque des Territoires, which is responsible for supporting and financing projects to transform the regions, and 20% by 123 IM through OPPCI 123 Parcours Résidentiel. The company will finance an initial portfolio of real estate investments estimated at approximately €185 million. The SCI will thus acquire a dozen senior residences as they are built, ideally located in city centres (Amiens, Auch, Brest, Châteauroux, Metz, Perpignan, Roubaix, Saint-Etienne, Villefranche-de-Rouergue, Strasbourg, etc). The buildings from La Poste's real estate holdings will be restructured as part of the partnership signed in 2020 with Les Jardins d'Arcadie, Acapace, Bouygues Immobilier and Poste Immo and will be operated by Les Jardins d'Arcadie by 2023-2025. This project demonstrates the commitment of Le Groupe La Poste and Poste Immo to the Silver economy.

1.3.7.3 Work and deliveries of large industrial buildings

On 19 April 2021, the largest parcel platform (PFC) in the Colissimo network, delivered by Poste Immo in March 2020, was put into service by Colissimo in Montereau-sur-le-Jard (Seine-et-Marne

Two other major PFCs have been launched: the Bordeaux Cadaujac PFC (22,000 m^2), for which the building permit was submitted in May 2021, and the Rouen Grand Couronne PFC (20,400 m^2), for which the lease with the developer was signed on 30 June 2021.

Poste Immo is piloting the construction of one of France's largest mail and parcel platforms (PPDC) in Corbas (Rhône) with a surface area of 13,000 square metres. Delivery is expected to take place during July 2021.

1.3.7.4 *Urban logistics at the heart of Poste Immo's development strategy*

To date, Poste Immo has launched four major urban logistics hotel (UHL) projects totalling 44,500 square metres: Paris Keller (9,000 m²), Nanterre (16,000 m²), Toulouse Lalande (10,000 m²) and Bordeaux Tourville (9,500 m²).

These projects are part of Poste Immo's strategy to network the main French cities to meet the growing need for last-mile logistics spaces.

1.3.8 Le Groupe La Poste

1.3.8.1 *Le Groupe La Poste has become a company with a mission*

On 8 June 2021, the Extraordinary General Meeting of Le Groupe La Poste's shareholders met to adopt the status as a mission company. La Poste is thus strengthening its position as a company with a positive impact, serving society as a whole.

A new status established by the PACTE Act, the mission-based company allows companies to reconcile economic performance and general interest in a proactive manner. This legislative framework contains three successive phases, introducing first the notion of general interest, then that of purpose, and finally that of a company with a mission.

Le Groupe La Poste has a long history of supporting changes in society to enable everyone, everywhere and every day, to benefit from social progress and technological innovation. It serves all stakeholders in French society, including citizens, companies, non-profit organisations and local authorities. The Group's commitment to serving the general interest is in line with its public service missions to go further in supporting the major transitions that are impacting society; its action is constantly guided by consideration of the general interest, with particular attention to the most vulnerable.

By adopting a purpose at the beginning of 2021, Le Groupe La Poste has clarified the fundamental meaning of its action and taken an important first step in its ambition to become a mission-driven company. Developed in consultation with the multiple stakeholders in the Group's activities and validated by the Board of Directors on 25 February 2021, the purpose summarises the essence and aim of La Poste's activities in the service of society: “At the service of all, and of use of each individual, La Poste is a people-oriented company with a local presence, that develops exchanges and builds essential links by contributing to the common good of society as a whole.”

Being a company with a mission implies that the Group commits resources to achieve its objectives. La Poste has made four specific commitments that embody its contribution to the common good of society as a whole:

- contributing to the development and cohesion of local areas;
- improving social inclusion;
- promoting ethical, inclusive and affordable digital services;
- working to accelerate ecological transitions for all.

To formalise these commitments, Le Groupe La Poste has created a Stakeholders Committee, which will be responsible for monitoring the commitments independently.

1.3.8.2 *Launch of La Poste Ventures, a new investment fund for positive-impact start-ups*

As part of its strategic plan “La Poste 2030, committed for you”, La Poste has launched La Poste Ventures, a new corporate venture capital fund, in partnership with XAnge. This investment fund is intended to identify new customer services and new customer experiences in the Group’s priority business areas.

La Poste Ventures will invest €35 million in the capital of three to five start-ups per year, as a minority shareholder, in seed or series A, for investment tickets ranging from €300,000 to €3 million.

In addition to the Group’s existing innovation support tools, La Poste Ventures will select and support start-ups that want to implement positive impact approaches during their growth, such as carbon neutrality and gender parity.

1.4 Bond issues

La Poste successfully completed a €1.75 billion issue of fixed-rate senior unsecured bonds in January 2021. Two tranches, one with a maturity of 8.5 years (2029) and a 0% rate and one with a maturity of 15 years (2036) with a 0.625% rate for €750 million and €1 billion, respectively, were placed with institutional investors.

The proceeds of these transactions were dedicated to the Company’s general needs and also enable La Poste to pursue its active external growth strategy.

La Banque Postale and CNP Assurances also continued their bond issuance programme as part of the structuring of their equity capital.

1.5 The Group’s commitment to responsible development

1.5.1 Governance

After unveiling Le Groupe La Poste’s purpose in February 2021, La Poste became a mission company on 8 June 2021 through the validation at the Extraordinary General Meeting called to modify its Articles of Association;

On 29 June 2021, as part of the “*Dialogues de l’économie citoyenne*”, La Banque Postale also announced its purpose and its desire to become a company with a mission. The next few months will be devoted to defining a number of social and environmental objectives which will then be incorporated into the company’s Articles of Association.

Among the high-level commitments, the Group supported the following initiatives:

- In January 2021 La Poste joined *Science-Based Targets for Nature*: La Poste wishes to contribute to the emergence of new standards. It has decided to participate in the co-construction of tools, which could be a gateway to a SBT for resources, in order to define consensual and scientifically argued trajectories, like the Paris Agreement on the subject of climate change;
- Signature in January of the first Responsible Commerce and Services manifesto of Collectif Génération Responsable and partnership with Fondation GoodPlanet to raise awareness among employees and the French about sustainable development (financial support for six agroforestry projects with Action Carbone Solidaire);
- In March 2021, Philippe Wahl made a commitment in favour of gender parity, alongside 41 leaders of major companies;

- Renewal of Le Groupe La Poste's membership of the French Climate Pledge, an initiative designed to accelerate innovation and R&D through investment in low-carbon solutions, to drastically reduce greenhouse gas emissions;
- Net Zero Banking Alliance: On 21 April 2021, Philippe Heim, Chairman of the Management Board of La Banque Postale, signed the letter of commitment of the Net Zero Banking Alliance, supported by the United Nations Environment Program Finance Initiative (UNEPFI), whose ambition is to achieve zero net emissions by 2050. This international initiative, which brings together 43 banks from 23 countries, illustrates the banking sector's commitment to decarbonisation;
- Le Groupe La Poste supports the launch of the IMPACT platform. On 27 May 2021, the Secretary of State to the Minister of the Economy, Finance and Recovery, responsible for the Social, Solidarity and Responsible Economy, officially launched the Impact platform, inviting companies to voluntarily publish their data on 47 ESG indicators for greater transparency;
- In June 2021, the Group signed a partnership with WWF to strengthen its brand communication around its internal "EcolOgic" brand. This carbon neutrality priority marker highlights a unique company project (referring to "zero carbon" thanks to the mailing solutions, "zero emissions" thanks to the fleet of electric vehicles, and "zero fossil electricity" from the postal buildings).

1.5.2 Contributing to the development and cohesion of regions and promoting social inclusion

Through its new strategic plan "La Poste 2030, committed for you", La Poste has set itself the goal of continuing to fight against the regional divide beyond its public service missions, by relying on the strength of its network and all of its employees, and to promote social inclusion:

- In January 2021, the Label Enseigne Responsable awarded to the Network for the fourth consecutive year. La Poste remains the leading company in terms of rating, above the general average on all the themes and the only company to have such a homogeneous rating throughout the entire reference system;
- To prevent the crisis from having a lasting impact on the career paths of young people, Le Groupe La Poste is mobilising by committing itself alongside companies and public authorities within the #1jeune1solution plan. Le Groupe La Poste's commitment, made in January 2021, is to provide 8,000 solutions to young people in 2021 as part of this plan:
  - 5,000 young people were recruited under apprenticeship and professional training contracts in our businesses, from the professional ability certificate level (CAP) to the five-year university diploma level (BAC+5),
  - 3,300 young people (under 30 years of age) will be recruited in 2021, on permanent- or fixed-term contracts, with particular attention paid to young people from urban priority neighbourhoods, as well as to young people with disabilities, to train them and offer employment prospects within Le Groupe La Poste
  - in addition, 5,000 internships, including 2,500 internships in secondary school in urban priority neighbourhoods, to enable them to carry out the internships necessary for their schooling, to show them that our company is open to them and to enable them to discover our professions;

- The signing of the "La Poste, committed to employees" employee agreement[8] on 4 May reaffirms La Poste's commitment to socially responsible actions, as it is one of the five key orientations of the employee agreement[9].;
- On 22 June, La Poste, CFDT, FO, the "Osons l'Avenir" CFE-CGC/CFTC union group, and UNSA-Postes signed the incentive agreement for the 2021-2023 period. The new agreement takes up the fundamentals of La Poste's incentives scheme and brings improvements for its employees;
- La Poste continues to invest in the deployment of new France Services structures within its network. [10]

1.5.3 Promoting ethical, inclusive and frugal digital services

The first half-year was particularly rich with regard to Le Groupe La Poste's ambition to accelerate its digital transformation, to develop new innovative solutions, and to assert itself as a major player in digital inclusion (supporting 1 million people excluded from the digital world per year by 2025), the first half of the year was particularly rich:

- Participation in March in the second edition of the Cyber World Clean Up Day aimed at promoting digital sobriety;
- Alliance between La Poste and the French National Institute for Digital Science and Technology (INRIA) in March 2021 to contribute to French digital sovereignty and accelerate innovation in favour of a more environmentally friendly trusted digital environment. This agreement will support INRIA's research work and strengthen La Poste's capacity for innovation in the fields of digital trust, artificial intelligence and e-health. It includes support for INRIA's technological entrepreneurship programme and support for the training of its engineers and researchers in computer science;
- The new national employee agreement "La Poste committed to employees", signed on 4 May 2021 with the representative trade unions, includes a major initiative to train employees in digital technology and customer culture;
- Finalisation in June of the drafting work on the Artificial Intelligence Ethics Charter involving the Data Scientists, CSR, Ethics and Legal teams of the business units, La Banque Postale and Docaposte. Testing of an ethical analysis grid by the Corporate Social Responsibility Department and the Group Strategy Department with the Human Technology Foundation applied to an Artificial Intelligence-based solution from Docaposte;
- In June, La Poste was represented at Vivatech to present a digital service for people.

[8] Point developped in La Poste, a responsible employer
[9] Issue developed in La Poste, a responsible employer
[10] Issue developed in "Developments, partnerships and acquisitions" in Section 1.3.4.3.

1.5.4 Working to accelerate the ecological transition for all

At the beginning of 2021, still marked by very dynamic growth in the parcels business, the Group is committed to staying ahead of the curve in terms of environmental and energy transition, in line with the ambitions of its new strategic plan to 2030:

- La Poste is constantly striving to improve its environmental footprint and is integrating CSR criteria at all levels of the company's decision-making processes: in purchasing consulations (professional clothing, Colissimo plastic pouch packaging), in the milestone reviews of the Services-Mail-Packages business unit's offers and in the assessment process of strategic projects by the business unit's Finance Department;
- Sustainable development is an integral part of DPDgroup's commitments and identity. Unveiled in March 2021, DPD's new strategic plan "Together & beyond" includes an ambitious environmental commitment, with the aim of reducing its CO_2 emissions per parcel by 30% by 2025 compared to 2013. Since 30% of the pollution is generated by urban logistics, DPDgroup has chosen to act proactively by investing €200 million to make its contribution to improving air quality in cities. 34 cities have been "greened" to date, among Europe's 225 largest cities, representing 80 million Europeans, which should be covered by 2025. The ambition is to reduce the carbon footprint by 89% and pollutants by 80% in the cities concerned thanks to low and zero emission vehicles. The advances made relate to:
    - the acquisition of electric vehicles with, for example, the acquisition in June of 55 electric vehicles by DPD Portugal and their respective recharging stations or the use of 100 electric vans by DPD Nederland,
    - new sustainable and resource-efficient depots, such as for DPD in Germany. This new parcel sorting centre is characterised by exceptionally sustainable energy production. In the future, up to 50,000 parcels will be processed there every day,
    - the deployment of micro-drop-off services, as experimented in Berlin, to respond to the increase in parcel volumes generated by the rapid growth of e-commerce, is a further component in DPD's DrivingChange™ sustainable development strategy. On the last mile, the interaction between micro drop-off points, electric cargo bikes and smart charging infrastructure is both efficient and environmentally friendly, especially in residential areas with a high density of recipients and a large number of stops;
- In order to help limit global warming, CNP Assurances announced in February 2021 that it had adopted a policy governing its investments in fossil fuels, which complements the policy on thermal coal adopted in 2015. In addition to these exclusions, CNP Assurances' oil and gas policy is based on strong shareholder engagement. CNP Assurances is committed to conducting a demanding shareholder dialogue with companies in the sector to support them in their energy transition and ask them to adopt a strategy aligned with a scenario at 1.5°C.
- As part of its environmental commitment, Le Groupe La Poste is once again 100% carbon neutral, through the financing of carbon reduction programmes in France and worldwide. In addition to the carbon offsetting of the Group's international emissions, the "Climate + Regions" programme is an innovative and pioneering scheme launched in 2015 to develop CO_2 sequestration projects in biological sinks in France. At the end of June, this programme had 30 projects supported by La Poste (with La Banque Postale and the

Network), of which 15 were eligible for the “Low Carbon Label” issued by the Ministry of Environmental Transition.

1.5.5 Commitment to customer service

In order to meet changing expectations in terms of simplicity and personalisation in customer relations, La Poste has deployed a series of projects and solutions to increase customer satisfaction:

- The Mail, Colissimo and Network customer services are now equipped with a single customer contact management system integrating all channels (KARKWA). This now allows for easier customer care and better resource planning;
- Since 29 March 2021, deployment of a call to the customer by the postman during Colissimo deliveries in the round in order to signal the coming delivery;
- Deployment of a “delivery flyer”, a document left in the letterbox by the postman to notify the customer of the efforts made to deliver successfully;
- National generalisation of the systematic follow-up telephone call by mail establishments to dissatisfied customers who have, in the course of a survey interview, declared themselves as being “detractors” (i.e. having given a score of 0 to 6 on a scale of 10);

1.5.6 A recognised and rewarded societal commitment

The Group’s non-financial ratings, which are among the key indicators for monitoring the new strategic plan, will be included in the Chairman’s roadmap. Through the choice of agencies in the composite index, the strategic plan monitoring indicator ensures optimal coverage of all the commitments of Le Groupe La Poste’s Societal Commitment Department by including:

- The climate issue through the rating carried out by CDP, which is the world reference agency on the subject (and whose ratings are taken into account by other agencies on the climate aspect);
- The 360° ESG vision through the rating carried out by V.E., which evaluates companies on a broad scope including the environment (climate, pollution, resource management), social issues, responsible purchasing and a societal component (governance, business ethics, etc.); the rating also takes into account any controversies beyond the policies and results produced by the company;
- The assessment from the customers’ point of view through the rating carried out by Ecovadis, whose evaluations are intended for the customers of the assessed companies (and not for their investors, who are the main customers of the ESG rating agencies).

Le Groupe La Poste maintains a high level of non-financial performance, including

V.E

N°1 in Transport & Logistics sector
N°1 worldwide, all sectors combined

Score : 76/100 in July 2021
(76/100 in Dec. 2020)

ISS ESG

1st decile in the transport and logistics segment

Score : C+ Prime in Nov. 2020
(C+ in nov. 2019)

SUSTAINALYTICS

Low risk (1)
N°4 in the transportation industry

Score : 13,5 in Apr. 2021
(13,6 en Nov. 2020)

CDP DRIVING SUSTAINABLE ECONOMIES

Leadership (2)
Intermodal transport & logistics segment

Score : A- CPD climate change in Dec. 2020 (A- en Jan. 2020)

ecovadis Business Sustainability Ratings

Platinum(3)
As a supplier
Top 1%

Score : 78/100 in Dec. 2019
(78/100 in Sept. 2018)

International Post Corporation

N°1 global postal operators(4)

Score : 72,8/100 in Oct. 2020
(95,8/100 in Sept. 2019)

1.6 La Poste, a responsible employer

1.6.1 Social dialogue

14 agreements and amendments were signed in 2020.

Since January 2021 six agreements have month after month set the conditions of access to the partial activity system for the salaried La Poste employees considered to be vulnerable people and unable to telework, and for parents forced to care for their children at home and unable to telework. They guarantee them 100% of their net pay. These agreements were signed by the CGT, FO, the Osons l'Avenir CFE-CGC/CFTC union group and UNSA-Postes.

On 4 May 2021, La Poste, CFDT, the "Osons l'Avenir" CFE-CGC/CFTC union group, and UNSA-Postes signed the employee agreement "La Poste, committed to employees".

This agreement supports the strategic plan "La Poste 2030, committed for you" and enables all employees to look forward to the future with confidence. La Poste needs all its employees to succeed in its transformation and is therefore committed to quality employment based on skills development, career paths and quality of life at work.

With this agreement, which runs until the end of 2023, La Poste has committed to concrete measures and has given itself the means to offer each employee prospects within the company. The agreement, which was co-constructed with the Group's business units, may be supplemented by provisions specific to the needs and activities of each unit, at both national and local levels.

On 22 June, La Poste, CFDT, the “Osons l’Avenir” CFE-CGC/CFTC union group, and UNSA-Postes signed the incentive agreement for the 2021-2023 period. The new agreement takes up the fundamentals of La Poste’s incentives scheme and brings improvements for its employees.

1.6.2 Training and professional development

During the health crisis, the HR commitments to the training and professional development of employees were sustained.

The roll-out of the five major training programmes (core business, individual, digital training, qualifying training paths and managerial development) continued throughout the half-year, thanks to the digitisation of most training.

To be noted:

- At the end of June 2021, the rate of trained La Poste employees was 57.5% (vs 40.9% at end June 2020).
- The health crisis has accelerated the transformation of training methods. La Poste, with its three training organisations (*Institut Groupe, Ecole de la Banque et du Réseau and Université Services-Courrier-Colis*), has developed its distance learning offer and virtual classes. These digitisation actions are also part of the objective of developing access to digital training for all employees. At the end of June 2021, 44% of La Poste’s trained employees had taken at least one distance training course. The development of the digital skills of La Poste’s employees is at the heart of the commitments of the employee agreement with a target by the end of 2021 of 15% of active employees eligible for four hours of training in the general uses of digital technology, AI and DATA. At the end of June, 6,800 employees had been trained there. The “*Cap Compétences Numériques*” programme is in place with the business units and is gradually being rolled out to accelerate the training of employees in digital technology.
- At the end of June 2021, over 48,000 La Poste employees had taken training paths with in-house certification launched in 2015 to boost key skills and further employees' career aspirations (vs 46,313 at the end of 2020).
- In the first half of 2021, the Group institute provided 10,885 training sessions for Group managers and 25,334 training sessions for employees in the support sectors. In the context of the health crisis, more than 80% of these training courses were completed remotely in digital mode.

In line with the Company’s transformation challenges, La Poste is continuing its efforts to provide professional training for all employees, focusing on four cross-functional areas: customer focus, mastery of the digital environment, development of managerial culture and improving the quality of life at work and health and safety at work. It has created new career paths to support job changes. These career paths develop the employability of employees who, depending on their paths, benefit from an internal validation of prior learning or an external certification (diploma recognised by the State).

Launched in April 2021, « *maFormation* » is a new space designed to help La Poste employees develop their skills Each employee has a "learning" page to find his or her training history and manage his or her actions to register, start, suspend or resume training.

The professional development of all employees is at the heart of HR policies with a social model that favours internal mobility and supports the Company's transformation.

Each year, nearly 10% of employees benefit from a professional development. The results of the first half confirm this: they are up by 10% compared to the first half of 2020.

La Poste is also continuing to support employees who wish to change jobs and benefit from support for setting up a business, or moving towards the social and solidarity-based economy.

1.6.3 Health and quality of life at work

Improving the quality of life at work and protecting the health and safety of employees at work is the first priority of the "La Poste, committed with employees" employee agreement.

The first half of 2021 was marked by the Coronavirus crisis. From the start of the epidemic, La Poste's priority has been to ensure the health and safety of all its employees and customers while maintaining business continuity. It applied and rolled out the prevention measures put in place by the public authorities in conjunction with the health authorities.

Throughout this period the actions aiming to improve health and quality of life at work for employees remained a major focus. They prevent accidents and unfitness for work in the most difficult jobs in partnership with the Caisse Nationale d'Assurance Maladie, and also in service activities with 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). They have also reinforced the Quality of Life at Work initiative within all entities thanks to a new approach to preventing psychosocial risks.

In terms of accidents, La Poste recorded a 25.4% increase in the frequency rate of accidents at work during the first half of the year, due to the very low level of this indicator in the first half of 2020 during the first lockdown.

At the end of June 2021, La Poste had 6,679 teleworkers (excluding teleworking linked to Covid-19). During the health crisis, nearly 40,000 La Poste parent company employees carried out their duties remotely. Particular attention has been paid to teleworkers, whether working remotely full-time or part-time. Awareness-raising campaigns on positive teleworking have been organised on a regular basis: prevention measures, useful contacts, lifestyle recommendations, information on digital tools, online training, etc.

Furthermore, the gender equality at work index published by the La Poste parent company in the first quarter of 2021 was 94/100, the same as in 2020. This score confirms La Poste's proven track record on equality. Women now fill 51.33% of La Poste's supervisory roles, a level close to that of their presence in the company (52.48%).

La Poste is the leading employer of disabled people in France, with a rate of 7.74% (legal obligation: 6%).

Lastly, the efforts at mediation of life at work recorded encouraging results: 87% of disagreements were settled amicably thanks to workplace mediation in the first half of 2021. In addition to individual mediations, La Poste has developed collective mediations that enable stakeholders to find a calm and productive working environment.

1.6.4 Social activity and housing services

La Poste offers social activities tailored to the needs of employees. It is intended to promote work-life balance in a spirit of solidarity and openness to as many people as possible. La Poste's social activities budget finances subsidies for catering, parenthood, sports and cultural activities.

With the employee agreement signed on 17 July 2020, La Poste is continuing its actions to promote access to housing for employees throughout their working life.

In the first half of 2021, 6,095 housing benefits and solutions had been provided to La Poste employees.

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 income 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 each of these periods. 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 assess the solvency of a bank.

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 2021.

						Half-year ended 30 June	
	06/2021	**06/2020**	**Change**			**Change at constant scope and exchange rates**	
			Impact of the contribution of CNP Assurances shares	*vs N-1 (excluding the impact of the contribution of CNP Assurances shares)*		*vs N-1*	
(€ million)				*(in €m)*	*(in %)*	*(in €m)*	*(in %)*
Group operating performance							
Operating income	**16,857**	**14,495**		**+2,362**	**+16.3**	**+2,071**	**+14.5**
Operating profit after share of net profit of jointly controlled entities	**1,145**	**2,588**	**-3,007**	**+1,563**	**n.s.**	**+1,425**	**n.s.**
Operating margin (a)	6.8%	-2.9%		-		-	
Net profit Group share	**525**	**2,315**	**-3,600**	**+1,810**	**n.s**	**+1,801**	**n.s.**
Net margin	3.1%	-8.9%		-	*12.0 pts*	-	*+12.2 pts*
Free cash flow (b)	**55**	**-659**		**+714**	**n.s.**		
Adjusted EBITDA	*1,243*	*120*		*+1,123*	*n.s*		
Key figures – La Banque Postale							
Net banking income	**3,974**	**3,793**		**+181**	**+4.8**	**-128**	**-3.4**
Cost to income ratio (c)	79.7%	71.9%		-	*7.8 pts*		

[a] *Excluding the impact of the contribution of CNP Assurances shares.*

[b] *Please refer to Section 6.1.*

[c] *La Banque Postale & CNP (incl. PPA CNP) scope.*

			Half-year ended 30 June	
	06/2021	**12/2020**	**Change**	
			vs N-1	
(€ million)			*(in €m)*	*(in %)*
Key financial indicators				
Net debt (a)	**9,451**	**8,802**	**+649**	**+7.4**
Equity Group share (b)	**18,559**	**18,247**	**+312**	**+1.7**
Net debt/Equity	50.9%	48.2%	-	*2.7 pts*
Net profit (b)/Equity	1.6%	11.4%	-	*-9.8 pts*
Common Equity Tier 1	**20.2%**	**20.4%**	-	*-0.2 pts*
Loan to deposit ratio	**81.1%**	**83.6%**	-	*-2.5 pts*
Liquidity coverage ratio	**220%**	**179%**	-	*41 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.*

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

The health crisis continued in the first half of 2021, beyond the third lockdown in April and May. Indeed, some "traditional" activities are struggling to restart. Mail accordingly estimates a structural impact from Covid of around two traffic points, while printed advertising, desktop publishing and checks in the digital sector are also affected. La Banque Postale is suffering from the aftermath of the level of activity in 2020, in particular in home loans. The health crisis is continuing to prompt lasting transformations of certain business sectors, such as digital services companies (job changes, reduced visibility on projects) or small import packages whose flows are dwindling. The strong acceleration of BtoC continues with a steady increase in parcel/express activities since the start of the health crisis, driven by the ever more regular use of online purchases, a veritable revolution in usage.

The net profit Group share continued to be impacted by Covid-19 in 2021 for an estimated amount of -€146 million. This impact on the banking and insurance segment consists of a revision of the cost of credit risk of -€28 million, following the health crisis in 2020 with a smaller inventory effect on loan and bank commission volumes and an increase in claims in Brazil, for a total estimated at -€179 million. The industrial sector still has to bear costs caused by the health crisis (virucides, international transport, structural loss of mail traffic), but has benefited from a favourable effect on parcels and express services driven by the rise of e-commerce, i.e. a positive net Covid impact estimated at €32 million.

3.2 Operating income

At the end of June 2021, Le Groupe La Poste's operating income amounted to €16,857 million, representing an increase of €2,362 million compared to the end of June 2020 (up 16.3%) under the effect of the integration of new entities (in particular CNP Assurances), strong momentum in e-commerce (benefiting since the start of the health crisis in 2020 GeoPost/DPDgroup, Parcel and Asendia, a Mail subsidiary), and the partial recovery of the traditional activities.

					Half-year ended 30 June	
	06/2021	**06/2020**	**Change**		**Change at constant scope and exchange rates**	
			vs N-1		*vs N-1*	
(€ million)			*(in €m)*	*(in %)*	*(in €m)*	*(in %)*
Services-Mail-Parcels	6,532	5,510	+1,022	+18.5	+1,027	+18.7
GeoPost	6,171	5,057	+1,114	+22.0	+1,157	+23.3
La Banque Postale	3,974	3,793	+181	+4.8	-128	-3.5
Digital Services	469	369	+99	+26.9	+68	+18.4
Other segments and intercompany	-289	-235	-54	+23.1	-53	+22.8
OPERATING INCOME	**16,857**	**14,495**	**+2,362**	**+16.3**	**+2,071**	**+14.5**

After adjustment for scope effects, i.e. an additional €437 million driven essentially by La Banque Postale (up €405 million), Digital Services (up €32 million), by the Services-Mail-Parcels business unit (up €10 million), and by GeoPoste (down €8 million) and an exchange rate loss of €146 million, including a €109 million loss on the Brazilian real (mainly CNP), a €16 million loss on the Russian rouble and a €14 million loss on the US dollar, the Group's organic increase at the end of June 2021 was €2,071 million (up 14.5%).

The operating income for the first half of 2021 was characterised by the following:

- An increase in the revenue of the Services-Mail-Parcels business unit at €6,532 million, up by €1,022 million representing a 18.5% increase, including a €16 million decrease from exchange rate effects and a €10 million increase from scope effects primarily due to the consolidation of Budget Box, Dynapresse and Nouveal. The Services-Mail-Parcels business unit posted organic growth of €1,027 million (up 18.7%), which is explained in particular by the recovery following the impact of the first lockdown in 2020 due to the health crisis, and by the dynamism of e-commerce.Mail revenue increased organically by €357 million (up 10.4%) compared to the end of June 2020, under the effect of the partial recovery in activity compared to the first half of 2020, even though the downward trend in activity accelerated due to the health crisis. Within the business unit, the Parcel business posted strong organic growth in operating revenue of €262 million (up 26.8%), supported by high levels of e-commerce activity, with a favourable equivalent working-day traffic effect of €305 million (up 31.9%). The Mail services subsidiaries recorded organic growth of €407 million (up 37.8%), driven to a large extent by the growth of e-commerce (including mainly Asendia) and by the partial recovery of the printed advertising activity;

- 22.0% increase in the revenue of the GeoPost business unit to €6,171 million, an increase of €1,114 million, of which -€8 million was due to scope effects (resulting mainly from the disposal of Tigers and the acquisition of exclusive control of Speedy AD), and -€35 million due to exchange rate effects (of which -€15.6 million on the rouble and -€13.4 million on the Brazilian real). Adjusted for scope and exchange rate effects, the organic growth stood at €1,157 million (up 23.3%), driven by strong organic growth (up 21.7%) in the volumes handled due to BtoC and e-commerce in all countries;

- La Banque Postale’s NBI stood at €3,974 million, up by €181 million, of which €309 million from scope and exchange rate effects (mainly from CNP, which entered the scope of consolidation in March 2020), i.e. an organic decrease of €128 million including -€171 million of CNP PPA reversals. Excluding the reversals of PPA, NBI grew organically by €43 million. Despite a low interest rate environment, and after the decline observed during the health crisis in 2020, the NIM grew by 4.5% under the effect of financing transactions and the good performance of the trading room activities. Commissions also rose, by 9%, notably on the equipment and account management activities, as well as on the portfolio and real estate consulting activities.

- The revenue of the Digital Services business unit, at €469 million, increased by €99 million, or 26.9%. Excluding scope and exchange rate effects of +€31 million mainly related to the acquisitions of Index Education, Boxtal and AR24, the organic growth was €68 million (up 18.4%), of which +€39.8 million for Docaposte (takeover effect and growth of traditional and digital activities), +€19.8 million for the Transformation division (including an acceleration of projects) and +€8.8 million for the LP11 division (good performance of Marketshot).

3.3 Operating profit/(loss)

The Group's operating profit after share of the profit of jointly controlled entities at the end of June 2021 amounted to €1,145 million. Excluding the impact of the contribution of CNP Assurances shares, and excluding the positive impact of €139 million of changes in the scope of consolidation and exchange rates (mainly related to the integration of CNP), the organic growth in operating profit was up by €1,425 million.

Half-year ended 30 June

(€ million)	06/2021	06/2020	Change: Impact of the contribution of CNP Assurances shares	Change: vs N-1 (excluding the impact of the contribution of CNP shares) (in €m)	Change: vs N-1 (excluding the impact of 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 %)
Services-Mail-Parcels	187	-1,177	+0	+1,364	n.s	+1,362	n.s
GeoPost	533	351	+0	+182	+51.8	+182	+52.3
La Banque Postale	755	3,913	-3,007	-151	-16.7	-279	-33.9
La Poste Network	69	-49	+0	+118	n.s	+118	n.s
Digital Services	17	-35	+0	+52	n.s	+43	n.s
Real Estate	20	22	+0	-2	-10.9	-2	-10.9
Supports and Structures	-69	-93	+0	+25	-26.5	+25	-26.5
Unallocated and eliminations	-368	-344	+0	-24	+6.9	-24	+7
OPERATING PROFIT/(LOSS) AFTER SHARE OF NET PROFIT/(LOSS) OF JOINTLY CONTROLLED ENTITIES	**1, 145**	**2,588**	**-3,007**	**+1, 563**	**n.s**	**+1, 1425**	**n.s**

Highlights of operating profit by business unit are as follows:

- Services-Mail-Parcels: the business unit's operating profit was €187 million at the end of June 2021, up by €1,362 million at constant scope and exchange rates due to the write-down of €863 million in the parent company's Mail assets in the first half of 2020, the severity of the first lockdown in 2020, and the increase in the operating profit of Parcels (up €78 million) and the subsidiaries (up €50 million);
- The GeoPost business unit posted operating profit of €533 million, with organic growth of €182 million (up 52.3%), in line with the growth in post-health crisis activity, driven by the growth of e-commerce following the successive lockdowns;
- The La Banque Postale business unit posted an operating profit of €755 million. Excluding the impact in 2020 of the transfer of CNP Assurances shares, the operating profit was down by €151 million compared to June 2020. Excluding the positive scope effect of €211 million and the negative exchange rate effect of €84 million, and excluding the contribution of shares, the operating profit for the La Banque Postale business unit was down by €279 million, including -€248 million for the reversal of the CNPA PPA;

- The Network posted an operating profit of €69 million at the end of June 2021, due to the business recovery;
- The Digital Services business unit recorded an operating profit of €17 million, up by €43 million after adjustment for scope and exchange rate effects, due to the upturn in business;
- Other business segments:
  - ✓ Real Estate posted an operating profit of €20 million, down by €2 million, mainly due to lower rebilling to the business units,
  - ✓ The Supports and Structures segment, whose operating loss was €69 million, improved by €25 million mainly due to the rebilling of management fees to all of Le Groupe La Poste's entities instead of only to the subsidiaries as before;
  - ✓ Expenses in the "Unallocated" segment increased by €33 million due to a reduction in tax expense, from which the business units now benefit directly.

3.4 Financial profit/(loss)

The overall financial result improved by €4 million and amounted to a loss of €108 million. Its change is characterised by an increase in the cost of net debt of €13 million and a decrease of €17 million in expenses on other financial items.

3.5 Net profit/(loss)

The net profit Group share, at €525 million, decreased by €1,790 million overall compared to June 2020. Excluding the impact of the first consolidation of CNP Assurances in June 2020 (€3,600 million) and adjusted for scope and exchange rate effects, the net profit Group share increased by €1,801 million. This trend was characterised by €1,425 million in organic growth of the operating profit, heavily impacted in the first half of 2020 by the health crisis, and an organic tax expense decrease of €300 million, at constant scope and exchange rates, following an impairment of deferred tax assets recorded in the first half of 2020 for an amount of €270 million.

3.6 Change in net debt

The Group's net debt stood at €9,451 million at the end of June 2021. It increased by €649 million during the first half of 2021.

The change in the Group's debt is strongly correlated with the net balance of flows related to external growth and financial assets (€633 million), the change in finance lease liabilities, up by €115 million, and a perpetual loan in the amount of €198 million. To a lesser extent, the free cash flow generated (+€55 million) contributes to the reduction of net debt.

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 06/2021 *(€ million)*	Services-Mail-Parcels	GeoPost	La Banque Postale	Digital Services	La Poste Network	Real Estate	Supports and Structures	Unallocated	Elim.	TOTAL
External revenue & NBI	6, 379	6,112	3, 961	365	23	16	1	0		16,857
Intersegment revenue & NBI	153	59	13	104	1, 896	391	588	0	-3, 204	
Operating income	**6, 532**	**6, 171**	**3, 974**	**469**	**1, 920**	**407**	**589**	**0**	**-3, 204**	**16,857**
Operating profit/(loss) before share of net p/(l) of jointly controlled entities	**187**	**532**	**728**	**17**	**71**	**20**	**-69**	**-368**	**0**	**1,119**
Share in results of joint ventures	0	1	27	0	-2	0	-0	0	0	26
Operating profit/(loss) after share of net p/(l) of jointly controlled entities	**187**	**533**	**755**	**17**	**69**	**20**	**-69**	**-368**	**0**	**1,145**
Operating margin (as a %)	2.9	8.6		3.7		4.9				6.8

Published 06/2020 *(€ million)*	Services-Mail-Parcels	GeoPost	La Banque Postale	Digital Services	La Poste Network	Real Estate	Supports 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 income	**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

4.2 Services-Mail-Parcels

The Services-Mail-Parcels business unit covers:

- La Poste SA's Mail business (collection, sorting, delivery of correspondence, advertising and press), the small parcel import business as well as the new local services (French Highway Code, local logistics, local knowledge);
- 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;
- all activities of the subsidiaries operating in the diversification markets:
  - direct marketing and data-marketing (Mediapost),
  - logistics and e-logistics solutions (Viapost),
  - Silver economy and home healthcare services (Silver & Health),
  - energy transition (New Services),
  - cross-border mail solutions, including mailing and delivery, catalogues, press and small goods (Asendia).

	06/2021	06/2020	Change vs N-1	
(€ million)			*(in €m)*	*(in %)*
Revenue	6,532	5,510	1,022	+18.5
including non-Group revenue	*6,379*	*5,367*	*1,012*	*+18.9*
Operating expenses	-6,345	-6,687	342	-5.1
Operating profit/(loss) before share of net p/(l) of jointly controlled entities	**187**	**-1,177**	**1,364**	**n.s**
Share of net profit of jointly controlled entities	0	0	0	-36.1
OPERATING PROFIT/(LOSS) AFTER SHARE OF NET PROFIT/(LOSS) OF JOINTLY CONTROLLED ENTITIES	**187**	**-1,177**	**1,3641**	**n.s**
Operating margin	*2.9%*	*-21.4%*	*24.2 pts*	

4.2.1 Mail business

Although the first months of the year 2021 were marked by a third epidemic wave in France and in the majority of countries worldwide, with significant economic consequences, Mail's revenue increased by €357 million (up 10.4%) compared to 30 June 2020 and amounted to €3,791 million on 30 June 2021.

Mail traffic increased by 6.4%[11] in equivalent working days, i.e. €180 million of volume/product mix effect, due to a partial recovery in activity compared to the first half of 2020 strongly impacted by strict lockdown measures, although the level of activity of Mail continued its structural decline, which has accelerated since the beginning of the health crisis.

[11] Based on traffic-generating operating revenue.

The 4.8%[12] average price increase on 1 January 2021, with an estimated positive effect on traffic-generating revenue of €135 million;

La Poste SA's New Services grew by €29 million, driven notably by its local logistics activities.

4.2.2 Parcel business

The health crisis and measures to curb the epidemic (store closures, curfews, travel restrictions) have had a catalytic effect on e-commerce, due to the shift in purchases to e-commerce.

Revenue at 30 June 2021 was €1,243 million, showing organic growth of €262 million (up 26.8%).

The volume of parcels delivered was 265 million objects, up by 31.9% at equivalent working days across all segments:

- 237 million BtoC objects (up by 34.4% at equivalent working days), under the effect of the growth of e-commerce, and in particular of National Entreprise of 60 million objects (up by 35.7% at equivalent working days) compared to the end of June 2020. Home delivery recorded an increase of 50.0 million items (up 33.3% at equivalent working days) or 82.5% of BtoC traffic;
- 20 million CtoC items, representing a 12.0% increase at equivalent working days compared to the end of June 2020;
- 7 million items in import products, a 18.3% increase at equivalent working days.

4.2.3 Business of the Services-Mail-Parcels business unit's subsidiaries

The revenue of the subsidiaries of the Services-Mail-Parcels business unit amounted to €1,498 million at 30 June 2021, representing organic growth of €407 million compared to 30 June 2020 excluding scope and exchange rate effects of -€5 million due to an unfavourable currency effect of -€16 million and a positive scope effect of +€10 million, mainly related to the integration of Budget Box, Dynapresse and Nouveal.

The dynamics of the subsidiaries' markets are as follows:

- Asendia generated revenue of €1,028 million, up by €302 million organically, driven by strong growth in e-commerce since the start of the health crisis. Its subsidiaries achieved excellent results compared to the end of June 2020: eShopWorld, specialised in the sale of goods through e-commerce in the retail segment (+€143 million compared to the first half of 2020), Asendia Logistics (+€159 million);
- La Poste Silver's subsidiaries withstood the health crisis, generating revenue of €100 million with organic growth of €7 million;
- Mediapost's activities grew organically by €54 million, mainly due to a partial recovery in the print advertising business (shutdown during the first lockdown in 2020), despite persistent difficulties caused by the recurring closures of major retailers.

[12] As a percentage of basic traffic-generating operating revenue.

4.2.4 Operating profit/(loss)

The operating result of the Services-Mail-Parcels business unit amounted to €187 million at the end of June 2021, representing organic growth of €1,362 million compared to the end of June 2020, marked by an accelerated decline in the Mail business which had led to the recognition of an asset impairment of €863 million. This increase is mainly due to the partial catch-up phenomenon caused by the severity of the first lockdown in the first half of 2020.

Parcel's operating profit increased by €78 million, driven by sustained e-commerce activity since the start of the health crisis.

The subsidiaries' net profit grew organically by €50 million, mainly reflecting the recovery of Mediapost, which was heavily impacted by the health crisis in the first half of 2020 with operating profit up by €39 million, as well as the €16 million increase of Asendia's operating profit driven by e-commerce growth.

4.3 GeoPost[13]

GeoPost/DPDgroup, 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, and Jadlog in Brazil. The subsidiaries of this division have traditionally been involved in the business to business (BtoB) segments, and increasingly, especially in 2021, in business to consumer (BtoC) which accounted for 58.8% of outbound volumes at the end of June 2021 (53.9% at the end of June 2020). In addition to this express delivery activity, GeoPost/DPDgroup is developing new urban services around urban logistics via its non-controlled subsidiaries Urby and Stuart. The international development of the activity continues via the acquisition of Speedy AD, which strengthens the presence in Bulgaria and Romania.

	06/2021	06/2020	Change vs N-1	
(€ million)			*(in €m)*	*(in %)*
Revenue	6,171	5,057	+1,114	+22.0
including non-Group revenue	*6,112*	*5,016*	*+1,097*	*+21.9*
Operating expenses	-5,639	-4,703	-935	+19.9
Operating profit/(loss) before share of net p/(l) of jointly controlled entities	**532**	**354**	**+179**	**+50.5**
Share of net profit of jointly controlled entities	1	-3	+3	n.s
OPERATING PROFIT/(LOSS) AFTER SHARE OF NET PROFIT/(LOSS) OF JOINTLY CONTROLLED ENTITIES	**533**	**351**	**+182**	**+51.8**
Operating margin	*8.6%*	*6.9%*	*1.7 pts*	

[13] GeoPost business unit including Urby.

4.3.1 GeoPost/DPDgroup activity

GeoPost's revenue at the end of June 2021 was €6,171 million. It grew by €1,114 million (up 22.0%) compared to the end of June 2020. After restatement of the negative scope effects of €8.0 million (disposal of Tigers in April and integration of Speedy) and the negative foreign exchange effects of €35.4 million (of which and -€15.6 million on the rouble and -€13.4 million on the Brazilian real), the organic growth was €1,157 million (up 23.3%).

By the end of June 2021, GeoPost/DPDgroup had delivered 1,051 million parcels, representing organic growth of 21.7% compared to the end of June 2020. This strong increase was driven by growth in the BtoC segment (up 52.1%) thanks to the Covid-19 health crisis and the resulting changes consumption habits. This increase in volumes mainly explains the organic growth in revenue with an increase of €919 million (up 18.5%) including a favourable working-day effect of €18 million.

- The revenue in the United Kingdom was €1,140 million, an organic increase of 29.3% driven by the domestic market. The United Kingdom remains the engine of the business unit's organic performance (the UK accounted for 22.3% of the organic growth) despite the implementation of the Brexit agreements on 1 January, which resulted in a decrease in cross-border flows.
- In France, organic revenue grew by 22.3% for Chronopost with strong growth in key accounts and by 23.0% for DPD France driven by the growth in BtoC (+24.8%) compared to the end of June 2020.
- With revenue of €1,152 million, Germany recorded organic growth of 18.1% with volume growth of +19.0%.
- Spain generated revenue of €300 million, an organic increase of 17.5%. driven by growth in volume of +11.1%.
- Benelux recorded strong organic growth of 20.9%, bringing its revenue to €369 million, driven in particular by cross-border flows.
- In Poland, the revenue of €333 million represented organic growth of 21.4% due to international and domestic BtoC.
- The revenue from New Urban Services was €86 million, up by €57 million organically, primarily driven by the activity of Stuart which saw a more than three-fold multiplication in revenue.
- Urby, in the development phase, achieved organic growth of +€7 million.

4.3.2 Operating profit/(loss)

The operating profit, including GeoPost/DPDgroup's share of the net profit of the jointly controlled entities, totalled €533 million at the end of June 2021. Adjusted for the scope and exchange rate effects of €0 million, the operating profit was up by €182 million organically compared to the end of June 2020 (up 52.3%).

This result largely reflects the growth in business after the health crisis, driven by the increase in e-commerce following the successive lockdowns put in place and better absorption of fixed costs related to volumes.

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 major 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.

The change in La Banque Postale's governance and the implementation of its Strategic Plan for 2030, presented on 2 March 2021, have led to changes in the segment reporting, notably with a new segmentation based on four business lines and one "Non-division" segment.

4.4.1 Commercial activities

In a context of gradual recovery from the crisis, customer savings and loans outstandings increased by 3.4% and 4.3%, respectively, compared to the end of June 2020.

	06/2021	06/2020	Change	
(savings outstandings in € billion)			*(in €bn)*	*(in %)*
CUSTOMER SAVINGS	**347.0**	**335.5**	**+11.4**	**+3.4**
Sight deposits	84.3	80.3	+4.0	+5.0
Ordinary savings	90.1	86.7	+3.4	+3.9
Home savings	31.1	31.7	-0.6	-1.9
UCITS[a]	13.8	10.9	+2.9	+26.4
Life insurance[a]	126.7	124.8	+1.9	+1.5
Other[b]	1.0	1.2	-0.2	-15.3
CUSTOMER LOANS	**110.2**	**105.7**	**+4.6**	**+4.3**
Home loans (c)	66.4	64.0	+2.5	+3.8
Consumer loans	5.2	5.0	+0.2	+4.2
Other loans (d)	0.6	0.5	+0.1	+23.1
Loans to legal entities (e)	38.0	36.2	+1.8	+4.9

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

(b) Term deposits and PEP savings plans.

(c) Excluding repurchases of Dutch loan portfolios.

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

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

4.4.1.1 Bancassurance France

(savings outstandings in € billion)	06/2021	06/2020	Change (in €bn)	(in %)
CUSTOMER SAVINGS	**329.0**	**318.7**	**+10.3**	**+3.2**
Sight deposits	71.7	67.5	+4.2	+6.2
Ordinary savings	89.6	86.2	+3.4	+3.9
Home savings	31.0	31.6	-0.6	-1.9
UCITS	12.8	10.3	+2.5	+24.0
Life insurance	123.0	122.0	+1.0	+0.8
Others	0.9	1.1	-0.1	-13.2
CUSTOMER LOANS	**68.0**	**65.8**	**+2.3**	**+3.4**
Home loans	62.5	60.5	+2.0	+3.3
Consumer loans	5.2	4.9	+0.2	+4.3
Other loans	0.4	0.3	+0.1	+22.1

Demand deposits remained strong, with outstandings growing by €4.2 billion year-on-year (up 6.2%, reflecting the confidence of the French in La Banque Postale). Ordinary savings also contributed to this increase with a year-on-year increase of €3.4 billion (up 3.9%), despite the low yields offered. The rate of return on the Livret A savings account, the rate of which has been 0.50% since 1 February 2020, continues to play its precautionary savings role with outstandings up by 2.8% to reach €66.3 billion.

La Banque Postale’s life insurance outstandings amounted to €123.0 billion, up by €1.0 billion (up 0.8%) compared to the end of June 2020. The share of unit-linked outstandings increased by 3 points and reached 13%.

During the first half of 2021, La Banque Postale (excluding its BPE subsidiary) issued home loans for €5.5 billion, up by 23.2% compared to the end of June 2020, in a context of catching up following the hard lockdown in the first half of 2020. Despite persistently low interest rates and the tightening of loan granting criteria, outstanding home loans increased by 3.3% year-on-year to €62.5 billion.

Driven by the recovery in household consumption following the lifting of the lockdown, the production of consumer loans, managed by La Banque Postale Consumer Finance, increased by 27.3%, bringing outstandings to €5.2 billion (up 4.3% compared to the end of June 2020). Sales via the Internet or the remote platform remained high and represented 39% of the production of personal loans at the end of June 2021.

4.4.1.2 International Bancassurance

Good sales momentum in Europe and Latin America

In Europe excluding France, the unit-linked rate of gross inflows increased by three points to 80%, driven by the success of the My Selection product sales campaigns in Italy.

In Latin America, Caixa Vida e Previdencia strengthens its leadership by reaching second place in the Brazilian pension market, with a market share of 22.1% at the end of May. Business remained very dynamic, driven by the very good performance of the Retirement segment over the half-year, where revenue rose by 89% in local currency.

4.4.1.3 Wealth and Asset Management

(savings outstandings in € billion)	06/2021	06/2020	Change *(in € billion)*	*(in %)*
CUSTOMER SAVINGS	**6.3**	**5.0**	**+1.4**	**+27.6**
Sight deposits	1.0	0.9	+0.1	+11.2
Ordinary savings	0.5	0.4	+0.0	+8.9
Home savings	0.0	0.0	+0.0	+5.0
UCITS	1.0	0.6	+0.4	+67.5
Life insurance	3.7	2.8	+0.9	+30.6
Others	0.1	0.1	-0.0	-30.2
CUSTOMER LOANS	**4.2**	**3.7**	**+0.5**	**+14.2**
Home loans	3.9	3.5	+0.5	+13.8
Consumer loans	0.0	0.0	-0.0	-6.2
Other loans	0.2	0.2	+0.0	+24.6

BPE

The commercial activity of BPE posted a very good momentum in the first half-year, as shown by the rise in net inflows (+44.9%) and home loan production (+29.2%). Savings outstandings rose by 27.6% to reach €6.3 billion, with an increase of 30.6% in life insurance saving to €3.7 billion in outstandings, under the effect of PACTE Act transfers. Loan outstandings grew by 14.2% to €4.2 billion.

This change reflects La Banque Postale's development in the high-net-worth customer market, relying on a local network of 28 branches and 52 dedicated areas in post offices, with several openings in the first half of 2021.

Asset Management

The assets under management, which consist of those of La Banque Postale Asset Management (restated for the transfer of assets under management to JV Ostrum following the merger with CNP Assurances) and Tocqueville Finance, and the distributed outstandings amounted to €56.0 billion at

30 June 2021, up by 9% compared to 31 December 2020, linked to a positive market effect of €3.4 billion and a collection effect of €1.1 billion.

La Banque Postale Asset Management holds a 45% stake in Ostrum, whose outstandings reach €437 billion.

4.4.1.4 Corporate and Investment Banking

(savings outstandings in € billion)	06/2021	06/2020	Change (in €bn)	Change (in %)
CUSTOMER SAVINGS	**11.7**	**11.9**	**-0.2**	**-1.9**
Sight deposits	11.7	11.9	-0.2	-1.9
CUSTOMER LOANS	**38.0**	**36.2**	**+1.8**	**+4.9**
Company loans	30.3	28.5	+1.9	+6.5
Local public sector loans	7.7	7.7	-0.1	-0.9

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 2021 with the amount outstanding increasing by +4.9% year-on-year to reach €38.0 billion. These outstandings include €4.4 billion from factoring, with La Banque Postale actively expanding its range of specialised business loans. Lastly, it should be noted that the growth in outstandings was reduced by the sale of €4.9 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

Rising net banking income (NBI) in a context of exit from the crisis

La Banque Postale's net banking income (NBI) amounted to €3,974 million at the end of June 2021, up by €181 million (reported). After restatement of the home savings provision, reversals of PPA, and scope and exchange rate effects, the NBI amounted to €3,956 million in a context of persistently low interest rates.

The net interest margin (NIM), restated for the ALM capital gains realised in the first half of 2020, was up by 4.5% to reach €1,202 million, driven by the good performance of the financing activities (+€67 million margin on loans) and the good performance of the trading room activities (+€92 million).

Commissions increased by 8.8%, in particular for the equipment and account management activities, as well as the portfolio and real estate consulting activities.

Insurance NBI reflects the improvement in margins in line with the good level of activity and the revaluation of outstandings, complemented by the growth in proprietary revenues.

The management fees of the Banque Postale business unit increased by 17.4% compared to the end of June 2020, to -€3,150 million. Excluding the scope and exchange rate effect (-€174 million) and excluding the reversal of PPA linked to the consolidation of CNP Assurances, the operating expenses were up by €155 million as a result of additional taxes and duties related to the FRU and the FGDR, the increase in distribution expenses related to a base effect in 2020, and the continuation of its transformation programme, the digitisation of processes and the offer, and the development of the business lines.

The business unit's gross operating profit amounted to €824 million, down by 25.8%. La Banque Postale's cost to income ratio stood at 79.7%.

The cost of risk, at €98 million, was €130 million lower than the level at the end of June 2020. This decrease reflects the quality of La Banque Postale's asset portfolio and its limited exposure to the sectors most affected by the economic and health crisis (1% of exposures in default). As a proportion of outstanding loans, it was at a low level of 13 basis points[14].

The net profit Group share amounted to €223 million, including a negative PPA reversal of €217 million.

(€ million)	**06/2021**	**06/2020**	**Change** *(in €m)*	*(in %)*
Net banking income	3,974	3,793	181	4.8
Management fees (a)	-3,150	-2,682	-468	17.4
Gross operating profit/(loss)	**824**	**1,110**	**-287**	**-25.8**
Cost of risk	-98	-228	130	-56.9
Gains and losses on other assets	2	-1	3	n.s.
Impact of the contribution of CNP Assurances shares	0	3,007	-3,007	-100.0
Operating profit/(loss) before share of net p/(l) of jointly controlled entities	**728**	**3,888**	**-3,161**	**-81.3**
LBP cost income ratio	*79.7%*	*71.9%*		
Share of net profit/(loss) of jointly controlled entities	27	25	2	9.5
Operating profit/(loss) before share of net p/(l) of jointly controlled entities	**755**	**3,913**	**-3,158**	**-80.7**
Corporate tax	-352	-332	-20	+6.0
Share of net profit/(loss) of equity associates	2	638	-635	-99.6
Non-controlling interests	-183	-200	17	-8.6
Net profit Group share	223	4,019	-3,797	-94.5

(a) The amount of management fees includes a positive impact on shared resources of €7.4 million at 30.06.2021 and €27.7 million at 30.06.2020

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

4.4.2.1 Bancassurance France

(€ million)	06/2021	06/2020	Change (in €m)	Change (in %)
Net banking income	3,135	2,574	561	21.8
Management fees	-2,326	-2,093	-233	11.1
Gross operating profit/(loss)	**809**	**481**	**328**	**68.0**
Cost of risk	-25	-79	54	-68.0
Gains and losses on other assets	1	0	2	n.s.
Impact of the contribution of CNP Assurances shares	0	0	0	
Operating profit/(loss) before share of net p/(l) of jointly controlled entities	**785**	**402**	**383**	**95.1**
LBP cost income ratio	*74.3%*	*82.9%*		
Share of net profit/(loss) of jointly controlled entities	24	24	0	1.0
Operating profit/(loss) before share of net p/(l) of jointly controlled entities	**809**	**426**	**383**	**89.9**
Corporate tax	-227	-124	-102	+82.0
Share of net profit/(loss) of equity associates	0	44	-44	-100.0
Non-controlling interests	-219	-112	-107	95.5
Net profit Group share	363	233	130	55.9

The net banking income increased by 21.8% (up 8.3% at constant scope) to €3,135 million, driven by a strong contribution from the insurance activities (up 16%). The net interest margin on Retail Banking, impacted by interest rates, continued to decline (down 11%), offset by a strong growth in commissions of (up 8%), notably linked to day-to-day banking and account maintenance.

The increase in management fees, up by 11.1%, is explained by an unfavourable base effect in 2020.

The cost of risk decreased to -€25 million, underlining the quality of La Banque Postale's asset portfolio and the prudent management deployed throughout the health and economic crisis.

The net profit Group share, at €363 million, was up by 56.4% excluding the scope effect.

4.4.2.2 International Bancassurance

(€ million)	06/2021	06/2020	Change (in €m)	Change (in %)
Net banking income	577	490	87	17.7
Management fees	-213	-121	-92	76.3
Gross operating profit/(loss)	**364**	**369**	**-6**	**-1.5**
Cost of risk	-3	1	-4.0	n.s.
Gains and losses on other assets	0	-1	0.7	-97.8
Operating profit/(loss) before share of net p/(l) of jointly controlled entities	**361**	**370**	**-9**	**-2.4**
LBP cost income ratio	*36.9%*	*24.6%*		
Share of net profit/(loss) of jointly controlled entities	1	1	0	-23.0
Operating profit/(loss) before share of net p/(l) of jointly controlled entities	**362**	**371**	**-9**	**-2.5**
Corporate tax	-137	-143	6	-4.4
Share of net profit/(loss) of equity associates	0	0	0	-
Non-controlling interests	-153	-140	-13	9.4
Net profit Group share	73	89	-16	-18.0

The net banking income, at €577 million, was up by 17.7% (down 1.7% at constant scope and exchange rates) compared to the end of June 2020.

Growth in Europe (up 44% at constant scope and exchange rates), driven by business as well as financial income including in 2020 the impact of allocations related to the health and economic crisis.

A decline in Latin America (down 12% at constant scope and exchange rates), with an increase in claims related to the increased death rate (Covid-19 crisis) and lower financial income, offset by the volume of activity and the increase in margins on pension products. Implementation of a cost reduction plan.

The management fees increased by 76.3% (down 11.3% at constant scope and exchange rates) over the half-year and amounted to €213 million.

The net profit Group share decreased by 18.0% (down 2% at constant scope and exchange rates) to €73 million, with a decrease in revenues (down 1.7% at constant scope and exchange rates) in connection with the accentuation of the impact of the healthcare context on Latin America.

4.4.2.3 Wealth and Asset Management

(€ million)	06/2021	06/2020	Change (in €m)	Change (in %)
Net banking income	146	130	16	12.0
Management fees	-88	-89	1	-1.0
Gross operating profit/(loss)	**58**	**41**	**16**	**39.7**
Cost of risk	0	-1	1	n.s.
Gains and losses on other assets	1	0	1	-
Operating profit/(loss) before share of net p/(l) of jointly controlled entities	**59**	**41**	**18**	**44.5**
LBP cost income ratio	*60.6%*	*68.6%*		
Share of net profit/(loss) of jointly controlled entities	2	0	2	-
Operating profit/(loss) before share of net p/(l) of jointly controlled entities	**61**	**41**	**21**	**50.5**
Corporate tax	-18	-13	-4	+30.5
Share of net profit/(loss) of equity associates	2	0	2	n.s.
Non-controlling interests	-7	-5	-2	40.5
Net profit Group share	39	23	16	71.5

The net banking income, at €146 million, was up by 12.0% compared to the end of June 2020. In Wealth Management, the NBI was driven by a very strong momentum in financial savings, discretionary management and housing loans. Asset Management also achieved good results driven by net inflows of more than €1 million, focused on institutional investors and diversified and fixed income asset classes, and a buoyant market effect.

The management fees, at -€88 million, decreased by 1.0%.

The net profit Group share rose sharply, by 71.5% overall, both for Wealth Management (up 88%) and Asset Management (up 55%).

4.4.2.4 Corporate and Investment Banking

(€ million)	06/2021	06/2020	Change (in €m)	Change (in %)
Net banking income	571	424	147	34.8
Management fees	-312	-299	-12	4.1
Gross operating profit/(loss)	**259**	**124**	**135**	**n.s.**
Cost of risk	-71	-133	62	-46.8
Gains and losses on other assets	0	0	0	-
Operating profit/(loss) before share of net p/(l) of jointly controlled entities	**189**	**-8**	**197**	**n.s.**
LBP cost income ratio	*56.3%*	*72.1%*		
Share of net profit/(loss) of jointly controlled entities	0	0	0	-
Operating profit/(loss) before share of net p/(l) of jointly controlled entities	**189**	**-8**	**197**	**n.s.**
Corporate tax	-54	3	-56	**n.s.**
Share of net profit/(loss) of equity associates	0	0	0	-
Non-controlling interests	0	0	0	-49.9
Net profit Group share	135	-6	141	ns

The net banking income increased by 34.8% to €571 million, driven by a contribution from all customer segments: growth in financing activities (up 16%), good account management activity (up 16%) as well as a good trading room performance driven by a favourable context.

The net profit Group share amounted to €135 million (vs a loss of €6 million in 2020), supported by sustained growth in the net banking income and a cost of risk much lower than in the first half of 2020.

4.4.2.5 Corporate Centre

			Change	
(€ million)	**06/2021**	**06/2020**	*(in €m)*	*(in %)*
Net banking income	-454	175	-629	n.s.
Management fees	-212	-81	-131	n.s.
Gross operating profit/(loss)	**-666**	**94**	**-760**	n.s.
Cost of risk	0	-17	17	-100.0
Gains and losses on other assets	0	0	0	-
Impact of the contribution of CNP Assurances shares	0	3,007	-3,007	-100.0
Operating profit/(loss) before share of net p/(l) of jointly controlled entities	**-666**	**3,084**	**-3,750**	n.s.
LBP cost income ratio	*-46.7%*	*46.3%*		
Share of net profit/(loss) of jointly controlled entities	0	0	0	-
Operating profit/(loss) before share of net p/(l) of jointly controlled entities	**-666**	**3,084**	**-3,750**	n.s.
Corporate tax	83	-54	136	n.s.
Share of net profit/(loss) of equity associates	0	594	-594	-100.0
Non-controlling interests	196	57	139	n.s.
Net profit Group share	-388	3,680	-4,068	n.s.

The division's results are characterised by the following:

- the first-time consolidation entries of CNP Assurances recorded in the first half of 2020 for an amount of €3,601 million;
- an unfavourable change in the PPA reversal of €157 million in net profit Group share of which -€305 million on NBI and -€104 million on management fees partially offset at the level of tax and non-controlling interests;
- an increase in the FRU and FGDR contribution, which rose from €61 million at the end of June 2020 to €89 million at the end of June 2021, to the management expenses;
- an unfavourable base effect of capital gains or losses on the ALM portfolio for €328 million.

4.4.3 Financial structure

	06/2021	12/2020	Change
Balance sheet (€bn)	**754**	**737**	**2.3%**
Solvency			
Prudential capital	21.3	21.0	*1.6%*
Common Equity Tier 1 ratio[(a)]	20.2%	20.4%	-0.2 pts
Solvency ratio	24.2%	24.5%	-0.3 pts
Leverage ratio [(b) (c)]	6.7%	6.1%	0.6 pts
SCR coverage rate	219%	208%	11.0 pts
Liquidity			
Liquidity coverage ratio	220%	179%	41 pts
NSFR ratio	145%	140%	5.0 pts
Loan to deposit ratio	81.1%	83.6%	-2.5 pts

(a) The CET1 ratio at 31 December 2020 included provisioning for dividends of €180 million

(b) Following the entry into force of the provisions of CRR2 relating to the leverage ratio.

(c) The 6.1% leverage ratio at 31.12.2020 integrates dividends of €180 million

La Banque Postale has a solid financial structure with a Common Equity Tier 1 ratio estimated at 20.2% at 30 June 2021 (down 0.2 point compared to 31 December 2020 as published), well above the overall CET1 capital (OCR) of 8.38%[15] set by the European Central Bank and applicable as of 2 April 2020. This change is mainly due to the impact of the entry into application of the CRR2 Regulation[16] (down 0.3 point).

The total capital ratio stood at 24.2%, down by 0.3 point compared with the end of December 2020.

The SCR coverage rate was 219% at 30 June 2021 (up 11 points compared to the data reported on 31 December 2020). This change is mainly due to changes in the markets (increase in interest rates on long maturities).

At the end of June 2021, the calculation of the leverage ratio changed in accordance with the provisions of the CRR2 Regulation, and now excludes outstandings of savings centralised with Caisse des Dépôts, thus amounting to 6.7%.

The liquidity position of the balance sheet remains above the regulatory requirements and translates into a loan to deposit ratio of 81.1%, down by 2.5 points, and an LCR estimated at 220% (short-term liquidity) compared to 179% at 31 December 2020.

[15] The CET1 capital requirement has not changed since 30 June 2020

[16] Regulation (EU) No. 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No. 575/2013 as regards the leverage ratio, net stable funding ratio, capital requirements and eligible liabilities, counterparty credit risk, market risk, central counterparty exposures, collective investment scheme exposures, large exposures and reporting and disclosure requirements.

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)	06/2021	06/2020	Change vs N-1 *(in €m)*	*(in %)*
Revenue	1,920	1,798	+122	+6.8
Operating expenses	-1,848	-1,837	-11	+0.6
Operating profit/(loss) before share of net p/(l) of jointly controlled entities	**71**	**-39**	**+110**	**n.s.**
Share of net profit of jointly controlled entities	-2	-10	+7	-75.7
OPERATING PROFIT/(LOSS) AFTER SHARE OF NET PROFIT/(LOSS) OF JOINTLY CONTROLLED ENTITIES	**69**	**-49**	**+118**	**n.s.**

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

The health crisis has accelerated the digitisation of uses while revealing more than ever the need for proximity and a strengthened postal presence, reaffirmed by Le Groupe La Poste, which pleads for the maintenance of a robust physical presence.

At the end of June 2021, La Poste Network had 17,046 retail outlets, comprising 7,496 post offices and 9,525 partnerships (La Poste local postal agencies and "La Poste Relais" outlets).

Its ability to innovate in response to the most difficult situations has been tested by the exceptional context of the health crisis and facilitated by projects initiated several years ago:

- A commercial banking efficiency action plan including:
  - ✓ a managerial dynamic with greater accountability for managers of particularly key sectors in the context of a health crisis that has led to a

profound transformation;

- ✓ a 176,641 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;
  - ✓ in rural and urban areas, free internet access is offered (two hours if you have subscribed to "Mon Compte"), and simplifies and facilitates access to digital services for the 4,590 post offices equipped at the end of June 2021;
  - ✓ in urban areas, to ensure the independence of people who experience difficulties with digital services, in 583 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 1,600 post offices, including in the French overseas departments. In addition, since May 2021, customers have benefited from reliable information on all services when they search on the Internet, and schedules are updated almost in real time on Google and Laposte.fr.

- Forms of presence guaranteeing an optimal network and a local service for all:
  - ✓ La Poste maintained its presence in rural areas, thanks in particular to 520 public service areas, 229 of which received the France Services label (the France Services label is awarded by the French State);

La Poste is introducing postmen-counter clerks: the 1,089 such clerks at the end of 2021 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: 1,206 "La Poste Relais" outlets in urban areas with more than 2,000 inhabitants in cooperation with major national chains;
- ✓ the modernisation of the offices has been ongoing for five years with 2,847 offices renovated since 2015, of which 208 in 2021.

The operating profit, including the share of the net profit of companies under joint control, amounted to €69 million at the end of June 2021, an improvement of €118 million compared to June 2020. This increase is mainly due to the €119 million increase in internal invoicing (€38 million on Parcels, €15 million on Mail and €66 million on Banking) related to a rebasing effect related to the business recovery compared to 2020 and the strong growth of parcels.

4.5.2 La Poste Mobile

Created in 2011, La Poste Telecom is a joint venture owned at 51% by Le Groupe La Poste and at 49% by SFR. La Poste Mobile is positioned as an operator with a physical network offering a wide range of fixed and mobile telephony, a high-quality local service and a responsive after-sales service.

In the first half of 2021, the mobile customer base amounted to 1.95 million customers, an increase of 12.5% year-on-year, enabling La Poste Mobile to consolidate its position as the number one virtual mobile operator in France.

As regards fixed-line services, La Poste Mobile changed its model in May 2020 by ending the marketing of its own LPM brand box; it now successfully markets SFR's box.

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 LP11, 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 business units.

The commercial activities division is organised around:

- ✓ Docaposte, operator of physical and digital services, specialist in supporting digital transitions;
- ✓ LP11, specialised in data processing and artificial intelligence;
- ✓ the laposte.fr e-commerce website, which develops the online operating revenue of postage products (mail, parcels) and service offers (forwarding, electronic registered mail, etc.).

The transformation division ensures for the Group:

- ✓ 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.

(€ million)	06/2021	06/2020	Change vs N-1 (in €m)	(in %)
Revenue	469	369	+99	+26.9
including non-Group revenue	*365*	*289*	*+75*	*+26.0*
Operating expenses	-451	-404	-47	+11.6
OPERATING PROFIT/(LOSS)	**17**	**-35**	**+52**	**n.s.**
Operating margin	*3.7%*	*-9.5%*	*13.2 pts*	

4.6.1 Revenue

At the end of June 2021, revenue totalled €469 million (€420 million for the Commercial Activities division and €49 million for the Transformation and Innovation division), an increase of €99 million or 26.9% compared with the end of June 2020. On an organic basis, and adjusted for positive scope and exchange rate effects of €31 million, revenue increased by €68 million.

The revenue of the commercial activities division increased by €80 million:

- ✓ Docaposte's revenue came to €356 million at the end of June 2021, an increase of €60 million (up 20.2%) compared to the end of June 2020. This growth was partly due to positive scope and exchange rate effects of €20 million corresponding to the acquisitions of AR24 in June 2020, of Index Education in December 2020, and of ProsofTeam in February 2021. Excluding scope and exchange rate effects, Docaposte's business grew by €39.8 million compared to the end of June 2020. Physical activities posted growth of €24 million, driven by the development of back office activities on the platform. The digital activities grew by €15.8 million under the effect of the partial resumption of consulting activities and the development of digital trust services, which are benefiting from the health crisis.
- ✓ LP11's revenue amounted to €38 million, after consolidation of positive scope and exchange rate effects of €11 million corresponding to the acquisitions made in April 2021 of Boxtal and Openvalue, i.e. an organic increase €8.8 million, an increase of 50% compared to the end of June 2020 thanks to the performance of Marketshot's activities in the telecommunications and energy sector;

- ✓ laposte.fr recorded a significant increase in its sales (up 6.5%), reaching €144 million. The revenue recorded in the form of commissions and rebilling of technical services was almost stable compared to the end of June 2020.

The transformation division develops cross-functional projects on behalf of the Group. The €19.8 million increase in its revenue is partly due to the acceleration of the DATA, Digital Identity and Digiposte projects for €10 million and the change in the rules for allocating cross-functional project costs. In addition, Digiposte's revenue increased by €1 million in line with the increase in the customer base.

4.6.1 Operating profit/(loss)

The operating income of the Digital Services business unit amounted to €17 million at the end of June 2021, up by €52 million compared to the end of June 2020, of which +€10 million of scope effect. After restatement of scope and exchange rate effects, the operating profit of the commercial division increased by €32.8 million due to the increase in activity and by €10 million for the transformation activities.

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.

	06/2021	06/2020	Change	
			vs N-1	
(€ million)			*(in €m)*	*(in %)*
Revenue	407	414	-7	-1.6
including non-Group revenue	*16*	*10*	*+6*	*+56.0*
Current operating expenses	-394	-395	+1	-0.19
Gains/(losses) on disposals	7	3	+4	n.s.
Operating profit/(loss) before share of net p/(l) of jointly controlled entities	**20**	**22**	**-2**	**-10.4**
Share of net profit of jointly controlled entities	0	0	-0	n.s.
OPERATING PROFIT/(LOSS) AFTER SHARE OF NET PROFIT/(LOSS) OF JOINTLY CONTROLLED ENTITIES	**20**	**22**	**-2**	**-10.9**
Operating margin	*4.9%*	*5.4%*	*-0.5 pt*	

The revenue of the Real Estate division amounted to €407 million, a decrease of €7 million (down 1.6%) compared to the end of June 2020. This decrease is mainly explained by a decrease in intra-group income of €13 million (in particular -€6 million in fitting-out services, as a major wave of post office modernisation launched in 2012 is coming to an end) despite an increase in rental indexations. Note the €6 million increase in operating income outside the Group compared to the end of June 2020, reflecting an increase in services provided (in particular by Startway) and the commissioning of La Poste du Louvre.

The operating profit, after the share of the net profit of jointly controlled entities, was €20 million, down by €2 million compared to the end of June 2020. The decrease in revenue was partially offset by the increase in proceeds from asset disposals of €4 million, and by the efforts made by the Real Estate division to reduce its operating costs.

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.

	06/2021	06/2020	Change vs N-1	
(€ million)			*(in €m)*	*(in %)*
Revenue	589	544	+45	+8.3
Operating expenses	-657	-637	-20	+3.2
Operating profit/(loss) before share of net p/(l) of jointly controlled entities	**-69**	**-93**	**+25**	**-26.5**
Share of net profit of jointly controlled entities	0	0	+0	-36.1
OPERATING PROFIT/(LOSS) AFTER SHARE OF NET PROFIT/(LOSS) OF JOINTLY CONTROLLED ENTITIES	**-69**	**-93**	**+25**	**-26.5**

The operating income amounted to €589 million at the end of June 2021, of which €543 million for intragroup income resulting from the billing of services provided to other business units. In addition, €43 million of Group head office expenses were rebilled as management fees, up by €24 million due to rebilling of all Le Groupe La Poste entities and no longer only of its subsidiaries as previously. In addition, the head office centralised the purchases of equipment related to the health crisis for the entire Group. Lastly, the vehicle fleet management subsidiary saw its rebillings increase by almost €9 million with a less atypical first half-year 2021 than in 2020 (less vehicle traffic).

The increase in net operating expenses of €20 million is explained in particular by the additional expenses generated by the health crisis and the commitment to Le Groupe La Poste's digital transformation (Artificial Intelligence, Data, etc.) by €13 million compared to last year. These elements conceal the cost optimisation efforts through pooling made by the support and structures entities.

4.7.3 Unallocated expenses

	06/2021	06/2020	Change vs N-1	
(€ million)			*(in €m)*	*(in %)*
Net cost of regional postal presence	-282	-249	-33	+13
Other operating expenses	-87	-87	-0	+0
OPERATING PROFIT/(LOSS)	**-368**	**-335**	**-33**	**+10**

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 decline of €33 million of the result is mainly due to the reduction in the amount of the tax allowance corresponding to the reduction in the CVAE tax rate implemented on 1 January 2021; as of said date the business units benefit directly from this tax reduction.

5. Other key aggregates of the income statement

5.1 Financial profit/(loss)

	Half-year ended 30 June			
	06/2021	**06/2020**	**Change** *vs N-1*	
(€ million)			*(in €m)*	*(in %)*
Net interest expense	-122	-110	-11	+10.4
Change in “fair value” including debt credit spread	1	3	-2	-51.5
Cost of net financial debt	**-120**	**-107**	**-13**	**+12.1**
Other financial items	13	-5	+17	n.s.
FINANCIAL PROFIT/(LOSS)	**-108**	**-112**	**+4**	**-3.7**

The financial loss improved by €4 million. It represented a total expense of €108 million, with an increase in the net borrowing cost of €13 million and a decrease of €17 million in expenses related to other financial items.

The net interest expense, at €122 million, increased by €11 million compared to June 2020. The change in fair value of the debt under the fair value option and of the derivatives backed by this debt, which corresponded to an income of €1 million in the first half of 2021, was down by €2 million compared to the first half of 2020.

The other items of financial profit (income of €13 million in the first half of 2021) improved by €17 million compared to 2020 This improvement stems in particular from the impact of foreign exchange losses for €6 million and the increase in income from investments for €3 million.

5.2 Net profit/(loss), Group share

Half-year ended 30 June

(€ million)	06/2021	06/2020	Change: Impact of the contribution of CNP Assurances shares	Change: vs N-1 (excluding the impact of the contribution of CNP shares) (in €m)	Change: vs N-1 (excluding the impact of 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 %)
Operating income	**16,857**	**14,495**		**+2,362**	**+16.3**	**+2,071**	**+14.5**
Operating expenses	**-15,738**	**-11,919**	**-3,007**	**-812**	**+5.4**	**-658**	**+4.4**
Operating profit/(loss)	**1,119**	**2,575**	**-3,007**	**+1,550**	**n.s.**	**+1,413**	**n.s.**
Share in profits of jointly controlled entities	26	13		+13	n.s.	+11	+87.4
Operating profit after share of net profit/(loss) of jointly controlled entities	**1,145**	**2,588**	**-3,007**	**+1,563**	**n.s.**	**+1,425**	**n.s.**
Financial profit/(loss)	-108	-112		+4	-3.7	+4	-3.6
Profit/(loss) before tax	**1,037**	**2,476**	**-3,007**	**+1,567**	**n.s.**	**+1,429**	**n.s.**
Income tax	-312	-576		+264	-45.8	+300	-55.3
Share in profits of associates	6	632	-594	-32	-84.2	+11	+30.9
CONSOLIDATED NET PROFIT/(LOSS)	**731**	**2,532**	**-3,600**	**+1,799**	**n.s.**	**+1,740**	**n.s.**
Net profit/(loss), Group share	**525**	**2,315**	**-3,600**	**+1,810**	**n.s.**	**+1,801**	**n.s.**
Non-controlling interests	206	-217		+11	-5.0	+61	-32.0

The net profit Group share amounted to €525 million at the end of June 2021, an overall decrease of €1,790 million compared to the end of June 2020, of which -€3,600 million generated by the effect of the first consolidation of CNP Assurances at the end of June 2020.

Excluding the effect of the first-time consolidation of CNP Assurances, the net profit Group share increased by €1,810 million.

After restatement of scope and exchange rate effects in the amount of €8 million, the net profit Group share increased by €1,801 million, with the following main components:

- An increase in operating profit after share of the net profit of jointly controlled entities of €1,425 million. The growth in operating profit at constant scope and exchange rates was strongly marked by the impact of the health crisis in the first half of 2020, which, in addition to the operational impact, led in particular to impairment of assets within the Services-Mail-Parcels business unit for an amount of €863 million. The total impact on the operating profit recorded in the first half of 2020 was therefore €1,967 million. The more limited impact of the health crisis during the first half of 2021 amounted to €143 million.
- A decrease of €300 million in the Group's tax expense at constant scope and exchange rates, following the impairment during the first half of 2020 of deferred tax assets within the consolidated scope for an amount of €270 million.

- The financial profit at constant scope and exchange rates improved by €4 million compared to June 2020.
- The share of the net profit of equity-accounted companies, at constant scope and exchange rates, increased by €12 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 Free cash flow

The Group generated €55 million in free cash flow as at the end June 2021. The free cash flow was up by €714 million compared to the end of June 2020.

	Half-year ended 30 June			
	06/2021	**06/2020**	**Change** vs N-1	
(€ million)			*(in €m)*	*(in %)*
EBITDA	1 026	166	+859	n.s.
Dividends received from equity associates	183	2	+181	n.s.
HR provisions excluding end-of-career benefits	35	-49	+83	n.s.
Adjusted EBITDA	**1,243**	**120**	**+1,123**	**n.s.**
Change in WCR	-158	-28	-130	n.s.
Purchases of property, plant and equipment and intangible assets	-525	-436	-89	+20.4
Disposals of property, plant and equipment and intangible assets	43	34	+8	+23.9
Net interest paid (excluding IFRS 16)	-53	-33	-20	+61.7
AT1 coupons received	0	0	+0	-
Income tax	-101	27	-128	n.s.
CICE deducted	0	2	-2	n.s.
CICE generated	0	0	+0	-20.2
Repayment of lease liabilities	-355	-310	-45	+14.6
Interest expense on lease liabilities	-39	-35	-3	+9.4
FREE CASH FLOW	**55**	**-659**	**+714**	**n.s.**

6.1.1 Adjusted EBITDA

Adjusted EBITDA, at €1,243 million at the end of June 2021, increased by €1,123 million mainly due to a €859 million increase in EBITDA reinforced by a favourable spread on the dividends received from equity associates of €181 million and on HR provisions, excluding the end-of-career scheme, of €83 million.

EBITDA excluding banking activities amounted to €1,026 million, up by €859 million compared to the first half of 2020 during which the decrease in volumes following the health crisis led to a loss of EBITDA of €534 million (of which €482 million for the Services-Mail-Parcels business unit). The Group's ability to keep up with the increase in demand for express parcel, particularly in the BtoC sector, during the first half of 2021 resulted in a favourable impact on EBITDA of €12 million (of which €75 million for GeoPost and €12 million for Parcel) plus the "catch-up" for Mail from the impact of the lockdown in the first half of 2020. The increase in EBITDA excluding banking activities compared to the first half of 2020 was mainly driven by the Services-Mail-Parcels business unit with €437 million and GeoPost with €247 million.

The expenses on HR provisions, excluding end-of-career benefits saw a favourable impact of €83 million in particular due to an allocation in the first half of 2020 of €68 million in respect of the provision for unemployment benefits of La Poste SA and a reversal of €21 million in the first half of 2021. These movements are due to the effects of the health crisis.

The dividends received from equity associates amounted to €183 million. They mainly come from La Banque Postale, which was able to pay a dividend of €171 million in 2021, in compliance with the regulatory provisions applicable to credit institutions. La Banque Postale was not authorised to pay dividends in 2020.

6.1.2 Purchase of property, plant and equipment and intangible assets

The cash outflows for property, plant and equipment and intangible assets increased by €89 million in 2021 to €525 million. This increase consisted of an increase in investments of €113 million and of a positive impact on payables to suppliers of non-current assets of €24 million.

	Half-year ended 30 June			
	06/2021	**06/2020**	**Change** vs N-1	
(€ million)			*(in €m)*	*(in %)*
Services-Mail-Parcels	-121	-117	-4	+3.2
GeoPost	-157	-117	-40	+34.2
La Poste Network	-12	-11	-1	+10.5
Digital Services	-34	-19	-15	+78.5
Real Estate	-114	-113	-1	+1.1
Supports & Other	-87	-60	-28	+46.2
Purchase of property, plant and equipment and intangible assets	**-525**	**-436**	**-89**	**+20.4**
Change in non-current asset accounts payable	71	94	-24	-25.2
INVESTING ACTIVITIES EXCLUDING BANKING ACTIVITIES	**-454**	**-342**	**-113**	**+33.0**

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 €121 million, an increase of €4 million, of which €18 million on the Mail subsidiaries, €5 million on the Mail business, increases partially offset by a decrease of €19 million on Parcels mainly due to the slowdown in spending on its industrial and IT master plan compared to the end of June 2020,

- GeoPost: €157 million, up by €40 million. The projects for the first part of the year 2021 focus on the development of express delivery and the constantly increasing capacity to process the delivery of BtoC. The largest projects focus on the construction of Hubs (Benelux, DPD France and Chronopost) and depots (Germany, UK, DPD France and Chronopost);
- Real Estate division: €114 million, up by €1 million. Investments support the business units and projects carried out by the Group, such as the industrial master plan for the Services-Mail-Parcels business unit and VLP region;
- Digital Services business unit: €34 million, up by €15 million compared to the first half of 2020;
- Supports and other: €87 million, up by €28 million, of which €27 million of increase on the acquisition of vehicles for the Group, catch-up effect from the delays in deliveries in 2020 following the closure of carmaker plants during the health crisis.

6.1.3 Disposals of property, plant and equipment and intangible assets

The disposals of property, plant and equipment and intangible assets totalled €43 million, up by €8 million compared to the end of June 2020. The main impact, namely project delays, is related to the first Covid lockdown in 2020 and the postponement of disposal operations.

The disposals of assets include the disposals of the Real Estate division, which amounted to €22 million in the first half of 2021, up by €6 million.

The disposals by GeoPost in the first half of 2021 totalled €7 million. They were down by €4 million.

The disposals of vehicles, totalling €13 million at the end of June 2021, were up by €6 million.

6.1.4 Other items of free cash flow

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The change in working capital, which in 2021 generated a negative cash flow of €158 million present an unfavourable impact of €130 million compared to 2020. The first half of 2020 had benefited from favourable tax measures (deferred payment of VAT in the United Kingdom) combined with a decrease in trade receivables following lower activity.

The cash flows generated by taxes, which represent a cash outflow of €101 million are unfavourable by €128 million compared to 2020 due in particular to an unfavourable difference towards La Banque Postale of €115 million related to a reduction in tax prepayments paid as part of the tax consolidation combined with an increase in taxes paid by non-banking subsidiaries, excluding tax consolidation, for an amount of €12 million.

The increase in lease liability repayments (€45 million) was due in particular to an increase in finance lease liabilities of €115 million mainly driven by GeoPost.

6.2 Change in net debt

The Group's net debt increased by €649 million in the first half of 2021. It now stands at €9,451 million, including €3,623 million in lease liabilities.

The change in the Group's debt is strongly correlated with the net balance of flows related to external growth and financial assets (€633 million), the increase in finance lease liabilities of €115 million and a perpetual financing (classified as non-controlling interests in equity) for an amount of €198 million.

To a lesser extent, the free cash flow generated during the half-year contributed to the reduction in net debt for an amount of +€55 million.

	Half-year ended 30 June			
	06/2021	**06/2020**	*vs N-1*	
(€ million)			*(in €m)*	*(in %)*
Free cash flow	**55**	**-659**	**+714**	**n.s.**
Dividends paid	-26	-27	+1	-4.7
External growth and net financial assets	-633	-667	+34	-5.1
Change in finance lease liabilities	-115	-629	+514	-81.8
Change in interest accrued not yet due	-32	-38	+7	-17.8
Incr./Decr. Capital	0	0	+0	n.s.
Perpetual loans	198	0	+198	-
Impact of changes in scope and exchange rates on debt	-52	-58	+7	-11.5
Elimination HR Prov excl. DFC	-35	49	-83	n.s.
Other funds from operations	-10	-33	+23	-69.8
Other changes in net debt	-2	32	+34	n.s.
Change net debt	**-649**	**-2,031**	**+1,382**	**-68.0**
Net debt at the beginning of the period	**8,802**	**6,462**	**+2,340**	**+36.2**
CLOSING NET DEBT (REPORTED)	**9,451**	**8,493**	**+958**	**+11.3**

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

The net flows from external growth and changes in financial assets totalled €633 million, down €34 million compared to 2020, comprising the following:

- Acquisitions of subsidiaries minus cash acquired for €108 million, down by €479 million;
- Disposals of subsidiaries for an amount of €15 million,
- Acquisitions of financial assets for €77 million, down by €10 million;
- Purchases of non-controlling interests for an amount of €549 million with an unfavourable impact of €549 million;
- Disposals of financial assets for +€86 million.

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

- The Services-Mail-Parcels business unit carried out external growth transactions for a total of €589 million including the acquisition by Asendia of the minority interests in ShopWorld. Asendia, in which the Group holds 60%, now owns 100% of the shares in ShopWorld. During this transaction, Asendia obtained a perpetual loan from Swiss Post for an amount of €198 million. The Services-Mail-Parcels business unit also bought out non-controlling interests in EDE Next, bringing the Group's stake to 97.65%, as well as the acquisition (100%) of TimeOne via the intermediary of its subsidiary Isoskèle and the acquisition of minority interests in Axéo.
- The GeoPost business unit with a net amount of €3 million in the first half of 2021 acquired a majority stake (69.81%) in Speedy AD, which operates in Romania and Bulgaria, and acquired (100%) BK Pharma Logistics and BK Sneltransport. GeoPost also sold Tigers Ltd during the first half of 2021.
- The Digital Services business unit also carried out external growth transactions, for a total of €29 million, including the acquisition of Boxtal and Openvalue.

6.2.2 Dividends paid by the Group in 2021

The Group paid out €26 million in dividends in 2021. This sum broke down as follows:

- €2 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.

6.3 Change in cash and cash equivalents

The Group's cash and cash equivalents increased by €1,128 million at the end of June 2021. It thus stood at €3,891 million, as against an opening balance of €2,763 million.

	Half-year ended 30 June			
	06/2021	06/2020	vs N-1	
(€ million)			*(in €m)*	*(in %)*
Free cash flow	**55**	**-659**	**+714**	**n.s.**
Dividends paid	-26	-27	+1	-4.7
External growth and net financial assets	-633	-667	+34	-5.1
Proceeds from new borrowings	2,033	2,391	-357	-15.0
Repayment of borrowings (Excluding lease liabilities)	-454	-611	+157	-25.7
Incr./Decr. Capital	0	0	+0	n.s.
Perpetual loans	198	0	+198	-
Change in financial assets used in cash management	-51	25	-76	n.s.
Other cash flows from financing activities	-11	50	-61	n.s.
Exchange rate effect and change in method	1	-24	+25	n.s.
Intercompany cash flow	58	291	-233	-80.1
Elimination HR Prov excl. DFC	-35	49	-83	n.s.
Other funds from operations	-10	-33	+23	-69.8
Change in cash and cash equivalents	**1,128**	**785**	**+342**	**+43.6**
Opening cash and cash equivalents	**2,763**	**2,456**	**+308**	**+12.5**
Closing cash and cash equivalents	**3,891**	**3,241**	**+650**	**+20.1**

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

- cash outflows of €604 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 €1,778 million from the proceeds of new borrowings and the repayment of borrowings excluding IFRS 16:
    - issues of commercial paper in the amount of €280 million and drops of commercial paper for an amount of €435 million bringing the outstanding amount of commercial paper to €145 million (for €300 million at the end of December 2020),
    - Issuance of a bond, in the form of fixed-rate senior unsecured bonds, for a total amount of €1,750 million. The two tranches, with maturities of 8.5 years (2029) and 15 years (2036), are for €750 million and €1,000 million, respectively.
    - secured perpetual financing from Swisspost as part of the acquisition of eShopWorld by Asendia for an amount of €198 million.
- intra-group cash flow of €58 million corresponding to the change in the net financial position with La Banque Postale and mainly due to the change in the balance of La Poste SA's current accounts at La Banque Postale to €478 million at the end of June 2021, compared to €589 million at the end of 2020, to which must be added a change in the debt vis-à-vis La Banque Postale under the overall intra-group “debt/receivables” position of +€37 million and a change in borrowings from La Banque Postale for an amount of +€17 million ;
- a decrease in cash and cash equivalents from movements in financial assets used in cash management of €51 million, relating to the reimbursement at maturity of various deposits over three months partly replaced;
- A decrease in other cash flows from financing activities of €11 million due mainly to an increase in current bank facilities.

6.4 Gross debt

The Group's gross debt increased by €1,741 million during the first half of 2021. It now stands at €14,140 million.

Gross debt breaks down as follows:

	Half-year ended 30 June			
	06/2021	12/2020	vs N-1	
(€ million)			*(in €m)*	*(in %)*
Bonds	**9,526**	**7,797**	**+1,730**	**+22.2**
Short-term bonds	1,000	999	+0	+0.0
Medium- and long-term bonds	8,527	6,797	+1,729	+25.4
La Poste savings bonds	**53**	**53**	**-0**	**-0.7**
Short-term La Poste savings bonds	53	53	-0	-0.7
Medium- and long-term La Poste savings bonds	0	0	+0	-
Commercial paper	**145**	**300**	**-155**	**-51.7**
Short-term commercial paper	145	300	-155	-51.7
Medium- and long-term commercial paper	0	0	+0	-
Deposits and guarantees received	**67**	**63**	**+4**	**+6.1**
Short-term deposits and guarantees received	37	36	+1	+2.8
Medium- and long-term deposits and guarantees received	31	28	+3	+10.4
Accrued interest	**89**	**75**	**+14**	**+18.3**
Accrued interest	89	75	+14	+18.3
Subordinated debt	**419**	**406**	**+13**	**+3.2**
Lease liabilities	**3,623**	**3,509**	**+114**	**+3.3**
Short-term lease liabilities	675	633	+43	+6.7
Medium- and long-term lease liabilities	2,948	2,876	+72	+2.5
Other items excluding lease liabilities	**218**	**197**	**+21**	**+10.7**
Other short-term items	65	72	-7	-10.1
Other medium- and long-term items	152	125	+28	+22.3
GROSS DEBT	**14,140**	**12,400**	**+1,741**	**+14.0**
Short-term gross debt	**2,064**	**2,168**	**-104**	**-4.8**
Medium- and long-term gross debt	**12,077**	**10,232**	**+1,845**	**+18.0**

The Group's bond debt at the end of June 2021 comprised 17 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 movements recorded in the first half of 2021 related to bond debt, which increased by €1,730 million following the issue in January 2021 of fixed-rate senior unsecured bonds for a total amount of €1,750 million. The two tranches, with maturities of 8.5 years (2029) and 15 years (2036), are for €750 million and €1,000 million, respectively.

Commercial paper outstandings fell by €155 million to €145 million. Note also that accrued interest not due increased by €13 million while deposits and guarantees received increased by €4 million.

Subordinated debt, valued at €419 million at the end of June 2021 (for a nominal value of $500 million swapped for euros), rose by €13 million on the back of changes in the Euro/US Dollar exchange rate.

The cost of debt at one year was 1.50% at the end of June 2021 (1.89% at the end of December 2020). When projected over the next few years, the average cost of debt at four years was 1.32% at the end of June 2021 (1.64% at the end of December 2020).

6.5 Net debt

	Half-year ended 30 June			
	06/2021	**12/2020**	vs N-1	
(€ million)			*(in €m)*	*(in %)*
Gross debt at the end of the period	14,140	12,400	+1,741	+14.0
Cash and cash equivalents	-3,891	-2,763	-1,128	+40.8
Other assets	-799	-834	+35	-4.2
NET DEBT AT THE END OF THE PERIOD	**9,451**	**8,802**	**+649**	**+7.4**

The Group's net debt stood at €9,451 million at the end of June 2021. It increased by €649 million in the first half of 2021.

The other assets, amounting to -€799 million, comprised the following:

- debt-related derivative assets with a fair value of €59 million, down by €30 million;
- investments maturing in over three months at inception, which amounted to €353 million, were down by €53 million compared to December 2020;

The net financial position with La Banque Postale was a credit position of €387 million, compared to a credit position of €445 million at the end of December 2020.

6.6 Equity and financial structure

(€ million)	06/2021	12/2020	Change vs N-1 (in €m)	(in %)
	Half-year ended 30 June			
Equity Group share (opening)	**18,247**	**12,624**	**5,622**	**+44.5**
Capital increase	0	1,968	-1,968	n.s
Net profit/(loss), Group share	525	2,084	-1,560	n.s.
Dividend payments	-56	-24	-32	n.s.
Unrealised gains and losses on financial instruments	72	-119	191	+30.6
Translation adjustments	158	-358	516	n.s.
Actuarial adjustments items	46	-74	120	n.s.
Other items	-432	2,144	-2,576	n.s.
Equity Group share (closing)	**18,559**	**18,247**	**312**	**2.8**
Non-controlling interests	13,520	13,712	-192	-7.1
CONSOLIDATED EQUITY (CLOSING)	**32,079**	**31,959**	**+120**	**+0.9**

Equity Group share amounted to €18,559 million at the end of June 2021. It had increased by €312 million.

The non-controlling interests amounted to €13,520 million, down by €192 million, notably in connection with the purchase of non-controlling interests in eShopWorld.

6.7 Credit rating

In March, Fitch's ratings for La Poste and CNP Assurances remained unchanged whereas its Long Term rating of La Banque Postale was upgraded to A- to A with its short term rating going from F1 to F1+.

The ratings by Standard and Poor's remain unchanged.

In March 2021, Moody's confirmed its 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	16 December 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	30 March 2021
	Standard and Poor's	A	A-1	Stable	24 June 2021

CNP Assurances rating

Company	Agency	Long-term rating	Outlook	Last revised
CNP Assurances	Fitch Ratings	A+	Stable	16 September 2020
	Moody's	A1	Stable	26 March 2021
	Standard and Poor's	A	Stable	26 January 2021

7. Outlook and post balance sheet events

7.1 Outlook

The environment of 2021 remains impacted by the health crisis and by numerous uncertainties weighing on certain Group activities. Despite this context, the Group's revenue and results should increase by the end of 2021 compared to the end of 2020, excluding the effects of the initial recognition of CNP Assurances shares.

The Group is implementing its new "**La Poste 2030, committed for you**" strategic plan, placing customer satisfaction at the heart of its strategy. It will continue the intensive development of its growth drivers - parcel and express on the one hand, and bancassurance activities on the other hand - through targeted acquisitions in the service of the consolidation of its activities and the continuation of their geographic expansion.

In the second half of 2021, an important step in the Group's transformation process will take place through:
- the roll-out of the Retail Customers and Digital Services business unit, integrating the power of digital technology with La Poste's retail outlet and service network for individual and professional customers, and the development of a growth driver around digital trust services relying on Docaposte;
- the consolidation of international logistics activities by transferring Asendia to the GeoPost business unit, to develop synergies in logistics and customer services internationally.

Some business units have already presented elements of their five-year roadmap:
- GeoPost is aiming to become the most innovative premium e-commerce player in Europe with an annual growth rate of around 15% up to 2025 and is targeting revenue of €21 billion by 2025;
- La Banque Postale aims to generate 20% of its Net Banking Income internationally by 2025, to reduce La Banque Postale's cost to income ratio by 10 points, and to resolutely set a course for sustainable growth with a controlled increase in risk-weighted assets[17] of around 3.5% of the CAGR[18] over the 2020 to 2025 period.

Lastly, the French State decided at the end of July 2021 to support the transformation of the universal postal service and to support this public service mission by paying La Poste an annual grant of between €500 million and €520 million from 2022 onwards[19].

7.2 Post balance sheet events

None

[17] Risk-Weighted Assets (RWA) i.e. the minimum amount of capital required within a bank according to its level of risk.

[18] Compound Annual Growth Rate (CAGR)

[19] Subject to the approval of the European Commission.

Main risks and uncertainties

The main risks and uncertainties identified by Le Groupe La Poste are presented in Chapter 2 "Risk management" of the Universal Registration Document for 2020.

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Condensed consolidated financial statements

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2021

LE GROUPE LA POSTE

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CONSOLIDATED INCOME STATEMENT

(€ million)	NOTE	H1 2021	H1 2020	2020
Revenues from commercial activities	4	12,896	10,709	23,478
Net banking income	5	3,961	3,785	7,707
Operating revenue		**16,857**	**14,495**	**31,185**
Purchases and other expenses	6	(7,318)	(6,088)	(13,686)
Personnel expenses	7	(7,106)	(6,694)	(13,841)
Taxes and levies	8	(327)	(295)	(439)
Depreciation, amortisation, provisions and impairment	8	(1,240)	(2,051)	(3,736)
Other operating expenses and income	8	246	206	535
Proceeds from asset disposals		7	(4)	84
Net operating expenses		**(15,738)**	**(14,926)**	**(31,084)**
Share in profit of joint ventures	14	26	13	41
Current operating profit/(loss) after share in results oj joint ventures		**1,145**	**(418)**	**142**
Impact of the takeover of CNP Assurances		**0**	**3,007**	**3,007**
Operating profit/(loss)		**1,145**	**2,588**	**3,149**
Cost of net financial debt		(121)	(107)	(229)
Other financial items		13	(5)	(14)
Financial profit/(loss)	9	**(108)**	**(112)**	**(243)**
Share in profits of associates	14	**6**	**632**	**635**
Profit before tax		**1,043**	**3,108**	**3,540**
Income tax	10	(312)	(576)	(880)
CONSOLIDATED NET PROFIT/(LOSS)		**731**	**2,532**	**2,660**
Net profit/(loss), Group share		**525**	**2,315**	**2,084**
Attributable to non-controlling interests		206	217	576

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts after tax (€ million)	H1 2021	H1 2020	2020
CONSOLIDATED NET PROFIT / (LOSS)	**731**	**2,532**	**2,660**
OTHER COMPREHENSIVE INCOME RECOGNISED IN EQUITY			
Recyclable items	**546**	**(2,042)**	**(515)**
Change in unrealised gains and losses on financial instruments	(521)	(282)	646
Reclassification under net income	*373*	*(71)*	*225*
Translation adjustments	456	(897)	(939)
Reclassification under net income	*0*	0	153
Impact of the overlay appoach	605	(186)	460
Share in other comprehensive income of associates and joint ventures	6	(676)	(682)
Of which :			
- reclassification under net income of CNP Assurances (see note 1.1), during takeover	*0*	*(594)*	*(594)*
- change in unrealised gains and losses on financial instruments of CNP Assurances, before takeover	*0*	*(39)*	*(39)*
- change in translation reserves of CNP Assurances before takeover	*0*	*(32)*	*(32)*
- other	*6*	*(11)*	*(17)*
Non-recyclable items	**63**	**9**	**(114)**
Actuarial adjustments on employee benefits	*44*	*7*	*(75)*
Change in credit risk of liabilities designated as at fair value through profit or loss	*(2)*	*11*	*(9)*
Revaluation of equity instruments recognized at fair value through equity (excluding securities sold during the year)	*21*	*(9)*	*(30)*
Total other comprehensive income recognised in equity (after tax)	**609**	**(2,033)**	**(629)**
Total comprehensive income/(loss)	**1,340**	**499**	**2,031**
TOTAL COMPREHENSIVE INCOME/(LOSS), GROUP SHARE	**803**	**899**	**1,553**
Total comprehensive income/(loss) attributable to non-controlling interests	537	(400)	478

CONSOLIDATED BALANCE SHEET

ASSETS

(€ million)	NOTE	30/06/2021	31/12/2020
Goodwill	11	4,299	4,175
Intangible assets	12	5,942	5,866
Property, plant and equipment	12	6,186	5,983
Right of use assets	13	3,153	3,017
Investments in joint ventures and associates	14	990	935
Other non-current financial assets	15	548	502
Deferred tax assets		175	141
Non-current assets		**21,293**	**20,619**
Inventories and work-in-progress	15	191	220
Trade and other accounts receivable	15	4,847	5,100
Other current financial assets	15	441	382
Income tax credit		477	852
Other accrual accounts – Assets		132	99
Cash and cash equivalents	15	3,891	2,763
Assets held for sale		14	168
Current assets		**9,993**	**9,584**
Cash and central bank deposits	16	60,824	1,783
Financial assets at fair value through profit or loss	16	202,549	195,629
Financial hedging derivatives	16	1,138	1,443
Financial assets at fair value through OCI	16	223,260	230,559
Securities classified at amortised cost	16	23,984	24,018
Credit institutions loans and receivables at amortised cost	16	71,673	114,434
Customer loans and receivables at amortised cost	16	122,636	125,222
Revaluation adjustment on hedged portfolios -fair value heges	16	158	220
Other financial assets and accrual accounts	16	35,847	31,538
Investment property	16	3,138	3,083
Specific assets of banking and insurance activities		**745,207**	**727,929**
TOTAL ASSETS		**776,493**	**758,132**

LIABILITIES

(€ million)	NOTE	30/06/2021	31/12/2020
Share capital and issue premium		6,668	6,668
Reserves		10,149	8,488
Recyclable reserves on financial instruments		889	836
Translation reserve		(416)	(574)
Undated hybrid subordinated notes		744	744
Net profit/(loss), group share		525	2,084
Equity, group share		**18,559**	**18,247**
Non-controlling interests		13,520	13,712
CONSOLIDATED EQUITY		**32,079**	**31,959**
Bonds and financial debt (1)	**18.1**	10,517	8,891
Lease liabilities (1)	**18.1**	3,623	3,509
Provisions for contingencies and losses (1)	**17**	869	876
Employee benefits (1)	**20**	3,188	3,365
Deferred tax liabilities (no current)		1,336	1,497
Trade and other payables (1)	**22**	7,974	8,749
Government – Income tax		198	127
Other accrual accounts – Liabilities (current)		297	245
Liabilities held for sale (current)		0	127
No-current liabilities		**16,090**	**14,518**
Current liabilities		**11,912**	**12,868**
Financial liabilities at fair value through profit or loss	**21**	3,412	3,279
Financial hedging derivatives	**21**	592	763
Liabilities to credit institutions and similar transactions	**21**	35,800	33,533
Liabilities to customers	**21**	233,417	229,793
Debt evidenced by a certificate	**21**	25,490	21,639
Revaluation adjustment on hedged portfolios -fair value hedges	**21**	574	726
Other financial liabilities and accrual accounts	**21**	20,951	18,834
Specific provisions for the insurance and Banking activities and shadow accounting	**21**	385,467	380,035
Subordinated debt	**21**	10,709	10,187
Specific liabilities of banking and insurance activities		**716,412**	**698,788**
TOTAL LIABILITIES		**776,493**	**758,132**
(1) Of which current share :			
Bonds and financial debt		*1,388*	*1,534*
Lease liabilities		*675*	*633*
Provisions for contingencies and losses		*748*	*759*
Employee benefits		*694*	*718*
Trade and other payables		*7,912*	*8,724*

CHANGES IN CONSOLIDATED EQUITY 2021

1st semester 2021

Amounts after tax (€ million)	Share capital and issue premium	Unallocated profit/ (loss)	Translation reserve	Recyclable reserves on financial instruments	Undated hybrid subordinated notes	Other reserves	**Total, Group share**	Non-controlling interests	**Total**
Consolidated equity as at 31/12/2020	**6,668**	**2,084**	**(574)**	**836**	**744**	**8,488**	**18,247**	**13,712**	**31,959**
Issue of perpetual loan (see 1.2)							**0**	198	**198**
Dividend payments	0	0	0	0	0	0	**0**	(599)	**(599)**
Remuneration of undated hybrid subordinated notes [(a)]	0	0	0	0	0	(57)	**(57)**	(11)	**(68)**
Call options on non-controlling interests	0	0	0	0	0	(3)	**(3)**	(2)	**(5)**
Transactions with non-controlling interests	0	0	0	0	0	(437)	**(437)**	(328)	**(765)**
Appropriation of 2020 net profit/(loss)	0	(2,084)	0	0	0	2,084	**0**	0	**0**
Comprehensive income for the year	0	525	159	54	0	65	**803**	537	**1,340**
Of which:									
- Net profit		*525*	*0*	*0*	*0*	*0*	***525***	*206*	***731***
- Non-recyclable reserves on financial instruments						*19*	***19***		***19***
- Acturial adjustments items		*0*	*0*	*0*	*0*	*46*	***46***	*(2)*	***44***
- Other comprehensive income items		*0*	*159*	*54*	*0*	*0*	***213***	*333*	***546***
Other	0	0	(1)	(1)	0	9	**7**	13	**20**
CONSOLIDATED EQUITY AS AT 30/06/2021	**6,668**	**525**	**(416)**	**889**	**744**	**10,149**	**18,559**	**13,520**	**32,079**

(a) Remuneration of undated hybrid subordinated notes from La Poste (€23 million), La Banque Postale (€15 million) and CNP Assurances (€30 million).

CHANGES IN CONSOLIDATED EQUITY 2020

1st semester 2020

Amounts after tax (€ million)	Share capital and issue premium	Unallocated profit/(loss)	Translation reserve	Recyclable reserves 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)**	**919**	**744**	**5,655**	**12,624**	**907**	**13,531**
Transfer of equity investments in CNP Assurances [(a)]	1,968	0	0	0	0	2,059	**4,027**	10,997	**15,024**
Dividend payments	0	0	0	0	0	0	**0**	(156)	**(156)**
Remuneration of undated hybrid subordinated notes [(b)]	0	0	0	0	0	(57)	**(57)**	0	**(57)**
Call options on non-controlling interests	0	0	0	0	0	157	**157**	36	**193**
Transactions with non-controlling interests	0	0	0	0	0	(33)	**(33)**	(142)	**(176)**
Appropriation of 2019 net profit/(loss)	0	(822)	0	0	0	822	**0**	0	**0**
Comprehensive income for the year	0	2,315	(288)	(1,134)	0	7	**899**	(400)	**499**
Of which :	0	0	0	0	0	0	**0**	0	**0**
- Net profit	*0*	*2,315*	*0*	*0*	*0*	*0*	***2,315***	*217*	***2,532***
- Acturial adjustments items	*0*	*0*	*0*	*0*	*0*	*7*	***7***	*0*	***7***
- Reclassification under net income following the takeover of CNP Assurances	*0*		*149*	*(743)*	*0*	*0*	***(594)***	*0*	***(594)***
- Other comprehensive income items	*0*		*(438)*	*(391)*	*0*	*0*	***(828)***	*(618)*	***(1,446)***
Other	0	0	0	0	0	2	**2**	9	***12***
CONSOLIDATED EQUITY AS AT 30/06/2020	**6,668**	**2,315**	**(503)**	**(217)**	**744**	**8,613**	**17,620**	**11,250**	**28,870**

(a) 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).

2020 fiscal year

Amounts after tax (€ million)	Share capital and issue premium	Unallocated profit/(loss)	Translation reserve	Recyclable reserves on financial instruments	Undated hybrid subordinated notes [a]	Other reserves	**Total, Group share**	Non-controlling interests	**Total**
Consolidated equity as at 31/12/2019	**4,700**	**822**	**(215)**	**919**	**744**	**5,655**	**12,624**	**907**	**13,531**
Transfer of equity investments in CNP Assurances [a]	1,968	0	0	0	0	2,059	**4,027**	10,997	**15,024**
Dividend payments	0	0	0	0	0	0	**0**	(571)	**(571)**
Remuneration of undated hybrid subordinated notes [b]	0	0	0	0	0	(91)	**(91)**	(23)	**(114)**
Call options on non-controlling interests	0	0	0	0	0	174	**174**	26	**199**
Transactions with non-controlling interests	0	0	0	0	0	(53)	**(53)**	1,894	**1,840**
Appropriation of 2019 net profit/(loss)	0	(822)	0	0	0	822	**0**	0	**0**
Comprehensive income for the year	0	2,084	(358)	(64)	0	(109)	**1,553**	478	**2,031**
Of which:	0	0	0	0	0	0	**0**	0	**0**
- *Net profit*	0	2,084	0	0	0	0	**2,084**	576	**2,660**
- *Non-recyclable reserves on financial instruments*						(35)	**(35)**	0	**(35)**
- *Acturial adjustments*	0	0	0	0	0	(74)	**(74)**	(1)	**(75)**
- *Reclassification under net income following the takeover of CNP Assurances*	*0*	*0*	*149*	*(743)*	*0*	*0*	***(594)***	*0*	***(594)***
- *Other comprehensive income items*	0	0	(508)	679	0	0	**171**	(97)	**74**
Other	0	0	0	(20)	0	32	**13**	5	**18**
CONSOLIDATED EQUITY AS AT 31/12/2020	**6,668**	**2,084**	**(574)**	**836**	**744**	**8,488**	**18,247**	**13,712**	**31,959**

(a) 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 (€29 million) and CNP Assurances (€62 million).

CONSOLIDATED CASH FLOW STATEMENT

(€ million)	H1 2021 Group	H1 2021 Non-banking activities	H1 2021 La Banque Postale	H1 2020 Group	H1 2020 Non-banking activities	H1 2020 La Banque Postale	2020 Group	2020 Non-banking activities	2020 La Banque Postale
EBITDA [(a)]	**2,356**	**1,025**	**1,331**	**1,651**	**166**	**1,484**	**4,226**	**1,274**	**2,953**
Change in provisions for current assets and irrecoverable receivables	(12)	(12)	0	(28)	(28)	0	(52)	(52)	0
Miscellaneous financial income and expenses	2	2	0	(5)	(5)	0	(11)	(5)	(6)
Cash flows from operating activities before cost of net debt and taxes	**2,346**	**1,015**	**1,331**	**1,618**	**133**	**1,484**	**4,163**	**1,217**	**2,947**
Change in working capital requirement	(547)	(157)	(390)	(711)	(28)	(683)	450	205	244
Change in balance of banking and insurance resources and uses	17,059	0	17,059	12,690	0	12,690	23,033	0	23,033
Taxes paid	(75)	(101)	26	(371)	29	(400)	(817)	(74)	(743)
Dividends paid by La Banque Postale to La Poste	0	171	(171)	0	0	0	0	0	0
Dividends received from equity associates	18	12	6	4	2	1	49	6	43
Cash flows from operating activities	**18,801**	**940**	**17,861**	**13,230**	**137**	**13,093**	**26,878**	**1,354**	**25,524**
Purchase of property, plant and equipment, intangible assets and investment property	(1,046)	(524)	(522)	(656)	(436)	(220)	(4,649)	(1,083)	(3,566)
Purchase of financial assets	(126)	(77)	(49)	(87)	(87)	0	(178)	(102)	(76)
Proceeds from the disposal of property, plant and equipment and intangible assets	44	42	2	34	34	0	107	106	1
Proceeds from disposals of financial assets	87	86	1	9	8	1	45	24	21
Impact of changes in consolidation scope	(93)	(93)	0	5,602	(588)	6,190	(739)	(739)	0
Change in financial assets held for cash investment purposes	(51)	(51)	0	25	25	0	25	25	0
Cash flows from investing activities	**(1,185)**	**(617)**	**(568)**	**4,928**	**(1,043)**	**5,971**	**(5,388)**	**(1,769)**	**(3,620)**
Capital increase	0	0	0	3	0	3	23	20	3
Perpetual loans	198	198	0	0	0	0	0	0	0
Dividends paid and remuneration of hybrid subordinated notes	(656)	(26)	(630)	(211)	(27)	(184)	(686)	(43)	(643)
Purchase of non-controlling interests	(549)	(549)	0	(209)	0	(209)	(228)	(19)	(209)
Interest paid	(92)	(92)	0	(68)	(68)	0	(218)	(218)	0
Proceeds from new borrowings	3,402	2,034	1,368	3,141	2,391	750	4,594	2,844	1,750
Repayment of borrowings	(1,204)	(454)	(750)	(639)	(611)	(28)	(2,641)	(1,076)	(1,566)
Repayment of lease liabilities	(381)	(355)	(26)	(328)	(310)	(18)	(713)	(679)	(34)
Other cash flows from financing activities	(11)	(11)	0	50	50	0	(72)	(72)	0
Intra-group flows	0	58	(58)	0	291	(291)	0	(3)	3
Cash flows from financing activities	**707**	**803**	**(96)**	**1,739**	**1,716**	**23**	**57**	**753**	**(696)**
Decrease (increase) in cash and cash equivalents from banking activities before impact of changes in consolidation scope	(17,197)	0	(17,197)	(12,819)	0	(12,819)	(21,208)	0	(21,208)
Impact of subsidiaries held for sale	(8)	(8)	0	(7)	(7)	0	(7)	(7)	0
Impact of changes in exchange rates	10	10	0	(6,285)	(6,285)	0	(23)	(23)	0
Change in cash and cash equivalents	**1,128**	**1,128**	**0**	**785**	**(5,482)**	**6,268**	**308**	**308**	**0**
Opening cash and cash equivalents	**2,763**	**2,763**	**0**	**2,456**	**2,456**	**0**	**2,456**	**2,456**	**0**
Closing cash and cash equivalents	**3,891**	**3,891**	**0**	**3,241**	**3,241**	**0**	**2,763**	**2,763**	**0**

(a) The calculations of EBITDA and cash flow from operating activities for the banking part of the cash flow statement were revised in 2021 in order to better take into account the integration of CNP Assurances into the Group and for the sake of simplicity. The transition between current operating profit and EBITDA is described in note 29.

GENERAL ITEMS

NOTE 1 SIGNIFICANT EVENTS DURING THE HALF-YEAR

1.1 Bond issues

During the first half of 2021, Le Groupe La Poste carried out several bond issues, as detailed below. These issues meet the criteria for classification as debt instruments under IFRS 9.

La Poste bond issues

On 11 January 2021, La Poste carried out two bond issues for a total amount of €1,750 million:

- a €1,000 million issue maturing in January 2036 and carrying a rate of 0.625%;
- a €750 million issue maturing in July 2029 and carrying a rate of 0%.

La Banque Postale bond issue

La Banque Postale issued Tier 2 subordinated bond debt for an amount of €750 million (€500 million on 2 February 2021 and €250 million on 27 April 2021) maturing in August 2032 and carrying a fixed rate of 0.75%.

On June 23, 2021, La Banque Postale issued its first "social" bond, in the form of a non-preferred senior debt in the amount of €750 million, with a 10-year maturity and a coupon of 0.75% (mid-swap +70 bps). This issue allows La Banque Postale to reaffirm its commitment to be a recurring issuer in the sustainable bond segment.

In addition, on 23 April 2021, La Banque Postale activated its early redemption option on a €750 million bond issued in 2014 and carrying a rate of 2.75%.

CNP bond issue

On 7 April 2021, CNP Assurances issued a Restricted Tier 1 subordinated debt for $700 million. These are undated bonds bearing interest at a fixed rate of 4.875% until 7 April 2031. The bonds were swapped into euros for a period of ten years, which enabled CNP Assurances to obtain an effective rate of 2.852%.

1.2 Purchase of non-controlling interests in eShopworld (“US Direct eCommerce Holding Ltd”)

In March 2021, Asendia, 60%-controlled by Le Groupe La Poste, purchased the non-controlling interests in eShopworld (legal name: US Direct eCommerce Holding Ltd), a company incorporated under Irish law in which Asendia held a 50.1% stake and which it already controlled. Following the transaction, Le Groupe La Poste and its subsidiary Asendia now hold 60% and 100%, respectively, in eShopworld.

As eShopworld was already under the control of Le Groupe La Poste before the transaction, no additional goodwill was recognised in the financial statements. The acquisition price as well as the acquisition costs were recorded as a €694 million reduction of the consolidated shareholders’ equity, of which €416 million from the Group share and €278 million from non-controlling interests.
In addition, as part of the financing of the transaction, a perpetual loan was granted to Asendia by its minority shareholder Swiss Post in the amount of €198 million. This perpetual loan was classified as non-controlling interests in the consolidated equity as its characteristics fully meet the criteria for qualifying as an equity instrument in accordance with IFRS 9 (see table of changes in consolidated equity).

1.3 Acquisition of Aviva’s insurance activities in Italy

On 3 March 2021, CNP Assurances announced that it had signed an agreement to acquire Aviva’s Italian life insurance business. The acquisition price amounts to €543 million and will be financed by CNP Assurances from its own resources. The scope of the transaction includes the following life insurance businesses of the Aviva Group in Italy:

- 51% of the life insurance company Aviva S.p.A, which 49% is co-owned by UniCredit;

- 100% of Aviva Life S.p.A, a life insurance company, as well as the operational services company Aviva Italia Servizi S.c.a.r.l., which supports both insurance companies.

Completion of the transaction remains subject to various conditions precedent, including the receipt of approvals from the relevant prudential and competition authorities. The agreement is materialised in the financial statements at 30 June and until the closing of the transaction by an off-balance sheet commitment for the amount of the acquisition price.

1.4 Partnership agreement in Brazil with Caixa Seguridade in the consumer segment

On 30 March 2021, CNP Assurances announced the finalisation of its new exclusive distribution agreement for a period of 20 years in the Caixa Econômica Federal (CEF) network, covering the consumer segment.

The closing transactions provided for in the memorandum of understanding signed on 13 August 2020 with Caixa Econômica Federal and Caixa Seguridade were finalised, in particular the payment of 250 million Brazilian real to Caixa Econômica Federal.

A new joint venture, XS5 Administradora de consorcios SA, was created and is consolidated under the equity method. The voting rights are distributed as follows: 50.01% for CNP Assurances and 49.99% for Caixa Seguridade, and the economic rights as follows: 25% for CNP Assurances and 75% for Caixa Seguridade.

1.5 Impact of the Covid-19 health crisis

a) Impact of the crisis on the Group's activities

The health crisis continued into the first half of 2021, beyond the third lockdown in April-May.

Indeed, some activities are struggling to get back on track, still paying a heavy price for the health crisis.

Among the "traditional" activities, this is notably the case for Mail, which estimates a structural impact of Covid of about 2 points of traffic, but also for printed advertising, desktop publishing and cheques within digital services.

La Banque Postale suffers from a lower than usual "opening inventory" effect on home loans and a flow effect on the commissions linked to the partial lockdown.

Structural transformations are taking place in the market, which are having a lasting impact on digital consulting and services (ESN) (changes in employment, less visibility on projects) and on small import packages whose flows are dwindling.

The strong acceleration of BtoC continues with a constant increase in the parcel/express business (mainly GeoPost sector) since the beginning of the crisis, driven by the increasingly regular use of online shopping, materialising a real change in usage.

b) Review of impairment loss indicators

The CGUs that had a low margin in 2020 or were impaired were tested again on 30 June 2021.

At the end of these tests, no additional goodwill impairment was recognised.

For the La Poste SA Mail CGU, the outlook remains unfavourable, leading to the maintenance of the impairment of all the assets of this CGU.

Compared to the normal rate of depreciation of the various assets as it would have been in the absence of impairment, the total amount of impairment recorded at the end of June 2021 for this CGU amounted to €875million (compared to €900 million at the end of December 2020) and breaks down as follows:

- Intangible assets: €190 million;
- Property, plant and equipment: €260 million;
- Rights-of-use assets: €425 million.

c) Deferred tax asset recoverability review

Due to the outlook for the Mail business mentioned above, the taxable income forecasts for La Poste SA and the tax group to which the company belongs remain negative. As a result, the net deferred tax assets of this tax group remain fully impaired as at the end of December 2020.

A review of the tax group's income outlook will be carried out at the end of the year. In the event of an improvement, the accounting position on deferred taxes may be reviewed based on several factors, including:

- The reasonable horizon of the profit outlook that may be taken into account;
- The forecast of the use of tax loss carryforwards (losses can only be offset each year for half of the profit);
- The timing of reversal of temporary differences.

d) Impacts on credit risk measurement

La Banque Postale considers that the general risk monitoring and associated provisioning system enables a detailed understanding of the level of risk of the credit portfolio, while meeting the expectations of the European Supervisor. Thus, all of the credit risk assessment principles detailed in 2020 are still applied by La Banque Postale in the uncertain context of the crisis. As a result, at 30 June 2021 the classification and provisioning of La Banque Postale's exposures continues to be based on:

- Automatic mechanisms for identifying Significant Impairments of Potential Risks and for classifying or proposing classification in the IFRS 9 "buckets";
- control and validation measures involving the teams of the group risk department of La Banque Postale, and possible individual or collective adjustment decisions taken as part of the exposure monitoring system (Watch List process, sector measures, etc.).

As of 30 June 2021, it is thus possible to present the impacts of the pandemic (and its macroeconomic consequences) on the assessment of credit risk for La Banque Postale according to two main categories:

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

No adjustments were made in the first half of 2021 to La Banque Postale's models and scenarios for calculating provisions, the last general review of which was carried out in November 2020. It is considered that at this stage the models in force and these scenarios adequately capture the level of systemic risk induced by the pandemic and remain appropriate in view of the projections made by the major forecasting bodies, and in the current context of uncertainty about a possible resumption of the epidemic ("fourth wave").

Legal entities

For its half-year closing, La Banque Postale has implemented a provisioning approach aimed at avoiding excessive procyclicality and ensuring that credit risk is adequately reflected, based on the observations made on the portfolio and on the expertise of the group risk department.

As of 30 June 2021, the cost of credit risk in respect of the Legal Entities Finance and Investment activity remains, as mentioned above, the result of:

- the bank's exposure monitoring process;

- specific provisioning decisions made by the committees dedicated to items past due and/or items under surveillance (Watchlist and/or degraded files classified in Bucket 2 and in default under Bucket 3 IFRS 9);

- the application of collective provisions (sectoral or other).

In the latter part, during the second quarter of 2021, La Banque Postale decided, after observing the effects of the crisis, to maintain or increase the collective provisioning measures implemented at the end of 2020 and even to extend this approach to an additional sector. In summary, as of 30 June 2021, the sectors subject to a sectoral measure are:
- The tourism, hotel and leisure sector;
- The private air and ground passenger transportation sector;
- The photovoltaic energy sector in France due to a revision of the pricing conditions;
- Certain segments of the distribution sector;
- The automotive sector;
- The commercial real estate sector (sector added on 30 June 2021).

The exposures in question are downgraded to Bucket 2 under IFRS 9 because La Banque Postale believes that their risk has deteriorated since their entry into the portfolio.

As a result, on 30 June 2021, the crisis had an impact on the cost of credit risk in respect of the Legal Entities Finance and Investment activity in the amount of €33 million, and this amount is entirely due to movements in allocations to or reversals of collective provisions (+€33 million in the commercial real estate sector, +€25 million in the photovoltaic sector, -€22 million in reversals of other sectoral provisions).

Individuals

In the first half of 2021, no specific measures were taken on La Banque Postale's private individual customers. The effects of the Covid-19 crisis have so far had a limited impact on La Banque Postale's credit exposures to individuals. Nevertheless, in the coming months this crisis could have a significant impact on the credit risk profile of its Individuals portfolio. La Banque Postale remains cautious and maintains the exceptional adjustment measures put in place for certain parameters (loss in the event of default on home loans secured by a mortgage).

At 30 June 2021, the profile of the credit exposures to individuals showed no significant change. The effects of the crisis have not yet had a significant impact on La Banque Postale's exposure structure.

In this context, the change in the cost of risk over the first half of 2021 is very low, at €20 million mainly linked to the consumer loans activity (€18 million), where it also remains at a very moderate level (67 bps). It should be noted, however, that the reclassification of moratorium exposures to Bucket 1 helps to explain this low level of cost of risk (-€8 million).

1.6 Takeover of Speedy AD

In March 2021, Le Groupe La Poste (GeoPost business unit) took control of the Bulgarian company Speedy Ad following a takeover bid launched in February 2021. The company was previously held at 24.8% and accounted for as an equity associate in the Group's accounts. The company is now exclusively controlled by the Group with a percentage holding of 69.8% and is fully consolidated as of 1 April 2021. The takeover generated additional goodwill of €82 million (see note 11) including the revaluation of the previous shareholding for €18 million (see Note 8). The company's business represented revenue of approximately €135 million in 2020. With this acquisition, the Group strengthens its position in the parcel/express market in Bulgaria and Romania.

1.7 Creation of the Consumer Digital Division

As part of the new strategic plan developed by the Group, the La Poste Network and Digital units were merged as of 1 July 2021 into a single business unit called "Retail Customers and Digital Services". On the same occasion, the activities of the Services-Mail-Parcels business unit that were previously carried out through the Network were transferred to this new business unit.

With regard to the Group's segment reporting, it should be noted that each business unit constitutes a segment. The change presented above will therefore have a direct impact on the segment reporting. However, as the change will not be effective until the second half of 2021, it has no impact on the segment reporting in these consolidated financial statements.

1.8 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 2021**	**H1 2020**	**H1 2021**	**H1 2020**
Revenues and NBI	**16,857**	**14,495**	**16,372**	**14,301**
Purchases and other expenses	(7,318)	(6,088)	(7,220)	(6,009)
Personnel expenses	(7,106)	(6,694)	(7,001)	(6,675)
Taxes and levies	(327)	(295)	(317)	(295)
Amortisation, provisions and impairment	(1,240)	(2,051)	(1,192)	(2,044)
Other operating expenses and income	246	206	245	208
Proceeds from asset disposals	7	(4)	7	(4)
Net operating expenses	**(15,738)**	**(14,926)**	**(15,478)**	**(14,820)**
Share in results of joint ventures	26	13	24	13
CURRENT OPERATING PROFIT/(LOSS) AFTER SHARE IN RESULTS OF JOINT VENTURES	**1,145**	**(418)**	**918**	**(506)**

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

	H1 2021		H1 2020	
(€ million)	**Operating revenue**	**Operating profit/(loss)**	**Opérating revenue**	**Operating profit/(loss)**
Published consolidated financial statements	**16,857**	**1,145**	**14,495**	**(418)**
Impact of changes in scope and changes :				
CNP Assurances [(a)]	402	211	0	0
Speedy AD	38	4	0	0
Exchange rate effect [(b)]	0	0	146	87
Other	46	11	48	1
Consolidated financial statements excluding scope and exchange rate effects	**16,372**	**918**	**14,301**	**(506)**

(a) *This restatement corresponds to the neutralization of CNP Assurances' contribution to operating income and recurring operating income for the months of January and February 2021 in order to make the data for the first half of 2021 comparable with that for the first half of 2020, as CNP Assurances was consolidated from March 1, 2020.*

(b) *The amounts of €146 and €87 million restated in 2020 correspond to the impact of recalculating revenues and operating income using the exchange rates of the first half of 2021, and reflect a net decrease in currency movements against the euro in 2021.*

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 2021 were signed off by the Board of Directors (meeting on 30 July 2021).

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 2021 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 2021 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 2020.

The accounting principles applied as at 30 June 2021 are unchanged from those applied as at 31 December 2020, 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 2020.

2.1.1 Standards and application interpretations that are mandatory for the first time as of January 1, 2021

In relation to the consolidated financial statements prepared as of December 31, 2020, the Group has implemented the following standards and interpretations, which are mandatory in the European Union as of January 1, 2021:

- Amendment to IFRS 4 deferring the mandatory application of IFRS 9
- Amendment to IFRS 9, IAS 39 and IFRS 7 "Reform of reference interest rates", known as phase 2

In the context of the new regulation on reference rates aimed at replacing the IBOR interbank rates with new rates - the IBOR reform - which is currently being implemented, the applicable standards have been amended by the IASB.

The first amendments - known as phase 1 - by the Group since December 31, 2019, were intended to allow hedge accounting treatments to be maintained solely because of uncertainties about the timing and terms of the transition of reference rates, as long as the old rates are not removed and the contracts are not modified. These amendments introduced exemptions mainly concerning:

- the cash flows being hedged are highly probable;
- the hedges are highly effective; and
- the identifiable nature of the hedged risk.

These amendments are applicable until the uncertainties concerned disappear. Specific information on the hedging instruments concerned is provided in the notes to the financial statements on an annual basis.

The latest amendments - known as Phase 2 - were published by the IASB for the accounting treatment of changes to financial instrument contracts in the context of this reform, and were adopted by the European Union on January 14, 2021. They have not been applied early by the Group in its financial statements as of December 31, 2020.

They allow exceptions to be applied if and only if the changes in the way contractual cash flows are determined were brought about by the IBOR reform and if they were achieved on an economically equivalent basis. The exceptions are as follows:

- accounting for these changes as a revision of a variable interest rate for the valuation of financial instruments measured at amortized cost, financial assets measured at fair value through equity and lease liabilities;
- maintaining the hedging relationship when changes are made to the hedging instrument and/or the hedged item, which requires new documentation of the hedge.

The Group, which is affected by the BMR regulation, has set up an organization and a project governance to deal operationally with the various impacts of compliance with this regulation and the elimination of certain reference rates. As of June 30, 2021, the renegotiation of over-the-counter instruments and the switch from one indexation to another of derivatives in the clearing house have not taken place. As the transition period ends on December 31, 2021, significant impacts are expected in the second half of 2021, including the transition to €STER on October 16, 2021 for EONIA-indexed derivatives contracts in the clearing house.

2.1.2 Standards and application interpretations that will be mandatory after 30 June 2021 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 2021.

2.2 Valuation basis and use of estimates

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

The items primarily concerned are:

- the calculation of employee benefits;
- the estimates for provisions for contingencies and losses, especially the Home Loan Savings provision;
- the calculation of rights of use and lease liabilities,
- the valuation of goodwill and various assets or liabilities in business combinations,
- the assumptions selected for impairment tests on goodwill and on intangible and tangible assets;
- the estimation of technical provisions for banking and insurance activities (including the home savings provision),
- 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 2020.

1st semester 2021 (€ million)	Services-Mail-Parcels	GeoPost	La Banque Postale	Digital Services	La Poste Network	Real Estate	Shared Services	Unallocated (a)	Elimina-tions	Total
Non-Group revenues and NBI	6,379	6,112	3,961	365	23	16	1	0	0	16,857
Inter-segment revenues and NBI	153	59	13	104	1,896	391	588	0	(3,204)	**0**
Operating revenue	**6,532**	**6,171**	**3,974**	**469**	**1,920**	**407**	**589**	**0**	**(3,204)**	**16,857**
Share in results of joint ventures	0	1	27	0	(2)	0	0	0	0	26
Current operating profit/(loss) after share in results of joint ventures	**187**	**533**	**755**	**17**	**69**	**20**	**(68)**	**(368)**	**0**	**1,145**
Financial profit/(loss)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**(108)**	**0**	**(108)**
Income tax	0	0	0	0	0	0	0	(312)	0	(312)
Share in profits of associates	((1))	3	2	0	0	1	0	0	0	6
CONSOLIDATED NET PROFIT/(LOSS)										**731**
Depreciation, amortisation, provisions and impairment	(132)	(334)	(428)	(31)	(20)	(230)	(66)	0	0	(1,240)
Segment assets	3,556	10,296	753,024	1,194	193	4,298	10,480	(6,548)	0	776,493

1st semester 2020 (€ million)	Services-Mail-Parcels	GeoPost	La Banque Postale	Digital Services	La Poste Network	Real Estate	Shared Services	Unallocated (a)	Elimina-tions	Total
Non-Group revenues and NBI	5,367	5,016	3,785	289	27	10	1	0	0	14,495
Inter-segment revenues and NBI	144	41	8	80	1,771	404	543	0	(2,990)	**0**
Operating revenue	**5,510**	**5,057**	**3,793**	**369**	**1,798**	**414**	**544**	**0**	**(2,990)**	**14,495**
Share in results of joint ventures	0	(3)	25	0	(10)	0	0	0	0	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)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**(112)**	**0**	**(112)**
Income tax	0	0	0	0	0	0	0	(576)	0	(576)
Share in profits of associates	0	(7)	638	0	0	1	0	0	0	632
CONSOLIDATED NET PROFIT/(LOSS)										**2,532**
Depreciation, amortisation, provisions and impairment	(995)	(322)	(406)	(35)	(19)	(208)	(67)	0	0	(2,051)
Segment assets	3,408	9,304	717,996	1,026	204	4,335	9,018	(5,587)	0	739,704

2020 (€ million)	Services-Mail-Parcels	GeoPost	La Banque Postale	Digital Services	La Poste Network	Real Estate	Shared Services	Unallocated (a)	Elimina-tions	Total
Non-Group revenues and NBI	11,866	10,925	7,707	609	52	24	2	0	0	31,185
Inter-segment revenues and NBI	290	116	17	190	3,681	808	1,101	0	(6,204)	**0**
Operating revenue	**12,156**	**11,041**	**7,724**	**799**	**3,733**	**833**	**1,103**	**0**	**(6,204)**	**31,185**
Share in results of joint ventures	0	0	48	0	(7)	0	0	0	0	41
Current operating profit/(loss) after share in results of joint ventures	**(1,137)**	**793**	**1,457**	**(48)**	**(70)**	**81**	**(216)**	**(708)**	**(9)**	**142**
Impact of the takeover of CNP Assurances	**0**	**0**	**3,007**	**0**	**0**	**0**	**0**	**0**	**0**	**3,007**
Operating profit/(loss) after share in results of joint ventures	**(1,137)**	**793**	**4,464**	**(48)**	**(70)**	**81**	**(216)**	**(708)**	**(9)**	**3,149**
Financial profit/(loss)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**(243)**	**0**	**(243)**
Income tax	0	0	0	0	0	0	0	(880)	0	(880)
Share in profits of associates	0	(9)	641	0	0	2	0	0	0	635
CONSOLIDATED NET PROFIT/(LOSS)										**2,660**
Depreciation, amortisation, provisions and impairment	(1,184)	(664)	(1,165)	(96)	(41)	(453)	(133)	0	0	(3,736)
Segment assets	4,151	9,846	735,989	1,137	290	4,015	8,536	(5,831)	0	758,132

(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 2021	H1 2020	2020
Services-Mail-Parcels revenues	**6,379**	**5,367**	**11,866**
Correspondence and other La Poste products and services	2,823	2,508	5,387
Advertising mail	410	341	776
Press [(a)]	205	207	421
Products and services of the subsidiaries (domestic mail)	419	322	706
International mail	787	654	1,430
Parcels	1,231	974	2,246
E-commerce - sale of goods [(b)]	503	361	901
GeoPost revenue	**6,112**	**5,016**	**10,925**
Express Rest of World	5,008	4,154	8,964
Express France	1,104	862	1,961
Digital Services revenue	**365**	**289**	**609**
La Poste Network revenue [(c)]	**23**	**27**	**52**
Real Estate revenue [(d)]	**17**	**11**	**26**
TOTAL	**12,896**	**10,709**	**23,478**

(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 2021	H1 2020	2020
Interest and similar income	**2,630**	**2,091**	**4,425**
Interest and similar expenses	**(977)**	**(939)**	**(1,839)**
Commission income	**1,119**	**1,118**	**2,239**
Commission expenses	**(1,650)**	**(1,166)**	**(3,033)**
Net gains and losses	**8,494**	**(3,064)**	**5,102**
- Financial instruments at fair value through profit or loss	8,843	(3,382)	4,962
- Financial instruments at fair value through equity	(349)	21	(157)
- Derecognition of financial assets at amortised cost [(a)]	0	297	297
Income from other activities	**17,194**	**7,544**	**23,717**
Expenses from other activities	**(22,142)**	**(2,065)**	**(22,226)**
Impact of the overlay appoach (gross impact)	**(707)**	**267**	**(679)**
TOTAL	**3,961**	**3,785**	**7,707**

(a) During the first half of 2021, 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 2021 without calling into question the portfolio management model.

NOTE 6 PURCHASES AND OTHER EXPENSES

Purchases and other expenses broke down as follows:

(€ million)	H1 2021	H1 2020	2020
External services and general sub-contracting	1,868	1,490	3,542
Purchases	507	379	890
Outsourced transport	3,815	3,186	7,038
International mail delivery services	274	237	496
Rental expenses [(a)]	171	180	326
Maintenance and repair costs	300	254	576
Telecommunications expenses	107	97	205
Travel and assignments	41	53	100
Other expenses	235	212	514
TOTAL	**7,318**	**6,088**	**13,686**

(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 2021	H1 2020	2020
Wages and salaries, bonuses and allowances	5,336	4,962	10,105
Pension contributions	416	418	812
Other social security contributions	1,010	956	1,864
Employee welfare costs	110	125	235
Change in post-employment provisions [(a)]	4	(1)	17
Change in provisions for social security contingencies and staff litigation	(1)	(5)	(2)
Change in other employee provisions	(147)	(135)	91
Compensation-based taxes and duties	379	373	720
TOTAL	**7,106**	**6,694**	**13,841**
Average headcount (full-time employee equivalent per year)	**245,714**	**248,992**	**248,906**

(a) Except for actuarial gains and losses recognized directly in other comprehensive income (see statement of changes in equity)

The "**Pension contributions**" line item corresponds to contributions paid in to post-employment defined benefits plans. Since the implementation in 2006 of the new 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 2021	H1 2020	2020
Local taxes	(89)	(103)	(151)
Other taxes and levies	(237)	(192)	(288)
TAXES AND LEVIES	**(327)**	**(295)**	**(439)**
Impairment and net depreciation of assets			
- Goodwill [c]	0	(21)	(33)
- Rights of use assets [c]	(14)	(393)	(416)
- Intangible assets, property, plant and equipment [c]	(137)	(470)	(594)
- Current assets	(12)	(28)	(52)
Net amortisation [a]	(984)	(916)	(1,972)
Provisions for contingencies and losses	4	5	5
Banking activities cost of risk	(98)	(228)	(674)
DEPRECIATION, AMORTISATION, PROVISIONS AND IMPAIRMENT	**(1,240)**	**(2,051)**	**(3,736)**
Capitalised production	163	130	353
Royalties	(36)	(27)	(55)
Revenue recorded following an acquisition of control [b]	19	56	76
Other current operating revenue and expenses	101	47	161
OTHER OPERATING REVENUE AND EXPENSES	**246**	**206**	**535**

(a) Including amortisation of leases right of use assets.
(b) In 2021, €18 million linked to the takeover of Speedy In 2020, €45 million impact of the revaluation of the previously held investment in BRT and €24 million for Lenton. (€11 million as of June 30, 2020 for Lenton).
(c) Including impairment set out in note 1.5 and other impairments

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 2021	H1 2020	2020
Interest expense on financing transactions [a]	(83)	(71)	(155)
Interest expense on lease liabilities	(38)	(38)	(77)
Change in the fair value of borrowings and debt-related swaps [b]	1	3	5
Income from cash and cash equivalents [c]	(1)	(2)	(2)
TOTAL	**(121)**	**(107)**	**(229)**

(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 (€1 million in the first semester of 2021, €1 million in the first semester of 2020, and €5 million for 2020).

NOTE 10 INCOME TAX

The income tax expense breaks down as follows:

(€ million)	H1 2021	H1 2020	2020
Current tax (expense)	(468)	(336)	(697)
Deferred tax income/(expense)	156	(240)	(183)
TOTAL TAX INCOME/(EXPENSE)	**(312)**	**(576)**	**(880)**

The explanation of the tax reconciliation is as follows:

(€ million)	H1 2021	H1 2020	2020
Net profit/(loss), Group share	**525**	**2,315**	**2,084**
Share in profits of equity associates and joint ventures	(32)	(645)	(676)
Income tax	312	576	880
Non-controlling interests	206	217	576
Consolidated profit (loss) before tax and share in profits of equity associates and joint ventures	**1,011**	**2,463**	**2,864**
Income tax rate	**28.41%**	**32.02%**	**32.02%**
Theoretical tax expense [(a)]	**(287)**	**(789)**	**(917)**
Impact of takeover of CNP Assurances	0	963	963
Deferred tax assets creation (limitation) [(b)]	22	(750)	(1,005)
Tax rate differential for foreign subsidiaries	26	20	37
Effect of the French income tax rate decrease [(c)]	(2)	(26)	(41)
Reduced rate on capital gains		0	55
Dividends and share of income from tax transparent companies	(26)	(2)	20
Unused tax losses created during the year or used tax losses created in previous years (excluding tax consolidation)	(3)	0	27
Revaluation of investments previously held and impairment of goodwill	5	10	22
Non-deductible bank contributions	(25)		
Impairment		0	(11)
Other	(22)	(2)	(6)
Tax restatements	**(25)**	**213**	**37**
ACTUAL TAX CHARGE	**(312)**	**(576)**	**(880)**

(a) Including the 3.3% social solidarity contribution.

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

(c) The last French Finances 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	30/06/2021	31/12/2020
DPD Europe	GeoPost	2,818	2,810
Digital Services	Digital services	500	459
Asendia	Services-Mail-Parcels	201	198
Health	Services-Mail-Parcels	177	157
Mediapost	Services-Mail-Parcels	121	121
La Banque Postale Prévoyance	La Banque Postale	94	94
Speedy [(a)]	GeoPost	93	0
DPD Russia	GeoPost	86	82
EDE	Services-Mail-Parcels	67	67
Tigers	GeoPost	0	48
Lenton Group	GeoPost	46	44
Tocqueville Group	La Banque Postale	27	27
JadLog	GeoPost	24	22
La Banque Postale Asset Management	La Banque Postale	20	20
Stuart	GeoPost	13	13
Other Services-Mail-Parcels companies	Services-Mail-Parcels	8	8
Other GeoPost companies	GeoPost	5	5
TOTAL		**4,299**	**4,175**
Services-Mail-Parcels		**573**	**551**
GeoPost		**3,084**	**3,023**
La Banque Postale		**142**	**142**
Digital Services		**500**	**459**

(a) including goodwill of €11 million previously classified under "Investments in associates", €18 million from the revaluation of the previous investment (see note 8) and €64 million directly from the share acquired.

Change in the net carrying amount of goodwill

(€ million)	H1 2021	2020
Opening balance	**4,175**	**2,625**
of which : Gross amount	*4,470*	*2,916*
Impairment	*(295)*	*(291)*
Acquisitions [(a)]	153	1,648
Translation adjustments [(b)]	20	(64)
Impairment [(c)]	0	(33)
Other	0	(1)
Change [(d)]	(49)	0
CLOSING BALANCE	**4,299**	**4,175**
of which : Gross amount	*4,601*	*4,470*
Impairment	*(302)*	*(295)*

(a) Of which in the first semester of 2021, acquisitions in the GeoPost segment: Speedy for € 93 million and in the Numérique segment the acquisition of Boxtal for €22 million and Open Value for € 17 million.
And in 2020, acquisitions in the GeoPost segment : BRT for €1,265 million, GEIS for €50 million as well as the takeover of Lenton Group Ltd at the end of 2019 for €72 million and the acquisition of Softeam Group in the Digital segment for €150 million at the end of 2019, and Index Education for €60 million.

(b) Of which in the first semester of 2021, DPD UK for €7 million and in 2020, DPD Russia for - €23 million, Jadlog for -€9 million, DPD Pologne for -€8 million and DPD UK for -€7 million.

(c) Including in 2020, goodwill impairment of Lenton Group Ltd and DPD Laser for €23 million and €9 million respectively.

(d) Of which in the first semester of 2021 the sale of Tigers (-€48 million).

NOTE 12 INTANGIBLE ASSETS, PROPERTY, PLANT AND EQUIPMENT

(€ million)	Intangible assets	Property, plant and equipment	TOTAL
GROSS AMOUNT			
Balance as at 31/12/2020	**10,406**	**14,755**	**25,161**
Acquisitions	253	589	**842**
Disposals	(281)	(172)	**(453)**
Change in consolidation scope	11	22	**33**
Transfers	(12)	(15)	**(27)**
Translation adjustments	440	33	**473**
BALANCE AS AT 30/06/2021	**10,817**	**15,211**	**26,029**
DEPRECIATION AND IMPAIRMENT			
Balance as at 31/12/2020	**(4,540)**	**(8,771)**	**(13,311)**
Depreciation for the semester	(512)	(354)	**(866)**
Impairment	(67)	(55)	**(122)**
Reversals of impairment (a)	39	41	**81**
Reversals on disposals	267	146	**414**
Change in consolidation scope	(11)	(21)	**(32)**
Transfers	1	2	**2**
Translation adjustments	(53)	(13)	**(66)**
BALANCE AS AT 30/06/2021	**(4,875)**	**(9,025)**	**(13,900)**
NET CARRYING AMOUNT			
As at 31/12/2020	**5,866**	**5,983**	**11,850**
AS AT 30/06/2021	**5,942**	**6,186**	**12,129**

(a) Of which in the first semester of 2021, including €34 million for La Poste SA's Mail CGU (see note 1.5)

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
Balance as at 31/12/2019	**2,220**	**167**	**182**	**12**	**2,582**
Increase	880	27	162	2	1,071
Decrease	(51)	(2)	(3)	0	(56)
Amortisation	(574)	(49)	(92)	(6)	(720)
Provision	(395)	0	(21)	0	(416)
Change in consolidation scope and translation adjustments	570	5	(6)	2	571
Other	1	0	0	0	1
Assets held for sale	(18)	3	1	0	(14)
Balance as at 31/12/2020	**2,633**	**151**	**222**	**11**	**3,017**
Increase	323	115	71	5	514
Decrease	(45)	(3)	(2)	0	(49)
Amortisation	(297)	(34)	(54)	(3)	(388)
Provision [(a)]	(9)	0	(5)	0	(14)
Change in consolidation scope and translation adjustments	46	3	20	1	70
Other	0	0	0	0	0
Assets held for sale	3	0	0	0	4
BALANCE AS AT 30/06/2021	**2,654**	**232**	**253**	**13**	**3,153**

(a) Including €14 million of additional impairment for La Poste SA's Mail CGU

13.2 Lease liabilities

Lease liabilities are presented in note 18 for industrial and commercial activities. Lease liabilities for banking activities amount to €153 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 2021	H1 2020
Net operating expenses	**615**	**947**
Short-term lease expenses	55	73
Low value lease expenses	21	19
Rental expenses	68	77
Non-deductible VAT on rent expenses	40	41
Right of use assets amortisation	388	332
Right of use assets provision	14	393
Other	29	12
Cost of net financial debt	**38**	**38**
Interest expense on lease liabilities	38	38
TOTAL	**653**	**985**

(a) Including in 2021 €18 million from CNP Assurances and €5 million from La Banque Postale SA.

13.4 Lease amounts recognised in consolidated cash flow statement

(€ million)	H1 2021	H1 2020
Cash flows from operating activities	**213**	**221**
Short-term lease expenses	55	73
Low value lease expenses	21	19
Rental expenses	68	77
Non-deductible VAT on rent expenses	40	41
Other	29	12
Cash flows from financing activities	**420**	**366**
Interest paid on lease liabilities	38	38
Repayment of lease liabiilities	382	328
TOTAL	**633**	**587**

NOTE 14 ASSOCIATES AND JOINT VENTURES

(€ million)	Holding d'infrastructures Gazières	Arial CNP Assu-rances	XS5 Administra-dora de consórcio [a]	Other Subsi-diairies Assu-rances	Ostrum AM	Yurtici Kargo	AEW Europe SA	Ninja Logistics	Real Estate sub-group	Other	TOTAL	La Poste Mobile [b]	TOTAL Companies with negative net assets €
Nature of control	*Joint control*	*Joint control*	*Joint control*	*Joint control*	*Joint control*	*Associate*	*Associate*	*Associate*	*Associate/ Joint control*			*Joint control*	
Balance as at 31/12/2020	**427**	**47**	**0**	**52**	**114**	**19**	**56**	**101**	**30**	**88**	**935**	**(46)**	**(46)**
Group share in the profit or loss	21	1	0	3	2	9	2	(9)	1	3	35	(2)	(2)
Dividend payments	0	0	0	(3)	0	(10)	(3)	0	0	(2)	(18)	0	0
Net change in the fair value of financial instruments	0	(1)	0	0	0	0	0	0	0	0	(1)	0	0
Impairment	0	0	0	0	0	0	0	0	0	0	0	0	0
Change in consolidation scope and increase in control percentage	0	0	0	0	0	0	0	0	1	(19)	(19)	0	0
Capital increase	0	0	43	0	0	0	0	0	0	1	45	0	0
Other changes	7	0	0	0	0	(1)	0	0	(1)	0	6	0	0
Translation adjustments	0	0	4	2	0	(1)	(1)	2	0	1	7	0	0
BALANCE AS AT 30/06/2021	**456**	**47**	**47**	**53**	**116**	**17**	**55**	**94**	**31**	**72**	**990**	**(48)**	**(48)**

(a) see note 1.4

(b) Recorded in "Other provisions for contingencies and loss" (see Note 17).

NOTE 15 OTHER NON-BANKING ASSETS

(€ million)	30/06/2021		31/12/2020	
	Current	Non-current	Current	Non-current
Net unconsolidated investments	0	359	0	323
Financial derivatives	1	58	14	75
Financial assets held for investment purposes	353	0	300	0
Other financial assets	88	132	68	105
TOTAL OTHER FINANCIAL ASSETS	**441**	**548**	**382**	**502**
Other supplies inventories	160	0	174	0
Finished and semi-finished product inventories and work in progress	31	0	46	0
TOTAL INVENTORIES AND WORK-IN-PROGRESS	**191**	**0**	**220**	**0**
Net trade receivables and related accounts	3,282	0	3,489	0
International mail receivables	805	0	889	0
Other receivables	760	0	722	0
TOTAL TRADE AND OTHER RECEIVABLES	**4,847**	**0**	**5,100**	**0**
Cash equivalents	2,667	0	1,409	0
Cash at bank and cash on hand	1,223	0	1,354	0
TOTAL CASH AND CASH EQUIVALENT	**3,891**	**0**	**2,763**	**0**

Financial assets held for investment purposes

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

(€ million)	30/06/2021	31/12/2020
Term deposits accessible after more than 3 months	72	300
UCITS	231	0
Negociable debt securities (maturity 3 to 12 months)	50	0
TOTAL	**353**	**300**

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)	30/06/2021	31/12/2020
Cash and central bank deposits	**60,824**	**1,783**
Debt instruments	152,875	146,865
Equity instruments	41,095	38,175
Loans and advances	7,274	9,291
Derivatives	1,305	1,298
Financial assets at fair value through profit or loss	**202,549**	**195,629**
Financial hedging derivatives	**1,138**	**1,443**
Equity and other variable income securities	170	170
Other long term securities	0	2
Government securities and similar	122,634	125,387
Bonds end other fixed income securities	100,456	105,001
Loans and advances	0	0
Financial assets at fair value through OCI	**223,260**	**230,559**
Government securities and similar	22,679	21,891
Bonds and other fixed income securities	1,299	2,127
Subordinated securities	6	0
Securities classified at amortised cost	**23,984**	**24,018**
Sight loans and receivables from credit institutions	2,076	43,652
Term deposits and loans from credit institutions	69,496	70,681
Subordinated loans	102	101
Credit institutions loans and receivables at amortised cost	**71,673**	**114,434**
Customer sight loans and receivables	5,249	5,870
Term customer loans and receivables	114,114	116,127
of which home loans and real estate loans (without depreciation)	*83,204*	*80,985*
Finance lease transactions	3,272	3,224
Customer loans and receivables at amortised cost	**122,636**	**125,222**
Revaluation adjustment on hedged portfolios - fair value hedges	**158**	**220**
Other miscellaneous receivables	4,248	3,780
Other insurance assets	29,564	26,169
Accruals accounts	2,035	1,588
Deferred participation asset	0	0
Other financial assets and accrual accounts	**35,847**	**31,538**
Investment property	**3,138**	**3,083**
SPECIFIC ASSETS OF BANKING AND INSURANCE ACTIVITIES	**745,207**	**727,929**

NOTE 17 OTHER PROVISIONS FOR CONTINGENCIES AND LOSSES

The specific provisions for the insurance and banking activities is presented in Note 21.

As at 30 June 2021, the **other provisions for contingencies and losses** broke down as follows:

(€ million)	Employee-related disputes	Other disputes	Other	TOTAL
Non-current provisions	**12**	**15**	**89**	**116**
Current provisions	**45**	**231**	**483**	**759**
Balance as at 31/12/2020	**57**	**246**	**572**	**876**
Addition for the year	13	14	69	96
Reversal for use	(13)	(8)	(72)	(92)
Reversal of provisions no longer required	(1)	(8)	(11)	(21)
Other movements	0	9	2	11
Non-current provisions	**11**	**17**	**93**	**121**
Current provisions	**45**	**236**	**466**	**748**
Balance as at 30/06/2021	**56**	**253**	**559**	**869**

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

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

As at 30 June 2021, **other provisions included**:

- a €136 million provision covering the penalty issued by the French Competition Authority against two companies of the Group. (same amount as at December 31, 2020).
- a €48 million provision covering the negative net asset value of equity associates and joint ventures, compared to €46 million as at 31 December 2020 (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)	30/06/2021		31/12/2020	
	Short-term	Medium-and long-term	Short-term	Medium-and long-term
Financial debt at amortised cost	**1,288**	**8,035**	**1,451**	**6,253**
Bonds	1,000	7,892	999	6,151
La Poste savings bonds	53	0	53	0
Commercial paper	145	0	300	0
Current bank facilities	26	0	31	0
Deposits and guarantees received	37	31	36	28
Other borrowings at amortised cost	28	112	32	74
Borrowings designated at fair value	**0**	**635**	**0**	**646**
Hedged borrowings	**0**	**419**	**0**	**406**
Subordinated debt	0	419	0	406
Financial derivative liabilities relating to bonds	**11**	**40**	**7**	**52**
Interest accrued not due on borrowings	**89**	**0**	**75**	**0**
Total	**1,388**	**9,129**	**1,534**	**7,357**
BONDS AND FINANCIAL DEBT	**10,517**		**8,891**	
Lease liabilities [(a)]	**675**	**2,948**	**633**	**2,876**
LEASE LIABILITIES	**3,623**		**3,509**	

(a) *The breakdown of liabilities by currency as at 30 June 2021 was as follows: Euros €2,792million, Sterling Pound €638million, other currencies €193 million.*
The breakdown of liabilities by currency as at 31 December 2020 was as follows: Euros €2,796 million, Sterling Pound €574 million, other currencies €139 million.

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 31/12/2020	**7,151**	**646**	**406**	**8,203**
New borrowings	1,750			1,750
Redemptions				0
Change in credit risk		4		4
Other changes	(9)	(15)	13	(11)
Balance as at 30/06/2021	**8,891**	**635**	**419**	**9,946**

18.3 Bond derivatives

(€ million)	Fair value as at 30/06/2021		Fair value as at 31/12/2020	
	Assets	Liabilities	Assets	Liabilities
Trading derivatives at fair value through profit or loss				
Fixed-for-floating derivatives	56	0	83	0
Floating-for-fixed derivatives	0	4	0	6
TOTAL	**56**	**4**	**83**	**6**
Hedging derivatives				
Cash flow hedges	1	46	1	52
TOTAL DERIVATIVES RELATING TO DEBT	**56**	**50**	**84**	**58**
Other				
Currency / exchange derivatives	2	1	5	2
TOTAL NON-BANKING ACTIVITIES DERIVATIVES	**59**	**51**	**89**	**59**
Amortisable balance on interrupted hedging derivatives				
Cash flow hedging derivatives	6	0	6	0

NOTE 19 GROUP NET DEBT

19.1 Group net debt position

(€ million)	Note	30/06/2021	31/12/2020
Cash and cash equivalents (balance sheet line)	15	3,891	2,763
Debt-related derivative assets	15	59	89
Security deposits paid in connection with derivatives, recognised as assets	15	0	0
Investment securities with initial maturities of over 3 months and UCITS	15	353	300
Net financial receivable against La Banque Postale	15	387	445
Cash and other asset items (1)		**4,690**	**3,598**
Medium and long-term bonds and other financial debt	18.1	9,129	7,357
Short-term bonds and other financial debt	18.1	1,388	1,534
Lease liabilities	18.1	3,623	3,509
Gross debt (2)		**14,140**	**12,400**
NET DEBT (2)-(1)		**9,451**	**8,802**
Increase (Decrease) in net debt as at 30 june 2021		**649**	

19.2 Changes to Group net debt

(€ million)	Cross-references	30/06/2021	31/12/2020
Cash flows from operating activities	**CFS (a)**	**940**	**1,354**
Cash flows from investing activities	**CFS**	(617)	(1,769)
Cancellation of the change in cash management financial assets	**CFS**	51	(25)
Cash flow from investing activities excluding the acquisitions and disposals of cash management financial assets (b)		**(566)**	**(1,794)**
Perpetual loans (see note 1.2)	**CFS**	198	0
Dividends paid to the shareholders and remuneration of hybrid subordinated notes	**CFS**	(26)	(43)
Purchase of non-controlling interests	**CFS**	(549)	(19)
Net financial interest expense		(123)	(234)
Change in the fair value of financial instruments		(3)	14
Impact of changes in consolidation scope on gross debt (including lease liabilities)		(82)	(624)
Non-cash changes in lease liabilities (IFRS 16)		(401)	(1,006)
Net debt of held-for-sale subsidiaries		(9)	5
Commitment to pay dividends to minority shareholders		(38)	0
Other items (c)		8	7
Cash flows and change in debt from financing activities		**(1,023)**	**(1,900)**
DECREASE (INCREASE) IN NET DEBT SINCE 1 JANUARY		**(649)**	**(2,340)**
Net debt at the beginning of the period		(8,802)	(6,462)
Net debt at the end of the period		(9,451)	(8,802)

(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)	31/12/2020		Changes in consolidation scope	Increase	Decrease for use	Provision no longer required	Interest cost	Other changes	30/06/2021	
	Current	Non-current							Current	Non-current
Post-employment benefits for La Poste's government employees	8	254	0	2	(4)	0	1	(20)	8	233
Retirement benefits for the Group's contract staff	21	892	(1)	29	(20)	0	1	(15)	20	886
Post-employment benefits	**29**	**1,146**	**(1)**	**31**	**(24)**	**0**	**2**	**(35)**	**28**	**1,119**
End-of-career arrangements	**406**	**1,204**	**0**	**95**	**(207)**	**0**	**(2)**	**0**	**401**	**1,095**
Severance payments	96	63	0	1	(22)	0	0	0	83	55
Long-term sick leave/long-term paid leave	44	30	0	1	(2)	0	0	0	43	30
Accrued leave	142	134	0	0	(14)	0	0	0	135	127
Other long-term benefits	1	70	0	1	0	0	0	0	3	68
Other benefits	**283**	**297**	**0**	**3**	**(38)**	**0**	**0**	**0**	**265**	**280**
TOTAL	**718**	**2,647**	**(1)**	**129**	**(269)**	**0**	**(1)**	**(35)**	**694**	**2,494**
	3,365								**3,188**	

NOTE 21 SPECIFIC LIABILITIES OF BANKING AND INSURANCE ACTIVITIES

(€ million)	30/06/2021	31/12/2020
Debt securities	1,877	1,614
Derivatives	1,535	1,664
Financial liabilities at fair value through profit or loss	**3,412**	**3,279**
Financial hedging derivatives	**592**	**763**
Sight liabilities to credit institutions	1,449	1,181
Term liabilities to credit institutions	34,350	32,351
of which securities given under repurchase agreements	*23,601*	*23,062*
Liabilities to credit institutions and similar transactions	**35,800**	**33,533**
Special savings accounts	122,045	119,480
of which Livret A passbook savings accounts	*66,383*	*64,602*
of which Home Loan Savings Plans and Accounts (PEL & CEL)	*31,070*	*31,321*
Sight liabilities to customers	89,434	85,315
of which ordinary trade payables	*83,854*	*81,372*
Term liabilities to customers	21,938	24,998
of which equities and securities given under repurchase agreement	*21,824*	*24,853*
Liabilities to customers	**233,417**	**229,793**
Debt evidenced by a certificate	**25,490**	**21,639**
Revaluation adjustment on hedged portfolios - fair value hedges	**574**	**726**
Deferred income	462	502
Other accruals	1,644	1,204
Debt securities	81	82
Guarantee deposits received	821	955
Other miscellaneous payables	1,810	2,619
Settlement accounts for securities transactions	5	8
Other insurance liabilities	16,127	13,463
Other financial liabilities and accrual accounts	**20,951**	**18,834**
Specific provisions for the insurance and banking activities	355,118	347,961
Deferred participation reserve	30,165	31,870
Home Loan Savings risk provisions [(a)]	184	204
Specific provisions for the insurance and banking activities and shadow accounting	**385,467**	**380,035**
Subordinated debts	**10,709**	**10,187**
SPECIFIC LIABILITIES OF BANKING AND INSURANCE ACTIVITIES	**716,412**	**698,788**

(a) The provision for home purchase savings plans is intended to cover the unfavorable consequences for credit institutions authorized to receive them of home purchase savings plan deposits, given the commitments they entail. €20 million will be allocated to this provision in the first half of 2021.

The specific provisions for the insurance activities and banking activities and shadow accounting

(€ million)	30/06/2021	31/12/2020
Non-life insurance	9,729	9,502
Life insurance	232,460	222,155
of which actuarial life insurance provisions	*218,873*	*209,860*
Financial instruments with DPF	108,899	112,374
of which actuarial life insurance provisions	*99,203*	*103,133*
Financial instruments without DPF	4,030	3,931
Specific provisions for the insurance and banking activities	**355,118**	**347,961**
Deferred participation reserve	**30,165**	**31,870**
Home Loan Savings risk provisions [a]	**184**	**204**
TOTAL	**385,467**	**380,035**

NOTE 22 TRADE AND OTHER PAYABLES

(€ million)	30/06/2021	31/12/2020
Trade payables and related accounts [a]	3,950	4,905
Tax and social security liabilities	2,197	2,147
Payable to suppliers of non-current assets	414	320
International mail payables	755	856
Customer advances and deposits	163	181
Other operating payables	496	341
TOTAL	**7,974**	**8,749**

(a) *Of which €1,775 million from CNP Assurances in 2020.*

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 2021		Changes in fair value				
(€ million)	Interest income (expense)	Fair value through profit or loss	Fair value through equity	Impairment	Deconsolidation and dividends	**Net gain (loss)**
Assets and liabilities classified at amortised cost	979	0	0	0	0	**979**
Assets classified at fair value through OCI	581	0	(728)	0	(349)	**(496)**
Financial instruments at fair value through profit or loss	0	7,801	2	0	1,043	**8,845**
Hedging	94	0	24	0	0	**118**
TOTAL	**1,653**	**7,801**	**(702)**	**0**	**694**	**9,445**

23.2 Fair value and ranking of financial instruments

30/06/2021			Fair value ranking (b)		
(€ million)	Book value	Fair value [(a)]	Level 1	Level 2	Level 3
ASSETS					
Bank assets					
Customer loans and receivables	122,636	127,983	0	0	0
Credit institutions loans and receivables	71,673	71,765	0	0	0
Financial assets at fair value through profit or loss	202,549	202,549	158,315	30,010	14,223
Hedging derivatives	1,138	1,138	0	1,138	0
Financial assets at fair value through OCI	223,260	223,260	219,046	2,702	1,511
Investment properties	3,138	3,559	0	1,808	0
Financial assets classified at amortised cost	23,984	24,997	0	0	
Non-bank assets					
Other non-current financial assets	548	548	0	58	359
Trade and other receivables	4,847	4,847	0	0	0
Other current financial assets	441	441	230	123	0
Cash and cash equivalents	3,891	3,891	1,549	2,342	0
LIABILITIES					
Bank liabilities					
Liabilities to credit institutions	35,800	35,807	0	0	0
Customer transactions	233,417	233,416	0	0	0
Financial liabilities at fair value through profit or loss	3,412	3,412	439	2,974	0
Hedging derivatives	592	592	0	592	0
Debt evidenced by a certificate	25,490	26,395	0	0	0
Subordinated debt	10,709	11,119	0	0	0
Non-banking liabilities					
Bonds and other financial debt	10,517	10,962	0	738	0
Trade and other payables	7,974	7,974	0	0	0

(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	**14,308**	**1,989**	**16,297**
Gains and losses recorded in income	583	-	**583**
Gains and losses recorded in equity	-	(100)	**(100)**
Purchases	1,743	133	**1,876**
Sales	(260)	-	**(260)**
Redemptions	(677)	-	**(677)**
Reclassification to or from level 3	(110)	(284)	**(394)**
Change in consolidation scope	-	-	**0**
Other movements	(1,364)	(2)	**(1,366)**
Closing balance	**14,223**	**1,736**	**15,959**

NOTE 24 RELATED PARTIES TRANSACTIONS

No significant change in related parties transactions has occurred since the 2020 year-end (see note 36 to the consolidated financial statements at December 31, 2020).

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 December 31, 2020) with the exception of the item mentioned in the highlights (note 1.3) relating to the acquisition of Aviva's insurance activities in Italy.

NOTE 26 POST-BALANCE SHEET EVENTS

At the end of July 2021, the French government decided to support the transformation of the universal postal service and to guarantee its sustainability by providing financial support through the payment of an annual grant of between €500 and €520 million from 2022. This project should be integrated into a finance law submitted to the vote of Parliament in the second half of 2021.

NOTE 27 CREDIT RISK EXPOSURE

27.1 Classification by type of asset

a) Financial assets at amortized cost

30/06/2021 *(€ million)*	Gross book value	Allowance for losses	Net amount
Securities at amortised cost	24,015	(30)	23,984
Loans and receivables - Credit and similar institutions at amortised cost	71,707	(1)	71,707
Customer loans and receivables at amortised cost	123,942	(1,271)	122,671
TOTAL	**219,664**	**(1,302)**	**218,362**

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

(€ million)	Assets subject to a 12-month ECL (Bucket 1) Gross book value	Assets subject to a 12-month ECL (Bucket 1) Allowance for losses	Assets subject to a lifetime ECL (Bucket 2) Gross book value	Assets subject to a lifetime ECL (Bucket 2) Allowance for losses	Impaired assets (Bucket 3) Gross book value	Impaired assets (Bucket 3) Allowance for losses	TOTAL Gross book value (a)	TOTAL Allowance for losses (b)	TOTAL Net book Value (a) + (b)
Au 1er Janvier 2021	**252,506**	**(173)**	**10,874**	**(448)**	**1,626**	**(626)**	**265,006**	**(1,248)**	**263,758**
Transfers of active assets from one bucket to another	**495**	**3**	**(653)**	**6**	**158**	**(47)**	**0**	**(38)**	**(38)**
Transfers of 12-month ECL (Bucket 1) to Lifetime ECL (Bucket 2)	(1 314)	9	1 314	(98)	-	-	0	(90)	(90)
Return of Lifetime ECL (Bucket 2) to 12-month ECL (Bucket 1)	1,852	(8)	(1,852)	90	-	-	0	82	82
Transfers of 12-month ECL (Bucket 1) to Impaired Lifetime ECL (Bucket 3)	(186)	4	-	-	186	(40)	0	(36)	(36)
Transfers of lifetime ECL (Bucket 2) to Impaired Lifetime ECL (Bucket 3)	-	-	(203)	19	203	(53)	0	(34)	(34)
Return of Impaired Lifetime ECL (Bucket 3) to 12-month ECL (Bucket 1)	143	(1)	-	-	(143)	19	0	18	18
Return of Impaired Lifetime ECL (Bucket 3) to Lifetime ECL (Bucket 2)	-	-	88	(5)	(88)	27	0	21	21
Total after transfer	**253,001**	**(170)**	**10,221**	**(442)**	**1,784**	**(673)**	**265,006**	**(1,286)**	**263,720**
Change in Gross book values and Allowances for losses	**(44,953)**	**(8)**	**(234)**	**(42)**	**(155)**	**33**	**(45,341)**	**(17)**	**(45,358)**
New production: purchase, granting, origination, etc.	31,370	(56)	1 933	(132)	348	(116)	33 650	(303)	33,347
Deconsolidation: sale, redemption, maturity, etc.	(76,331)	49	(2 167)	90	(455)	120	(78,953)	258	(78,695)
Write-offs	-	-	-	-	(42)	28	(42)	28	(13)
Change in flows not giving rise to deconsolidation	-	-	-	-	(5)	-	(5)	-	(5)
Changes in credit risk parameters over the period									
Changes in the model / methodology	-	-	-	-	-	-	-	-	-
Changes in consolidation scope	-	-	-	-	-	-	-	-	-
Other	8	(1)	0	0	0	1	8	0	8
Total	**208,048**	**(178)**	**9,987**	**(484)**	**1,629**	**(640)**	**219,665**	**(1,303)**	**218,362**
Impact of fair value adjustments of micro-hedged instruments	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
As at 30 June 2021	**208,048**	**(178)**	**9,987**	**(484)**	**1,629**	**(640)**	**219,665**	**(1,303)**	**218,362**

Financial assets at fair value through recyclable equity

(€ million)	30/06/2021 Fair Value	o/w allowance for losses
Debt instruments at fair value through equity	223,090	(373)
TOTAL	**223,090**	**(373)**

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

	Assets subject to a 12-month ECL (Bucket 1)		Assets subject to a lifetime ECL (Bucket 2)		Impaired assets (Bucket 3)		TOTAL	
(€ million)	Gross book value	*Allowance for losses*	Gross book value	*Allowance for losses*	Gross book value	*Allowance for losses*	Gross book value	*Allowance for losses*
At 1 January 2021	**229,732**	**(361)**	**656**	**(11)**	**0**	**0**	**230,388**	**(372)**
Transfers of active assets from one bucket to another	**(5)**	**0**	**4**	**(1)**	**0**	**0**	**(1)**	**(1)**
Transfers of 12-month ECL (Bucket 1) to Lifetime ECL (Bucket 2)	(5)	0	4	(1)	0	0	(1)	(1)
Return of Lifetime ECL (Bucket 2) to 12-month ECL (Bucket 1)								
Transfers of 12-month ECL (Bucket 1) to Impaired Lifetime ECL (Bucket 3)								
Transfers of lifetime ECL (Bucket 2) to Impaired Lifetime ECL (Bucket 3)								
Return of Impaired Lifetime ECL (Bucket 3) to 12-month ECL (Bucket 1)								
Return of Impaired Lifetime ECL (Bucket 3) to Lifetime ECL (Bucket 2)								
Total after transfer	**229,727**	**(361)**	**660**	**(12)**	**0**	**0**	**230,387**	**(373)**
Change in gross book values and allowances for losses	**(7,041)**	**3**	**(257)**	**(4)**	**0**	**0**	**(7,298)**	**(1)**
New production: purchase, granting, origination, etc.	15,290	0	67	0	0	0	15,357	0
Deconsolidation: sale, redemption, maturity, etc.	(18,155)	0	(327)	0	0	0	(18,482)	0
Write-offs	0	0	0	0	0	0	0	0
Change in flows not giving rise to deconsolidation	0	0	0	0	0	0	0	0
Change in the model / methodology	0	0	0	0	0	0	0	0
Changes in consolidation scope	0	0	0	0	0	0	0	0
Other	(4,176)	3	3	(4)	0	0	(4,173)	(1)
As at 30 June 2021	**222,686**	**(358)**	**403**	**(16)**	**0**	**0**	**223,089**	**(374)**

b) Off-balance sheet (financing and guarantee commitment)

(€ million)	30/06/2021 Gross book value	Allowance for losses	Net amount
Financing and guarantee commitments	31,133	0	0
Provisions for financing and guarantee commitments	0	(90)	0
Total financing and guarantee commitments	**31,133**	**(90)**	**31,043**

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

	Assets subject to a 12-month ECL (Bucket 1)		Assets subject to a lifetime ECL (Bucket 2)		Impaired assets (Bucket 3)		TOTAL		
(€ million)	Gross book value	Allowance for losses	Gross book value	Allowance for losses	Gross book value	Allowance for losses	Gross book value (a)	Allowance for losses (b)	Net book Value (a) – (b)
At 1 January 2021	**27,358**	**(46)**	**1,129**	**(50)**	**35**	**(3)**	**28,521**	**(99)**	**28,422**
Transfers of active assets from one bucket to another	**70**	**0**	**(75)**	**5**	**5**	**(2)**	**0**	**3**	**3**
Transfers of 12-month ECL (Bucket 1) to Lifetime ECL (Bucket 2)	(159)	1	159	(7)	0	0	0	(6)	(6)
Return of Lifetime ECL (Bucket 2) to 12-month ECL (Bucket 1)	232	(1)	(232)	12	0	0	0	11	11
Transfers of 12-month ECL (Bucket 1) to Impaired Lifetime ECL (Bucket 3)	(8)	0	0	0	8	(1)	0	(1)	(1)
Transfers of Lifetime ECL (Bucket 2) to Impaired Lifetime ECL (Bucket 3)	0	0	(5)	0	5	(2)	0	(2)	(2)
Return of Impaired Lifetime ECL (Bucket 3) to 12-month ECL (Bucket 1)	5	0	0	0	(5)	0	0	0	0
Return of Impaired Lifetime ECL (Bucket 3) to Lifetime ECL (Bucket 2)	0	0	2	0	(2)	0	0	0	0
Total after transfer	**27,428**	**(46)**	**1,054**	**(45)**	**40**	**(5)**	**28,521**	**(96)**	**28,425**
Change in gross book values and Allowances for losses	**2,783**	**(1)**	**(165)**	**7**	**(6)**	**0**	**2,612**	**6**	**2,618**
New production: purchase, granting, origination, etc.	8,909	(27)	193	(12)	45	(2)	9,147	(41)	9,106
Deconsolidation: sale, redemption, maturity, etc.	(6,126)	26	(358)	19	(51)	2	(6,535)	47	(6,487)
As at 30 June 2021	**30,211**	**(47)**	**889**	**(38)**	**34**	**(5)**	**31,133**	**(90)**	**31,043**

27.2 Maximun exposure to credit risk

(€ million)	30/06/2021		
	Maximum net exposure to credit risk	Assets held as collateral and other credit enhancement techniques	Without guaranteed
Financial assets at fair value through profit or loss	**98,278**	**4,205**	**94,072**
Financial assets held for trading	4,881	4,205	675
Financial assets designated at fair value option	5,959	0	5,959
Financial assets ar fair value non-SPII	87,438	0	87,438
Hedging derivatives	**1,138**	**1,138**	**0**
Financial assets measured at fair value through recyclable equity	**223,090**	**147**	**222,944**
Debt securities	223,090	147	222,944
Financial assets measured at amortised cost	**218,362**	**84,705**	**133,656**
Loans and advances to credit institutions	71,707	2,912	68,794
Loans and advances to customers	122,671	81,793	40,878
Debt securities	23,984	-	23,984
Off-balance sheet (financing and guarantee commitment)	**31,043**	**1,129**	**29,914**
Funding commitments given	28,521	1,129	27,392
Guaranted commitments given	2,522	0	2,522
TOTAL MAXIMUM EXPOSURE TO CREDIT RISK	**571,911**	**91,324**	**480,586**

(€ million)	31/12/2020		
	Maximum net exposure to credit risk	Assets held as collateral and other credit enhancement techniques	Without guaranteed
Financial assets at fair value through profit or loss	**100,362**	**7,068**	**93,294**
Financial assets held for trading	7,815	7,068	747
Financial assets designated at fair value option	6,012	-	6,012
Financial assets ar fair value non-SPII	86,535	-	86,535
Hedging derivatives	**1,443**	**1,443**	
Financial assets measured at fair value through recyclable equity	**230,388**	**153**	**230,234**
Debt securities	230,388	153	230,234
Financial assets measured at amortised cost	**263,757**	**87,364**	**176,394**
Loans and advances to credit institutions	114,484	2,804	111,681
Loans and advances to customers	125,255	84,560	40,695
Debt securities	24,018		24,018
Off-balance sheet (financing and guarantee commitment)	**28,422**	**1,227**	**27,195**
Funding commitments given	25,796	1,227	24,569
Guaranted commitments given	2,626	0	2,626
TOTAL MAXIMUM EXPOSURE TO CREDIT RISK	**624,372**	**97,255**	**527,117**

27.3 Credit risk concentration

a) Credit risk concentration by economic agent

Financial assets at amortised cost	As at 30/06/2021			
	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	67,715	5,740	1,137	74,592
Administration	100,008	44	4	100,056
Central banks	-	-	-	0
Credit institutions	5,498	50	0	5,548
Financial companies	9,775	210	0	9,985
Non-financial companies	25,052	3,943	487	29,482
Impairment	(177)	(484)	(641)	(1,302)
TOTAL	**207,871**	**9,503**	**987**	**218,361**

Financial assets at amortised cost	As at 31/12/2020			
	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	65,569	6,597	1,165	73,331
Administration	100,157	42	2	100,201
Central banks	41,500	-	0	41,500
Credit institutions	5,609	50	0	5,659
Financial companies	14,672	158	15	14,845
Non-financial companies	25,000	4,027	444	29,471
Impairment	(173)	(448)	(626)	(1,247)
TOTAL	**252,334**	**10,426**	**1,000**	**263,760**

Financial assets at fair value through recyclable equity	As at 30/06/2021			
	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)	
Retail clients	-	-	-	0
Administration	126,086	21	-	126,107
Central banks	2,475	-	-	2,475
Credit institutions	44,315	7	-	44,322
Financial companies	5,750	214	-	5,964
Non-financial companies	44,060	162	-	44,222
TOTAL	**222,686**	**404**	**0**	**223,090**
Of which impairment	*(358)*	*(16)*	-	*(374)*

Financial assets at fair value through recyclable equity	As at 31/12/2020			
	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)	
Retail clients	0	0	0	0
Administration	128,139	42	0	128,181
Central banks	2,612	0	0	2,612
Credit institutions	46,018	45	0	46,063
Financial companies	6,017	0	0	6,017
Non-financial companies	46,946	569	0	47,515
TOTAL	**229,732**	**656**	**0**	**230,388**
Of which impairment	*(361)*	*(11)*	*0*	*(372)*

Off-balance sheet (financing and guarantee commitment)	As at 30/06/2021			
	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)	
Retail clients	10,989	352	26	11,367
Administration	5,449	3	0	5,452
Central banks	0	-	-	0
Credit institutions	3,425	25	-	3,450
Financial companies	2,775	0	0	2,775
Non-financial companies	7,572	510	7	8,089
Provisions [(a)]	*(46)*	*(39)*	*(5)*	*(90)*
TOTAL	**30,164**	**851**	**28**	**31,043**

Off-balance sheet (financing and guarantee commitment)	As at 31/12/2020			
	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)	
Retail clients	10,433	423	28	10,884
Administration	5,583	4	0	5,587
Central banks	0	0	0	0
Credit institutions	2,794	24	0	2,818
Financial companies	1,694	8	0	1,702
Non-financial companies	6,854	670	7	7,531
Provisions [(a)]	*(46)*	*(50)*	*(3)*	*(99)*
TOTAL	**27,312**	**1,079**	**32**	**28,423**

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

b) Retail credit risk exposure by rating class

Financial assets at amortised cost	As at 30/06/2021			
	Gross book value			
	Healthy or degraded assets		Impaired assets	TOTAL
	Assets subject to a 12-month ECL	Assets subject to a lifetime ECL		
(€ million)	(Bucket 1)	(Bucket 2)	(Bucket 3)	
PD < 1%	53,941	2,973	-	56,914
1% < PD < 3%	10,813	869	-	11,682
3% < PD < 10%	2,558	502	-	3,060
PD > 10%	403	1,396	-	1,799
Doubtful contracts - disputes	-	-	1,137	1,137
TOTAL	**67,715**	**5,740**	**1,137**	**74,592**

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

Off-balance sheet (financing and guarantee commitment)	As at 30/06/2021			
	Commitment amount			
	Healthy or degraded commitments		Impaired commitments	TOTAL
	Commitments subject to a 12-month ECL	Commitments subject to a lifetime ECL		
(€ million)	(Bucket 1)	(Bucket 2)	(Bucket 3)	
PD < 1%	8,281	154	-	8,435
1% < PD < 3%	2,223	52	-	2,275
3% < PD < 10%	357	47	-	404
PD > 10%	128	98	-	226
Doubtful contracts - disputes	-	-	26	26
TOTAL	**10,989**	**351**	**26**	**11,366**

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

c) Corporate credit risk exposure

Financial assets at amortised cost	As at 30/06/2021			
	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	2,290	83	0	2,373
AA	5,074	388	49	5,511
A	6,081	563	5	6,649
Other	21,382	3,120	433	24,935
TOTAL	**34,827**	**4,154**	**487**	**39,468**

Financial assets at amortised cost	As at 31/12/2020			
	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	1,411	136	0	1,547
AA	5,152	322	48	5,522
A	12,856	352	15	13,223
Other	20,253	3,375	396	24,024
TOTAL	**39,672**	**4,185**	**459**	**44,316**

Financial assets at fair value through recyclable equity	As at 30/06/2021			
	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	2,228	-	-	2,228
AA	7,890	-	-	7,890
A	19,057	-	-	19,057
Other	20,635	376	-	21,011
TOTAL	**49,810**	**376**	**0**	**50,186**

Financial assets at fair value through recyclable equity	As at 31/12/2020			
	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	2,464	0	0	2,464
AA	9,183	0	0	9,183
A	19,554	0	0	19,554
Other	21,763	569	0	22,332
TOTAL	**52,964**	**569**	**0**	**53,533**

Off-balance sheet (financing and guarantee commitment)	As at 30/06/2021			
	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	980	65	-	1,045
AA	516	179	-	695
A	1,984	64	-	2,048
Other	6,867	201	7	7,075
TOTAL	**10,347**	**509**	**7**	**10,863**

Off-balance sheet (financing and guarantee commitment)	As at 31/12/2020			
	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	469	80	0	549
AA	1,213	89	0	1,302
A	1,814	56	0	1,870
Other	5,052	453	7	5,512
TOTAL	**8,548**	**678**	**7**	**9,233**

d) Administration and central banks credit risk exposure

Financial assets at amortised cost	As at 30/06/2021			
	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	2,891	0	0	2,891
AA	83,926	0	0	83,926
A	3,508	0	0	3,508
Other	9,683	44	4	9,731
TOTAL	**100,008**	**44**	**4**	**100,056**

Financial assets at amortised cost	As at 31/12/2020			
	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	2,271	0	0	2,271
AA	127,308	4	0	127,312
A	4,882	4	1	4,887
Other	7,195	34	1	7,230
TOTAL	**141,656**	**42**	**2**	**141,700**

Financial assets at fair value through recyclable equity	As at 30/06/2021			
	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	4,752	0	0	4,752
AA	100,610	0	0	100,610
A	4,625	0	0	4,625
Other	18,574	21	0	18,595
TOTAL	**128,561**	**21**	**0**	**128,582**

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

Off-balance sheet (financing and guarantee commitment)	As at 30/06/2021			
	Commitment amount			
	Healthy or degraded commitments		Impaired commitments	TOTAL
	Commitments subject to a 12-month ECL	Commitments subject to a lifetime ECL		
(€ million)	(Bucket 1)	(Bucket 2)	(Bucket 3)	
AAA	110	0	0	110
AA	339	0	0	339
A	105	0	0	105
Other	4,896	3	0	4,899
TOTAL	**5,450**	**3**	**0**	**5,453**

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

e) Credit institutions credit risk exposure

Financial assets at amortised cost	As at 30/06/2021			
	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		0	0	
AA	251	0	0	251
A	1,769	0	0	1,769
Other	3,479	50	0	3,529
TOTAL	**5,499**	**50**	**0**	**5,549**

Financial assets at amortised cost	As at 31/12/2020			
	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	0	0	0	0
AA	954	0	0	954
A	1,852	0	0	1,852
Other	2,803	50	0	2,853
TOTAL	**5,609**	**50**	**0**	**5,659**

Financial assets at fair value through recyclable equity	As at 30/06/2021			
	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	7,267	0	0	7,267
AA	9,136	0	0	9,136
A	21,199	7	0	21,206
Other	6,712	0	0	6,712
TOTAL	**44,314**	**7**	**0**	**44,321**

Financial assets at fair value through recyclable equity	As at 31/12/2020			
	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	8,723	0	0	8,723
AA	10,272	0	0	10,272
A	20,677	25	0	20,702
Other	6,345	20	0	6,365
TOTAL	**46,017**	**45**	**0**	**46,062**

Off-balance sheet (financing and guarantee commitment)	As at 30/06/2021			
	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	246	9	0	255
AA	1,655	0	0	1,655
A	408	0	0	408
Other	1,117	16	0	1,133
TOTAL	**3,426**	**25**	**0**	**3,451**

Off-balance sheet (financing and guarantee commitment)	As at 31/12/2020			
	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	85	9	0	94
AA	1,645	0	0	1,645
A	844	0	0	844
Other	219	15	0	234
TOTAL	**2,793**	**24**	**0**	**2,817**

NOTE 28 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.

30/06/2021 *(€ 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	4,448	282	**4,730**	514	-	**5,244**	2.1%
Austria	2,459	6	**2,465**	-	-	**2,465**	1.0%
Belgium	10,025	328	**10,353**	1,917	-	**12,270**	5.0%
Spain	14,252	110	**14,362**	-	-	**14,362**	5.8%
France	163,871	3,484	**167,355**	8,071	1,773	**177,199**	72.2%
Italy	8,001	546	**8,547**	135	-	**8,682**	3.5%
Netherlands	299	5	**304**	-	-	**304**	0.1%
Poland	349	36	**385**	-	-	**385**	0.2%
Portugal	1,568	75	**1,643**	-	-	**1,643**	0.7%
Other European countries	157	71	**228**	-	1	**229**	0.1%
Supranational	4,348	717	**5,065**	68	-	**5,133**	2.1%
TOTAL EUROPE	**209,777**	**5,660**	**215,437**	**10,705**	**1,774**	**227,916**	**92.8%**
Brasil	2,163	14,777	**16,940**	-	-	**16,940**	6.9%
Canada	266	1	**267**	-	-	**267**	0.1%
Korea, South	64	-	**64**	-	-	**64**	0.0%
Japan	163	53	**216**	-	-	**216**	0.1%
Other countries	146	42	**188**	-	-	**188**	0.1%
TOTAL REST OF THE WORLD	**2,802**	**14,873**	**17,675**	**0**	**0**	**17,675**	**7.2%**
TOTAL	**212,579**	**20,533**	**233,112**	**10,705**	**1,774**	**245,591**	**100%**

(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

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

NOTE 29 NOTES TO THE CONSOLIDATED CASH-FLOW STATEMENT

Transition from Operating profit to EBITDA

		H1 2021			H1 2020			2020		
		Groupe	Hors Banque	Banking activities and insurance	Groupe	Hors Banque	Banking activities and insurance	Groupe	Hors Banque	Banking activities and insurance
Operating profit/(loss) before share in results of joint ventures	(a)	**1,145**	**383**	**762**	**2,588**	**(1,297)**	**3,885**	**3,149**	**(1,327)**	**4,476**
of which non-cash movements to neutralize :										
Share in profit of joint ventures	(a)	26	(2)	27	13	(12)	25	41	(7)	48
Impact of takeover of CNP Assurances		0	0	0	3,007	0	3,007	3,007	0	3,007
Impairment, net depreciation of assets and net amortisation included in Net Banking Income		(167)	0	(167)	(223)	0	(223)	(441)	0	(441)
Change in employee provisions	note 7	144	146	(2)	141	141	0	(106)	(102)	(4)
Depreciation, amortisation, provisions and impairment	(a)	(1,240)	(813)	(428)	(2,051)	(1,645)	(406)	(3,736)	(2,572)	(1,165)
Proceeds from asset disposals	(a)	7	5	2	(4)	(3)	(1)	84	2	81
Revenue recorded following an acquisition of control	note 8	19	19	0	56	56	0	76	76	0
Other		0	2	(1)	0	0	0	(2)	1	(3)
EBITDA	**CFS**	**2,356**	**1,025**	**1,331**	**1,651**	**166**	**1,484**	**4,226**	**1,274**	**2,953**
Reinstatement of change in provisions for current assets and irrecoverable (non banking activities)	(b)	(12)	(12)	0	(28)	(28)	0	(52)	(52)	0
Miscellaneous financial income and expenses		2	2	0	(5)	(5)	0	(11)	(5)	(6)
Cash flows from operating activities before cost of net debt and taxes	**CFS**	**2,346**	**1,015**	**1,331**	**1,618**	**133**	**1,484**	**4,163**	**1,217**	**2,947**

(a) See the Consolidated income statement
(b) Change in provisions for current assets and irrecoverable of non banking activities are non-cash movements excluded from the calculation of EBITDA. In accordance with the ANC's recommendation on the financial statements of industrial and commercial companies, these movements are neutralized on the line "Change in working capital requirement", hence their reintegration after EBITDA for the calculation of cash flow before cost of net financial debt and tax. This restatement is no longer carried out for banking activities

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Report of statutory auditors on the interim financial statements

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TOUR EXALTIS
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La Poste
Société anonyme

Statutory Auditors' review report
on the interim financial information

Six months ended June 30, 2021
La Poste
Société anonyme
9 rue du Colonel Pierre Avia - 75015
Paris

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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.

La Poste
Société anonyme

Head office : 9 rue du Colonel Pierre Avia - 75015 Paris

Statutory Auditors' review report on the interim financial information

Six months ended June 30, 2021

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, 2021 ;
- the verification of the information contained in the interim management report.

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and reviewed under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of our works.

These condensed interim consolidated financial statements have been established under the responsibility of the Board of Directors. 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.

II – Specific verification

We have also verified the information provided in the interim management report of the Board of Directors 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.

Paris La Défense, July 30, 2021

KPMG Audit
Département de KPMG S.A.

Paris La Défense, July 30, 2021

Mazars

Stéphanie Millet
Partner

Xavier De Coninck
Partner

Gonzague Senlis
Partner

Charles de Boisriou
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 consolidation, and the half-year activity report contained in section 1 of this report presents a true picture of the significant events that occurred during the first six months of the year, their impact on the accounts, and that it describes the principal risks and uncertainties for the remaining six months of the year.

Executed in Paris, 30 July 2021
Chairman and Chief Executive Officer
Philippe Wahl

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La Poste - A french limited company (Société anonyme) with a capital of €5,364,851,364 - 356 000 000 RCS PARIS
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