2023 HALF-YEAR FINANCIAL REPORT

LA POSTE
GROUPE

CONTENT

HALF-YEAR MANAGEMENT REPORT

Operating and financial review

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NB 1: The financial data in this document has been taken from the group's consolidated financial statements prepared in accordance with IFRS.

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

1. Significant events

1.1 Economic and financial environment

The group's businesses are influenced by the economic environment and in particular by inflation, which leads to rising labour costs in France and in other nearby European countries and to changes in consumer behaviour. The group is also sensitive to changes in legislation, particularly affecting pension plans, given its existing arrangements for employees. The group's banking activities are sensitive to changes in interest rates (including on regulated savings products) and, to a lesser extent, financial market trends. Fluctuations in exchange rates along with oil prices also have a significant impact on the group's logistics and international activities.

A fairly resilient economy in Europe and the rest of the world

The economy proved fairly resilient at the start of 2023 despite the two major shocks of 2022 (the energy crisis prompted by the war in Ukraine and a sharp and rapid rise in interest rates). US growth in the first quarter remained very respectable and continues to be underpinned by job creation and consumer spending. In China, the end of the zero-Covid policy boosted domestic demand, even though industrial activity remains subdued. The eurozone's GDP contracted slightly in the first quarter of 2023, as in the last three months of 2022. However, trends differed sharply between Germany, which reported a fairly significant downturn owing to its dependence on the global industrial cycle, and Italy (buoyed by the European stimulus plan) and Spain (post-Covid catch-up in services), which enjoyed much stronger growth. France occupied the middle ground, with GDP up 0.2%. However, as in other European economies, business surveys showed signs of weakness in the spring, especially in industry, but more recently also in services. In France, the construction industry, which had held up well at the start of the year, showed signs of running out of steam, affected by a downturn in the property market following the interest rate hike.

Inflation is cooling, particularly in terms of energy costs

On the inflation front, the good news came from the energy markets. Uncertainty as to global demand weighed on oil prices, which in June fell back to around $75 a barrel from a peak of over $120 following the outbreak of war in Ukraine. The price of gas on the European wholesale market has continued to fall since autumn 2022, driving down electricity prices, thanks to the diversification of Europe's gas supply sources, a mild winter and proactive measures to reduce consumption. In June, gas prices averaged €32.5 per megawatt-hour (MWh), peaking at €339/MWh at the end of August 2022. Energy prices in the eurozone were down year on year in June from a peak of over 40% in March 2022. In France, the increase in regulated gas and electricity prices at the start of the year meant that these effects were not immediately felt. Food price inflation remains high in the eurozone, but is tending to slow as input costs ease. Excluding energy and food products however, inflation is struggling to come down due to rising wages, which companies have largely passed on in their prices (where these are not regulated). Overall, inflation in the eurozone fell to 5.5% year on year in June (4.5% in France) from its peak of over 10% in October 2022.

Interest rates remain a tool for fighting inflation

Central banks continued with their tight monetary policy in the first half of the year. Although the US Federal Reserve held off raising interest rates in June, its rhetoric remains firm. In the eurozone, the European Central Bank raised its refinancing rate to 4% in June, bringing the €ster to 3.4% at the end of the month and the 3-month Euribor to 3.58%. Following the financial turmoil in March (bank failures in the United States, the takeover of Crédit Suisse by UBS under the aegis of the Swiss authorities), stock markets fell sharply, particularly banking stocks. Long-term interest rates declined as a result of higher risk aversion as well as a downward revision of key rate expectations. However, central bank measures gradually restored investor confidence, leading to a stock market rally and an upturn in long-term interest rates. Nevertheless, with monetary tightening likely to end after the summer, long-term rates appear to be approaching their peak, with the yield on 10-year French government bonds averaging 2.93% in June.

Financial markets and exchange rates

The CAC 40 ended the first half of the year at 7,400 points, gaining 14.3% over the six months to 30 June (after a 9.5% drop in 2022). Thanks to the ECB's tighter monetary policy, the euro appreciated slightly in the period (EUR 1 = USD 1.09 at 30 June 2023 versus USD 1.07 at 31 December 2022). The Brazilian real has made gains against the euro in recent months (EUR 1 = BRL 5.28 at end-June 2023 compared with BRL 5.64 at end-December 2022), buoyed by high interest rates and slowing inflation in the country.

1.2 Regulatory environment

1.2.1 Banking environment trends

Revision of interest rates on regulated savings products

Following the recommendations of Banque de France, approved by the French Minister of the Economy (Order of 27 January 2023 regarding interest rates on regulated savings products), the interest rate of the *Livret A* savings account was increased from 2% to 3% on 1 February 2023, as were the rates of the Sustainable Development and Solidarity Savings Account (*Livret de Développement Durable et Solidaire* – LDDS) and the Youth Passbook Savings Account (*Livret Jeune*). This is its highest level since 2008 (3.7%).
The National Savings Account (*Livret d'Épargne Populaire* – LEP) interest rate increased from 4.6% to 6.1%.
This increase in interest rates for regulated savings products follows the rise in inflation. Strict application of the calculation formula should have resulted in an increase of 3.3%, but this was adjusted by Banque de France out of a wish to remain cautious and ensure that "changes in *Livret A* interest rates remain gradual rather than overly volatile".

Conditions for granting home loans

The HCSF Decision[1] (D-HCSF-2021-7) of 29 September 2021 on the conditions for granting home loans established two criteria to be applied by credit institutions in this respect:

- mortgage repayments must not exceed 35% of the homebuyer's income;
- home loans are limited to a maximum term of 25 years (with payments able to be suspended for a two-year tolerance period in cases where the buyer is unable to take possession of the property until after the loan is granted).

The HCSF Decision dated 29 June 2023 (D-HCSF-2023-02) provides for a margin of flexibility, whereby up to 20% of quarterly loan originations may deviate from the set criteria. At least 70% (instead of 80% previously) of these exceptions must be for owner-occupied properties and at least 30% for first-time buyers. The remaining 30% of exceptions (i.e., 6% of quarterly loan originations instead of 4% previously) can be granted freely.

[1] French High Council for Financial Stability.

Termination of capital relief

Since 1 January 2023, banks have been required to comply with Pillar 2 capital requirements[2].
On 10 February 2022, the ECB[3] announced its decision not to extend the reduction in capital requirements beyond December 2022, arguing that banks had obtained sufficient leeway to return to a normal trajectory. At the end of September 2021, the aggregate CET1 of banks under direct ECB supervision stood at 15.47%[4].

Policy rates and tools for battling inflation

On 16 March 2023, the ECB decided to raise its three key interest rates by 50 basis points. This put the refinancing rate, the deposit facility rate and the lending facility rate up to 3.50%, 3.75% and 3.00% respectively, in effect since 22 March 2023. This measure aims to get inflation back down to its target of 2% as quickly as possible.

Increase in the countercyclical capital buffer[5]

On 7 April 2022 (Decision D-HCSF-2022-1), the HCSF decided to increase the countercyclical capital buffer to 0.5%. Banks have had to comply with this requirement since 7 April 2023. The rate applied had been 0% since 2 April 2020.
The HCSF pointed to the persistent vulnerabilities weighing on the financial sector and the level of risks in the medium term, deeming it necessary to enhance preventive measures to avoid the risk of a turnaround in the credit cycle.

1.2.2 Non-pricing adjustments for mail and parcels

Following postal regulation authority Arcep's favourable Opinion no. 2022-1139 of 2 June 2022 and Decree no. 2022-1110 dated 3 August 2022 amending the definition of priority mail as set out in Article R. 1 of the French Postal and Electronic Communications Code (*Code des postes et des communications électroniques* – CPCE), La Poste began to roll out a new range of mail and parcel services as of 1 January 2023 within the scope of the universal postal service.
This change reflects the request made by the Prime Minister to the Senior Monitoring Committee for the Public Service Agreement on 22 July 2021.
This new range includes the *Lettre Verte* (green mail) with three-day delivery for regular correspondence, the *Lettre Services Plus* offering two-day delivery for priority items, and the *e-Lettre Rouge*, with next-day delivery for urgent correspondence. La Poste abolished its *Lettre Prioritaire* next-day delivery priority mail, which represented less than three items per household per year.

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[2] Pillar 2 capital requirements are defined for each bank. They apply in addition to the minimum capital requirement (Pillar 1) where this underestimates or does not cover certain risks.
[3] European Central Bank.
[4] The aggregate CET1 ratio stood at 14.7% at end-September 2022.
[5] The countercyclical capital buffer is a CET1 capital surcharge. It is a regulatory capital requirement, representing between 0% and 2.5% of risk-weighted assets.

1.2.3 Pricing adjustments for mail and parcels

Prices for the first and second weight brackets of the *Lettre Verte* were maintained at €1.16 and €2.32, respectively. The average price of *Lettre Verte* postage stamps, the core mail range aimed at retail customers, fell by 0.1% in first-half 2023. The price of the first weight bracket for the *Lettre Services Plus* was set at €2.95. The price of the *e-Lettre Rouge* is still €1.49 for the cheapest "S" (small) format, unchanged from 2022.

Within the scope of the universal service, business mail solutions evolved to include a new *G3* offer (third-day delivery), the price of which is in line with the price of the *G2* offer in 2022. The new *G2* offer costs €1.23 for the 0-50 gram weight bracket. The price for the *G4* offer increased by 5.2%, representing a moderate increase excluding inflation. The same applies to advertising mail prices, which were raised by 5.5% to ensure mail remained a competitive medium.

On 1 January 2023, domestic parcel prices for individuals increased by 1.8% on average, but the first weight bracket (up to 250 grams) of the Colissimo France Grand Public range has been kept at €4.95 since 2018 so that sending small items remains affordable.

These price increases for mainland France, overseas France and international mail and parcels took effect on 1 January 2023 following Arcep Opinion no. 2022-1457 of 12 July 2022.

Due to the change in the universal postal service range on 1 January 2023, La Poste and Arcep both noted that it was impossible to set a price framework for 2023. However, Arcep verified that the pricing set for 2023 complies with the principles of the French Postal Law, such as affordability and cost-oriented pricing.

In Decision no. 2023-1298 of 15 June 2023, Arcep set out details of the multi-year pricing framework for universal service fees for 2024 and 2025.

1.2.4 Non-pricing adjustments for press

Following the mandate conferred by the French Minister for the Economy, Finance and Recovery and the French Minister for Culture on Emmanuel Giannesini, a judge at the French Court of Auditors (*Cour des Comptes*), a memorandum of understanding on the reform of press transport was signed on 14 February 2022 by the French State, press industry associations, La Poste and Arcep.

This memorandum of understanding sets the conditions for press transport by post until 31 December 2026 as part of La Poste's public service mission, and ushers in three main measures:

- the system of public support for press distribution is to be overhauled by providing direct funding to publishers for press copies posted, so as to promote a more even spread of traffic between postal and courier services;
- uniform rates shall be applied for all press categories;
- the financing of La Poste's public service mission will be reinforced through a public contribution paid by the State.

On 5 December 2022, the European Commission declared that the contribution paid by the French State to La Poste in connection with the press transport and delivery mission was compatible with the internal market for the 2023-2026 period[6]. The reform came into effect on 1 January 2023. Decree no. 2023-132 of 24 February 2023 introduced a subsidy per copy for mailed or courier-delivered press titles.

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[6] State aid SA.102817 (2022/N).

To implement the memorandum of understanding, the French State asked La Poste to manage payment of the per-copy subsidy for mailed press titles on its behalf. La Poste agreed to the State's request and an agency agreement was therefore signed by the State and La Poste on 6 March 2023.

1.2.5 Pricing adjustments for press

For 2023, and in accordance with the terms of the 14 February 2022 price capping agreement, prices for press transport and delivery services provided by La Poste as part of its public service mission were increased by 2% for all categories of press. This applies to all publications registered with France's Joint Commission for Publications and Press Agencies (CPPAP), political and general information publications (PIPG), and daily newspapers with limited advertising resources (QFRP).

La Poste submitted a pricing proposal in line with this provision, which was approved by decision of the Minister for the Economy, Finance and Recovery on 22 December 2022, taken after considering the Arcep Opinion[7].

1.2.6 2023-2027 Public Service Agreement

The commitments of La Poste and the French State are defined in a multi-year public service agreement.

After signing an amendment to the 2018-2022 public service agreement on 18 May 2022, the French State and La Poste signed a new service agreement for the 2023-2027 period following several months of exchanges and discussions.

The new agreement notably takes account of the following factors: (i) La Poste Groupe adopted a new strategic plan, "La Poste 2030, committed for you", with ambitious goals for growth, transformation and participation in four major social transitions; (ii) the French Government strengthened its support for the four public service missions, enshrined in the amendment signed on 18 May 2022 and confirmed by three recent European Commission decisions; (iii) La Poste's appointment by the French 2010 Law as provider of the universal service for a term of 15 years expires at the end of 2025.

The new public service agreement is underpinned by three objectives: (i) to ratify the recent and important consolidation of public service missions; (ii) to approve a method and timetable for evaluating public service missions and, if necessary, considering changes to those missions so that they continue to meet people's real needs; and (iii) to set out the contributions that La Poste can make as regards the deployment of key public policies around four themes (independent living, mobility, digital trust and regional cohesion).

The public service agreement was referred to the French High Commission for Digital and Postal Services (CSNP)[8] on 19 January 2023 and to Arcep on 23 January 2023, and a public opinion was subsequently issued by each.

On 23 February 2023, La Poste Groupe's Board of Directors authorised the group's Chairman and Chief Executive Officer to sign the agreement. The public service agreement was signed by all parties on 26 June 2023.

The main provisions of the new agreement are set out below.

Universal postal service

La Poste launched its new mail range on 1 January 2023 under its universal postal service mission. In accordance with the objectives to be set by Ministerial Order, La Poste provides a high quality of service. The State funds part of the net cost of La Poste's mission through its annual compensation of

[7] Opinion no. 2022-2474 of 13 December 2022.
[8] CSNP Opinion no. 2023-02 of 17 February 2023; Arcep Opinion no. 2023-0356 of 14 February 2023.

€520 million. This compensation can be adjusted according to the level of service offered by the *Lettre Verte* for three-day delivery.

Percentage of *Lettre Verte* green mail delivered within 3 days	<94.5%	≥94.5% and <95.5%	≥95.5%
State compensation paid to La Poste	€500m	€510m	€520m

The agreement contains a clause providing for a review in 2024 with the aim of evaluating progress and giving La Poste a clear view of how the provider of the universal postal service will be appointed from 1 January 2026.

Press transport and delivery

As of 1 January 2023, the French State and La Poste implemented the agreement of 14 February 2022 reforming the press aid scheme, after the European Commission declared it compatible on 5 December 2022[9]. La Poste provides a high quality of service. It will be a part of the monitoring committee of the "Subscription Press Distribution Quality Watchdog" to be set up by Arcep.
The State will fund part of the net cost of La Poste's press transport and delivery mission as follows:

2023	2024	2025	2026
€40m	€42.8m	€38.5m	€32.2m

The service agreement specifies that the French State grants a mandate to La Poste to manage payment of the per-copy subsidy due to publishers for mailed press titles on its behalf. To this end, the State shall make the corresponding sums available to La Poste in advance.
The agreement contains a clause providing for a review in 2024.

Regional development

The French State and La Poste confirm their commitment to carrying out this mission, under conditions that will be adapted to people's expectations based on cooperation with elected representatives. La Poste is strengthening and adapting its network's regional footprint with the help of the State and in consultation with local elected representatives.
It looks to pool its services at postal retail outlets.
La Poste receives maximum annual compensation of €177 million. Up to €174 million of this compensation is financed through statutory deductions from the bases of local taxes payable by La Poste, by a budget allocation and by any other means necessary. Additional funding of up to €3 million per year may also be made available. This results from deductions from the bases of property taxes payable on buildings used for postal activities and owned by La Poste subsidiaries. This scheme has been declared compatible with state aid rules by the European Commission[10].
The agreement contains a clause providing for a review in 2024.

Accessible banking

The French State and La Poste note that accessible banking based on the *Livret A* passbook savings account operated by La Banque Postale remains an essential means of ensuring banking inclusion.

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[9] State aid SA.102817 (2022/N).
[10] State aid SA.100960.

For the purposes of its mission and for the benefit of its users, La Banque Postale, through the La Poste network, maintains a human support ecosystem for carrying out operations authorised on the *Livret A* passbook.
The public contribution takes the form of a budget allocation in place of additional compensation paid by the Savings Fund[11]. The annual compensation paid by the State to La Banque Postale is set as follows[12]:

2023	2024	2025	2026
€303m	€287m	€269m	€252m

La Banque Postale and the French State will seek ways to improve the effectiveness of this mission.
The agreement contains a clause providing for a review in 2024, when the conditions for renewing the mission beyond 2026 will also be considered, given that this is the year in which the decision on compatibility with the state aid scheme issued by the Commission on 25 July 2021 for the 2021-2026 period expires.

Evaluation of public service missions

The French State and La Poste undertake to carry out an evaluation of public service missions in the light of their social utility, their costs, the way in which they are performed and the instruments used to assess them.
They plan to meet in 2024 to present the first results of this evaluation, examine the conditions for the development of public service missions and the resulting timelines for their own particular obligations.
The evaluation will involve La Poste's Board of Directors, in particular via its Public Service Missions Committee.
This approach will help to provide input for discussions and decisions on the future of the universal postal service after 1 January 2026, and on the architecture of public service missions in general.

Additional section to the public service agreement: La Poste's contribution to public policies as support for the population and the regions

In its "La Poste 2030, committed for you" strategic plan, La Poste Groupe is committed to the success of four major transitions: demographic, environmental, digital and regional.
In this additional section of the public service agreement, La Poste Groupe proposes and declares its intention to develop innovative, differentiated and effective solutions for its customers in four areas (independent living, sustainable mobility, digital trust and regional cohesion).
Tangible proposals are made for each of these areas, embodying the contributions that La Poste and its subsidiaries can make to the success of relevant public policies, and therefore to the public interest.

[11] This provision is set out in Article L. 221-6 of the French Monetary and Financial Code (*Code monétaire et financier*), amended by the 2023 Finance Act (law no. 2022-1726 dated 30 December 2022).
[12] This system of compensation is also provided for under the Order of 9 August 2021, setting the additional compensation for La Banque Postale with respect to its obligations in terms of the distribution and operation of the *Livret A* savings account.

1.3 Developments, partnerships and acquisitions

1.3.1 Services-Mail-Parcels

1.3.1.1 *Revamp of La Poste's Mail range*

La Poste has revisited its Mail range in order to respond to changing customer behaviours, reduce its carbon footprint and future-proof the universal postal service. Since 1 January 2023, three types of letters have been made available to customers:

- the three-day *Lettre Verte* (green mail), designed for standard correspondence;
- *Lettre Services Plus* for important mail with a tracking service. The mail can be collected by the postal carrier from the sender's personal letterbox and there is flat-rate compensation in the event of excessively long delivery times;
- the eco-friendly *e-Lettre Rouge* (red e-letter), for one-off and urgent correspondence.

Mail, press and parcel deliveries, as well as local services, continue to be provided six days a week.

1.3.2 Geopost

1.3.2.1 *Acquisition of Absolutely*

In February 2023, DPD UK acquired last-mile courier Absolutely (on a wholly-owned basis) through DPD UK's subsidiary CitySprint, which it acquired in January 2022. The acquisition will enable DPD UK to further strengthen its same-day delivery capabilities in the UK. Absolutely generated revenue of around €16 million in 2022.

1.3.2.1 *Announcement of the creation of DPD Argentina*

In May 2023, Geopost announced that it had entered into a joint venture with TASA Logística – a family-run business specialised in comprehensive logistics solutions for the mass market – to bring the DPD parcel delivery brand to Argentina.

1.3.2.2 *Agreement signed with CMA CGM*

In June 2023, Geopost and CMA CGM signed a memorandum of understanding harnessing both groups' complementary supply chain strengths in Europe (outside France). Through this partnership, Geopost will be able to develop reverse logistics and circular economy solutions by leveraging CEVA group's logistics expertise (inspection, quality control, order fulfilment, reconditioning) while reducing both groups' carbon emissions by pooling their long-distance road transport in low-carbon vehicles.

1.3.3 La Banque Postale

1.3.3.1 *Creation of a major bancassurance group*

Effective 11 April 2023, La Banque Postale and CNP Assurances have created a hub bringing together CNP Assurances SA and La Banque Postale's four insurance subsidiaries (Property & Casualty, Health, Personal Risk and Brokerage), under the umbrella of CNP Assurances Holding, which is wholly owned by La Banque Postale. This is the third and final stage of the merger of La Banque Postale and CNP Assurances, following the formation of a large public financial group as announced by the French Minister for the Economy and Finance in 2018 alongside Caisse des Dépôts and La Poste. This final phase consists of combining the property & casualty insurance businesses of La Banque Postale and CNP Assurances to create a full-service, integrated bancassurance model, in France and internationally.

1.3.3.2 *Completion of CNP Assurances' acquisitions in Brazil and launch of the CNP Seguradora brand*

In January 2023, CNP Assurances announced the completion of its acquisition of Caixa Seguridade's stake in CNP Participações, raising its ownership to 100%, as well as the completion of its acquisition of the shares held by ICATU in CNP Capitalização S.A. ("CNP Cap"), raising its interest to 100%. These transactions represented the final stage in a process covered by a broader agreement announced on 14 September 2022. The purpose of this agreement is to enable CNP Assurances to pursue its international development strategy through the buyout of Caixa Seguridade's stakes in five companies in Brazil. Following these acquisitions, CNP Assurances announced the launch of the CNP Seguradora brand, which will call on various partners to market these entities' products and drive its open-model development.

1.3.3.3 *Strengthening La Banque Postale's position in the asset management business*

In February 2023, LBP AM entered into negotiations with the Primonial Group with a view to acquiring all of the capital of La Financière de l'Échiquier (LFDE), which had €67 billion in total assets under management at end-December 2022. La Banque Postale announced that it had completed the acquisition on 4 July. The deal will enable La Banque Postale to extend its presence to several European countries and broaden its product range, while opening up new third-party distribution opportunities. Having received clearance from the French Financial Markets Authority (*Autorité des Marchés Financiers* – AMF) and the French Competition Authority, the acquisition has given rise to a key player in multi-specialist conviction-based management and sustainable finance, both in France and in Europe as a whole.

Also, on 4 July 2023, La Banque Postale and Aegon Asset Management (Aegon AM) announced that they had extended their partnership agreement relating to their joint venture, LBP AM, until 2035. The partnership extension and the support of LFDE's acquisition are fully in line with La Banque Postale's 2030 strategic plan aimed at diversifying its operations and accelerating the growth of its asset management business.

1.3.3.4 *La Banque Postale and CNP Assurances launch the first home loan insurance policy to be awarded the "Positive Insurance" label*

In February 2023, the new home loan insurance policy distributed by La Banque Postale and insured by CNP Assurances was awarded the "Positive Insurance" label by Institut de l'Economie Positive. Innovative, inclusive and competitively priced, it is the first home loan insurance policy to receive this award, obtaining a 2+ level (out of a maximum of 3). It is a comprehensive and inclusive policy with innovative guarantees (family assistance guarantee, therapeutic part-time work) and priced affordably in order to help the largest possible number of people with their property projects.

1.3.3.5 *La Banque Postale launches a new service to measure the carbon footprint of expenses*

In June 2023, in partnership with the start-up Carbo, La Banque Postale launched a new service enabling its customers to easily measure the carbon footprint of their banking expenses. This new solution, which is integrated into the customer's banking app and online banking service, enables them to estimate the carbon impact of their spending at a glance and receive personalised advice on how to reduce their carbon footprint. The launch of this new service clearly illustrates La Banque Postale's commitment to raising its customers' awareness about environmental issues and promoting more responsible consumption.

1.3.4 Retail Customers & Digital Services

1.3.4.1 *Acquisition of Thiqa*

In January 2023, Docaposte acquired an 80% stake in Thiqa, a firm of IT experts specialising in the integration of security solutions in the field of digital trust. This acquisition will enable Docaposte to strengthen its offering in consulting, integration and operation of digital trust services. Thiqa generated revenue of around €3.6 million in 2022.

1.3.4.2 *Acquisition of Maincare*

In February 2023, Docaposte acquired a 98% interest in Maincare. Founded in 1999, Maincare is a leading provider of healthcare software solutions for hospitals, supporting healthcare players in their digital transformation. By combining Maincare with its own assets and expertise in digital trust services, Docaposte is creating a sovereign tech leader for deploying digital transformation solutions in the healthcare industry. In 2022, Maincare generated revenue of around €80 million.

1.3.4.3 *Launch of Monha*

In May 2023, Docaposte and EDF announced that they were teaming up in a joint venture to market Monha, a digital logbook for homeowners. Marketed to property professionals, this fully digital logbook is a secure way for homeowners to group and store all the data they have about their homes in one place. Monha was created in response to the new requirements introduced under France's Climate and Resilience law, which came into force on 1 January 2023.

1.3.4.4 *Partnership with mobile.club*

In June 2023, La Poste Mobile launched a strategic partnership with mobile.club to offer a new solution that reconciles the use of latest-generation smartphones with the need for responsibility. The signing of this strategic partnership agreement will enable La Poste Mobile to provide its existing and prospective customers with mobile.club's refurbished smartphone leasing offers by making these available directly on La Poste Mobile's website.

1.3.5 La Poste Immobilier

1.3.5.1 *Completion of work to convert buildings into urban logistics space*

In January 2023, La Poste Immobilier completed the conversion of the Keller urban logistics site and delivered 10,000 square metres designed to handle over 10,000 parcels a day. Subsequently, in June 2023, La Poste Immobilier completed the conversion of the Colissimo branch in Nanterre, offering 16,000 square metres of converted logistics space for the purpose of e-commerce and developing a low-carbon city.

1.3.5.2 *Signature of a memorandum of understanding with Habitat & Humanisme*

In May 2023, La Poste Immobilier signed a partnership agreement with Habitat & Humanisme to convert postal buildings into housing for disadvantaged people. La Poste Immobilier is therefore continuing to put its assets and expertise to the service of regional social projects.

1.3.5.3 *Merger of Multiburo and Startway*

In June 2023, La Poste Immobilier finalised the merger between Startway and Multiburo, its two co-working subsidiaries, with an effective date of 1 July 2023. The merged entity is aiming to become the European leader in its field, with a network of more than 50 sites in France, Belgium and Switzerland.

1.4 Bond issues

Successful €1.5 billion bond issue by La Poste Groupe in June 2023

In June 2023, La Poste successfully carried out a €1.5 billion bond issue in two tranches: a €650 million 7-year tranche (maturing in June 2030), with an annual fixed coupon of 3.750%; and an €850 million 12-year tranche (maturing in June 2035), with an annual fixed coupon of 4.000%.
The issue was very successful and was more than 2.1 times oversubscribed, placed with 135 French and international investors.
As a result, La Poste has been able to diversify its investor base and further strengthen its position in the bond market.
The proceeds will be used for general corporate purposes and will also enable La Poste to pursue its proactive external growth strategy.

1.5 The group's sustainable development commitments

The significant events of the first half of 2023 are a clear reflection of the actions taken by the group to deliver on its four core commitments[13]:

- contributing to the development and cohesion of local areas;
- fostering social inclusion;
- promoting ethical, inclusive and sustainable digital services;
- working to accelerate the environmental transition for all.

[13] When La Poste Groupe became a mission-led company (*société à mission*), its Articles of Association were amended to include the purpose (*raison d'être*) of the company as well as four social and environmental objectives, which represent the group's commitments to society as a whole.

	Environment	Society	Governance
January	La Poste Groupe and the Ligue pour la Protection des Oiseaux (League for the Protection of Birds) join forces to preserve local biodiversity. La Poste Groupe keeps its prestigious A List rating from CDP[14].	Disability: La Poste confirms its commitment with a new employee agreement. La Poste receives "top employer 2023" certification in France. La Banque Postale signs the "#StOpE" (stop everyday sexism in the workplace) charter.	Audit of indicators and outcomes in relation to La Poste's objectives as a mission-led company by one of the statutory auditors, appointed as an independent third-party.
February	Geopost's 2040 net-zero pathway is validated by the Science Based Targets initiative (SBTi). La Banque Postale once again included in the CDP A list.	Solidarity with earthquake victims in Syria and Turkey. Publication of the group's human rights policy.	
March	La Poste makes a commitment to non-profit The SeaCleaners to protect our oceans and rivers.		The Mission Committee validates La Poste's compliance with its commitments as a mission-led company. Release of the second report of La Poste's Mission Committee and the first for La Banque Postale.
April		La Banque Postale strengthens its banking inclusion policy with the opening of a new banking and budget support platform.	
May	La Banque Postale joins forces with the World Wide Fund for Nature (WWF) in the Nature Impact Initiative geared towards funding projects aimed at preserving, restoring and sustainably managing forests with high biodiversity value in mainland France.		
June	MSCI awards La Banque Postale its top AAA rating in its latest ESG assessment. Geopost launches its carbon calculator to help customers in their net-zero approaches by accurately measuring the carbon emissions of their deliveries in real time. Milestone of 10,000 postal workers attending Climate Fresk workshops exceeded.	Launch of the *Déclic, Mon temps de Travail Solidaire* programme to get employees involved with partner non-profits.	Review of 2022 corporate social responsibility (CSR) commitments by the Board of Directors' Quality and Sustainable Development Committee. Group ESG convention bringing together more than 140 employees.

[14] CDP is an international non-profit organisation and leader in assessing companies on climate change.

1.6 La Poste – a responsible and engaged employer

1.6.1 Giving everyone the means to succeed and promoting the development of responsible employment

La Poste promotes quality employment and conducts a proactive employment policy geared towards integration, inclusion and diversity. It also firmly believes it has a major responsibility to empower all of its people so they can contribute to transforming the group and help it make the right choices for the future.

Employees are given specific training tailored to meeting the group's transformation challenges, focused on three priorities:

- accelerating digital transformation and training each staff member in the use of digital technology, data and artificial intelligence (AI);
- building a management culture that promotes values and encourages commitment (the sharing of meaning, customer focus, cooperation, innovation, etc.) and driving values to embed that culture within the group;
- placing corporate social responsibility (CSR) at the heart of the group's strategy and training all employees in climate and CSR issues.

At end-June 2023, the overall training access rate for La Poste's employees was 78% (versus 68% in the first half of 2022).

Drawing on its data/AI division comprising 450 specialists, La Poste is accelerating the digital transformation of businesses, local authorities and private individuals. The group has set itself the target of doubling the number of its data/AI specialists by 2025. In view of the skills shortages and lack of specialists in this field, it has set up its own Data & AI School, which it opened in March 2023, with women accounting for 54% of the first launch. In addition, as part of the *Cap Compétences Numériques* programme launched in late 2021, 70,000 people at La Poste have been trained in digital skills. The aim is for all of the group's employees to receive training in this area by 2025.

Expanding the management culture is one of the secrets to the success of the "La Poste 2030, committed for you" strategic plan. Having covered 140 top managers in 2022, the programme has gradually been extended to reach an annual target of 400 top managers in 2023.

As a mission-led company, La Poste aims to mobilise all of its employees in regard to CSR challenges. For example, it organises Climate Fresk workshops that offer training and raise awareness of climate issues and initiatives to reduce climate change.

Lastly, as part of its internal mobility programme aimed at training employees in the skills and professions required by the group today, La Poste is speeding up the roll-out of professional certification courses via traditional routes to help with career moves and pioneering pathways involving retraining and certifications recognised by the French National Register of Professional Certifications (RNCP). In the first half of 2023, 600 employees were enrolled in these courses (up 30% on first-half 2022), bringing the overall total to 1,200 since the courses were first launched.

1.6.2 Encouraging everyone to get involved

La Poste Groupe has put in place strict health and safety measures in order protect the health and safety of all its employees. The accident frequency rate continued to decrease in the first half of 2023, down 6% year-on-year in May 2023.

La Poste also has a proactive social policy in terms of gender equality, inclusion and diversity:

- the group's gender equality index score published in spring 2023 was 94/100 for the fifth time in a row;
- La Poste is also committed to employing people with disabilities. Disabled employees make up 8.77% of its workforce, which exceeds the minimum legal requirement of 6%,

and, on 6 January 2023, La Poste signed its eighth national trade union agreement promoting the employment of people with disabilities;

- La Poste has entered into several partnerships to reinforce its commitment to combating all forms of discrimination. For example, on 7 June 2023, it signed a partnership agreement with France's National Federation of Women's and Family Rights Information Centres (FNCIDFF) to combat violence against women.

Lastly, as part of La Poste's housing policy, 10,000 housing solutions are offered to employees every year (e.g., social housing, advice, deposits, financial assistance with building projects and help for employees relocating to another region).

In the first half of 2023, 1,300 employees were provided with new social housing by La Poste (30% more than in first-half 2022).

2. Alternative performance measures

2.1 Introduction

The group uses a number of alternative performance measures (APMs) that are not covered by International Financial Reporting Standards (IFRS). La Poste Groupe's management team believes that these indicators are useful for measuring and analysing the group's performance. However, the APMs should be considered as providing additional information. They do not take precedence over the GAAP metrics used in the consolidated financial statements, nor do they replace them. In accordance with AMF Position DOC-2015-12, each APM is defined below.

2.2 APM definitions

2.2.1 Adjusted EBITDA

Adjusted EBITDA comprises all operating revenue within the scope of consolidation excluding La Banque Postale, less general operating expenses and personnel expenses, excluding additions to end-of-career benefits for the same scope excluding La Banque Postale. To this is added dividends received from equity-accounted companies and dividends received from La Banque Postale during the period in respect of the prior year.

2.2.2 Free cash flow

Free cash flow comprises the following components: (i) adjusted EBITDA; (ii) change in working capital requirement; (iii) cash flows from purchases of property, plant and equipment and intangible assets net of disposals of property, plant and equipment and intangible assets; (iv) cash flows from taxes; (v) net interest paid; and (vi) repayment of lease liabilities and interest expense on lease liabilities. The value used for each of the free cash flow aggregates is determined in terms of cash flows (positive for cash inflows and negative for cash outflows).

2.2.3 Net debt

Net debt comprises all current and non-current debt less cash and cash equivalents and derivative instruments linked to group financing. It also includes liabilities 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 from La Banque Postale.
Group net debt does not take into account La Banque Postale, for which this indicator is not relevant.

2.2.4 Change at constant scope and exchange rates (like-for-like change)

Change at constant scope and exchange rates refers to the difference between the profit/loss for the reporting period and the profit/loss of a comparative period, following adjustment for any subsequent acquisitions or disposals completed in each of these periods. The two periods may then be compared based on the same scopes of consolidation. Currency transactions for the comparative period are remeasured using the average rate for the reporting period.

2.2.5 Operating profit/(loss) including share in net profit/(loss) of jointly-controlled companies

Operating profit/(loss) is equal to consolidated net profit/(loss), adjusted for the share in the net profit/(loss) of other equity-accounted companies, the income tax expense and the net financial income/(expense).

2.2.6 Net debt/equity

The net debt/equity ratio is calculated by dividing the group's net debt by attributable equity.

2.2.7 Net debt/adjusted EBITDA

The net debt/adjusted EBITDA is calculated by dividing the group's net debt by adjusted EBITDA.

2.2.8 Common Equity Tier 1 (CET1) ratio

The CET1 ratio is calculated by dividing CET1 capital by total risk exposure (i.e., total risk-weighted assets – RWA – for credit and counterparty risk, market risk and operational risk).

The CET1 ratio is used by supervisory authorities to assess banks' solvency.

It is calculated for La Banque Postale and its subsidiaries (including CNP Assurances).

2.2.9 Liquidity Coverage Ratio (LCR)

The LCR is a monthly short-term liquidity ratio which measures a bank's capacity to withstand a severe deterioration in its financial situation for up to 30 days in a systemic shock environment. Target LCR must be greater than 100%.

This ratio is calculated by dividing the sum of unencumbered, high-quality liquid assets by the liquidity requirement in a stress environment over a 30-day period.

It is calculated for La Banque Postale and its subsidiaries (excluding CNP Assurances).

2.2.10 Net Stable Funding Ratio (NSFR)

The NSFR guarantees that banks have sufficient stable resources (i.e., resources with an initial maturity of more than one year) to fund their activities. This long-term structural liquidity ratio calculated over a one-year period aims to ensure a sustainable structure of asset and liability maturities.

The NSFR corresponds to the amount of available stable funding in relation to required stable funding. This ratio should be at least 100% at any time.

It is calculated for La Banque Postale and its subsidiaries (excluding CNP Assurances).

2.2.11 Cost-income ratio

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

It is calculated for La Banque Postale and its subsidiaries (including CNP Assurances).

2.2.12 Solvency Capital Requirement (SCR)

The SCR corresponds to the level of eligible own-funds that enables an insurance undertaking to absorb significant losses and gives reasonable assurance to policyholders and beneficiaries that payments will be made as they fall due.

The SCR coverage ratio is calculated by dividing eligible own funds held to cover the SCR by the SCR. It is an indicator of an insurer's risk-weighted solvency. The higher the ratio, the greater the insurer's ability to absorb potential losses.

This ratio is calculated for CNP Assurances and its consolidated subsidiaries.

3. 2022 restated information – IFRS 17 impact

The new international financial reporting standard IFRS 17 applicable to insurance contracts was adopted by the European Union on 19 November 2021. The objective of IFRS 17 is to improve the transparency, traceability and comparability of financial information. It replaces IFRS 4 and is applicable for accounting periods beginning on or after 1 January 2023 (with a transition date of 1 January 2022).

The new standard has introduced a fundamental change in the valuation of insurance liabilities, which are now measured using the fair value model in the same way as financial assets. Application of this model to liabilities has a major impact on the presentation of insurance companies' published financial information.

As the sole shareholder of La Banque Postale, which wholly owns CNP Assurances, La Poste is directly concerned by the new standard's application.

3.1 Nature of the impact on CNP Assurances

CNP Assurances' fundamentals are unchanged – while equity is less volatile under IFRS 17, earnings are more volatile due to the recognition of mark-to-market adjustments through profit or loss.

IFRS 17 introduces a new presentation of insurance liabilities, based on market variables at the reporting date and the company's own experience, with a projection period of 50 years. Under IFRS 17, insurance contract liabilities comprise three components:

- Best Estimate (BE), corresponding to an estimate of future cash flows from insurance contracts;
- Contractual Service Margin (CSM), corresponding to the pool of future profits;
- Risk Adjustment (RA), representing a provision for non-financial risks recorded to reflect the uncertainty about the future cash flows used to calculate the Best Estimate.

Liabilities are measured at fair value and future profits are accumulated in liabilities and released to profit over the life of the contract.

3.2 Main accounting impacts for La Poste Groupe of the application of IFRS 17 for comparison purposes

For the transition to IFRS 17, the group has applied:

- the Full Retrospective Approach (FRA), in particular for La Banque Postale Assurances IARD;
- the Fair Value Approach (FVA), based on market transaction prices at 1 January 2022, for the majority of insurance contracts issued by CNP Assurances, particularly savings and pensions contracts;
- the Modified Retrospective Approach (MRA), for La Banque Postale Prévoyance.

Under IFRS 17, subject to certain conditions, changes in the fair value of insurance liabilities may be recognised directly in equity (through other comprehensive income), instead of through profit or loss. The group applies this option by mirroring the recognition in other comprehensive income of gains and losses on the underlying assets representing insurance obligations.

3.3 Main adjustments to La Poste Groupe's consolidated balance sheet

- Cancellation of intangible insurance assets such as portfolios of insurance contracts acquired and investment contracts with a discretionary participation feature. These items are now included in the projected future cash flows from insurance contracts (€797 million negative impact at 31 December 2022).

- Discontinuation of the overlay approach permitted by IFRS 4 and chosen at the time of first-time application of IFRS 9
- Reclassification of equity instruments available for sale at fair value through other comprehensive income not reclassifiable to profit or loss (€15.9 billion negative impact);
- Measurement at fair value through profit or loss, in accordance with the option offered by IAS 40 (as amended following the publication of IFRS 17), of investment property held as the underlying assets for savings and pensions contracts only (€529 million positive impact at 31 December 2022).

ASSETS *(in € millions)*	**31 Dec. 2022** *reported*	**Transition effects**	**31 Dec. 2022** *restated (a)*
Goodwill	5,092	0	5,092
Intangible assets	6,126	(797)	5,329
Property, plant and equipment	6,582	1	6,582
Other non-current assets	6,049	11	6,059
Deferred tax assets	2,976	(666)	2,310
Non-current assets	**26,824**	**(1,453)**	**25,371**
Current assets	**12,093**	**23**	**12,116**
Financial assets at fair value through profit or loss	222,722	(15,877)	206,845
Financial assets at fair value through OCI	194,534	15,874	210,408
Loans and advances to credit institutions at amortised cost	67,095	3,519	70,614
Loans and advances to customers at amortised cost	129,628	(3,519)	126,109
Insurance contracts issued – Assets	0	1,506	1,506
Reinsurance contracts held – Assets	0	8,221	8,221
Other financial assets and accruals	35,847	(26,529)	9,318
Deferred participation	9,692	(9,692)	0
Investment property	6,280	529	6,809
Other assets specific to banking and insurance activities	68,409	0	68,409
Assets specific to banking and insurance activities	**734,206**	**(25,967)**	**708,238**
TOTAL ASSETS	**773,123**	**(27,398)**	**745,725**

(a) Restated for the first-time application of IFRS 17.

EQUITY AND LIABILITIES *(in € millions)*	**31 Dec. 2022** *reported*	**Transition effects**	**31 Dec. 2022** *restated (a)*
Equity attributable to owners of the parent	17,546	3,835	21,381
Non-controlling interests	7,767	320	8,087
CONSOLIDATED EQUITY	**25,313**	**4,155**	**29,468**
Deferred tax liabilities (non-current)	886	776	1,663
Trade and other payables	9,903	48	9,951
Other current and non-current liabilities	19,551	(2)	19,549
Non-current liabilities	**16,269**	**777**	**17,045**
Current liabilities	**14,072**	**45**	**14,117**
Liabilities due to central banks and credit institutions	26,445	17,565	44,009
Customer deposits	233,276	(17,564)	215,713
Insurance contracts issued and reinsurance contracts held	0	364,613	364,613
Other financial liabilities and accruals	19,810	(13,331)	6,480
Current banking and insurance activity technical provisions (including the home savings provision)	383,763	(383,656)	107
Other liabilities specific to banking and insurance activities	54,175		54,175
Liabilities specific to banking and insurance activities	**717,469**	**(32,373)**	**685,095**
TOTAL EQUITY AND LIABILITIES	**773,123**	**(27,398)**	**745,725**

(a) Restated for the first-time application of IFRS 17.

3.4 Main restatements and reclassifications applied to the income statement for first-half 2022

Income and expenses relating to insurance and reinsurance contracts held are presented separately under net banking income (NBI), as follows:

- expenses relating to insurance contracts and those incurred by the bank for insurance product distribution are presented by category as a deduction from NBI (impacts: €777 million in first-half 2022; €1,504 million in full-year 2022);
- the cost of credit risk on financial investments of insurance activities is presented on a separate line as an insurance item in NBI (impacts: €7 million negative impact in first-half 2022; €136 million positive impact in full-year 2022).

(in € millions)	**First-half 2022** *reported*	*IFRS 17 restatements*	**First-half 2022** *restated*
Operating revenue	**17,481**	**(1,044)**	**16,436**
Operating expenses	**(17,053)**	**833**	**(16,221)**
Operating profit/(loss)	**428**	**(212)**	**216**
Share in net profit of jointly-controlled companies	17	1	20
Operating profit/(loss) after share in net profit of jointly-controlled companies	**445**	**(210)**	**235**
Net financial expense	(101)	0	(101)
Profit/(loss) before income tax	**344**	**(210)**	**134**
Income tax benefit	737	225	962
Share in net loss of equity-accounted companies	(33)	0	(33)
CONSOLIDATED NET PROFIT	**1,048**	**15**	**1,063**
Net profit attributable to owners of the parent	**883**	**36**	**919**
Non-controlling interests	165	(21)	144

4. Summary of La Poste Groupe's consolidated results

The financial information presented below is taken from La Poste Groupe's consolidated financial statements for the six months ended 30 June 2023.

	Six months ended 30 June					
	First-half 2023	**First-half 2022** restated IFRS 17	**Change** YoY		**Change at constant scope and exchange rates** YoY	
(in € millions)			*(in €m)*	*(as a %)*	*(in €m)*	*(as a %)*
Group operating performance						
Operating revenue	**17,086**	**16,436**	**+650**	**+4.0**	**+509**	**+3.1**
Operating profit after share in net profit of jointly-controlled companies	**1,166**	**235**	**+931**	**n.m.**	**+955**	**n.m.**
Operating margin	6.8%	1.4%	-		-	
Net profit attributable to owners of the parent	**461**	**919**	**-458**	**-49.9**	**-553**	**-60.8**
Net margin	2.7%	5.6%	-	*-2.9 pts*	-	*-3.5 pts*
Free cash flow	**(128)**	**1,130**	**-1,258**	**n.m.**		
Adjusted EBITDA	*1,480*	*2,784*	*-1,304*	*-46.8*		
Key figures – La Banque Postale						
Net banking income	**3,864**	**3,138**	**+726**	**+23.1**	**+719**	**+22.9**
Cost-income ratio[a]	63.8%	78.2%	-	*-14.3 pts*		

(a) Scope: La Banque Postale and CNP Assurances.

	Six months ended 30 June			
	30 June 2023	**31 Dec. 2022** restated IFRS 17	**Change** YoY	
(in € millions)			*(in €m)*	*(as a %)*
Key financial indicators				
Net debt	**11,314**	**10,191**	**+1,124**	**+11.0**
Net debt/adjusted EBITDA[a]	4.9	2.8		
Equity attributable to owners of the parent	**22,305**	**21,381**	**+923**	**+4.3**
Net debt/equity	50.7%	47.7%	-	*3.1 pts*
Net profit[b]*/equity*	2.5%	4.7%	-	*-2.3 pts*
CET1 ratio	**18.3%**	**17.9%**	-	*0.4 pts*
LCR	**153%**	**147%**	-	*6 pts*
NSFR	**134%**	**129%**	-	*5 pts*
Loan-to-deposit ratio	**86.7%**	**87.2%**	-	*-0.5 pts*
SCR coverage ratio	**259%**	**233%**	-	*26 pts*

(a) Adjusted EBITDA calculated over a rolling 12-month period.
(b) Net profit calculated over a rolling 12-month period.

4.1 Operating revenue

La Poste Groupe's operating revenue amounted to €17,086 million in the first half of 2023, up €650 million, or 4.0%, year on year against a backdrop of rising interest rates, high inflation and continued decline in traditional mail volumes, offset by price increases.

			Six months ended 30 June			
	First-half 2023	**First-half 2022**	**Change**		**Change at constant scope and exchange rates**	
		restated IFRS 17	*YoY*		*YoY*	
(in € millions)			*(in €m)*	*(as a %)*	*(in €m)*	*(as a %)*
Services-Mail-Parcels	4,953	5,090	-137	-2.7	-150	-3.0
Geopost	7,639	7,485	+154	+2.1	+71	+1.0
La Banque Postale	3,864	3,138	+726	+23.1	+719	+22.9
Retail Customers & Digital Services	3,370	3,279	+91	+2.8	+69	+2.1
Other segments and intercompany	(2,739)	(2,556)	-183	+7.2	-199	+7.8
OPERATING REVENUE	**17,086**	**16,436**	**+650**	**+4.0**	**+509**	**+3.1**

Changes in scope had a positive impact of €174 million, split between Geopost (€120 million), Retail Customers & Digital Services (€21 million), the Real Estate segment (€15 million), Services-Mail-Parcels (€13 million) and La Banque Postale (€3 million). Negative currency impacts amounted to €33 million, mainly comprising a negative impact of €54 million on the pound sterling, and positive impacts of €12 million on the Mexican peso and €7 million on the Brazilian real.

On a like-for-like basis, the group's operating revenue increased by €509 million year on year, or by 3.1%.

This change reflects the following:

- Services-Mail-Parcels revenue amounted to €4,953 million, down €150 million, or 3.0%, like for like. Mail revenue fell by €186 million, or 5.2%, reflecting the continued decline in traditional mail volumes (down 9.2%[15] at equivalent working days), partially offset by the price increase of 5.3%[16] on average implemented on 1 January 2023. Within the business line, revenue for Colissimo increased by €51 million, or 5.2%, mainly due to a 4.1%[17] increase in volumes at equivalent working days and to price increases. The revenue of the Mail services subsidiaries was down €16 million like for like, mainly impacted by the drop in activity in the distribution of printed advertising material at Mediapost France;
- revenue for the Geopost business line was €7,639 million, up €71 million, or 1.0%, like for like. Revenue for GEOPOST was €6,387 million, up €17 million, or 0.3%, like for like. This rise is attributable to price increases and fuel surcharges, which helped to offset the 2% decline in parcel volumes distributed compared with the first half of 2022, against a backdrop of slowing activity in both the BtoB and BtoC segments, resulting from inflation and reduced consumer spending. Within the business line, Asendia generated revenue of €1,234 million, up €50 million, or 4.5%, like for like, mainly driven by its Logistics business;

15 Based on traffic-generating Business revenue.

16 Based on traffic-generating Business revenue.

17 Based on the Services-Mail-Parcels scope.

- La Banque Postale's net banking income (NBI) amounted to €3,864 million, up €726 million, of which €7 million from scope and currency effects, i.e., a like-for-like increase of €719 million. Net interest margin (NIM) was a negative €239 million, impacted by the fact that the rise in the cost of funds was faster than the repricing of assets, which was limited by the application of government caps on interest rates charged (usury rate). Fees and commissions were stable (edging back €7 million) in a market shaped by a rate freeze for 2023. Insurance NBI grew by €951 million due to the dynamic inflow of new money in France and the improvement in financial markets;
- Retail Customers & Digital Services revenue was €3,370 million, representing like-for-like growth of €69 million, or 2.1%, driven by the increase in third-party re-billing despite the downturn in commercial activities impacted by the fall in volumes of Mail (down 10%) and Parcels (down 4%).

4.2 Operating profit

Consolidated operating profit (after share in net profit of jointly-controlled companies) amounted to €1,166 million in first-half 2023. Excluding negative scope impacts of €19 million and negative currency impacts of €5 million, like-for-like growth in operating profit was €955 million. This change includes a number of material non-recurring events, presented in detail in the section analysing attributable net profit. Adjusted for these items, the increase in consolidated operating profit (after share in net profit of jointly-controlled companies) was €167 million on a like-for-like basis.

Six months ended 30 June

(in € millions)	First-half 2023	First-half 2022 *restated IFRS 17*	Change YoY *(in €m)*	Change YoY *(as a %)*	Change at constant scope and exchange rates YoY *(in €m)*	Change at constant scope and exchange rates YoY *(as a %)*
Services-Mail-Parcels	135	-699	+834	n.m.	+840	n.m.
Geopost	19	296	-277	-93.7	-258	-89.3
La Banque Postale	1,326	705	+622	+88.2	+621	+88.2
Retail Customers & Digital Services	136	203	-67	-33.0	-68	-33.5
Real Estate	7	24	-17	-70.3	-17	-71.1
Support & Corporate	(116)	(93)	-23	+24.8	-23	+24.8
Unallocated and eliminations	(341)	(201)	-140	+69.5	-140	+69.8
OPERATING PROFIT AFTER SHARE IN NET PROFIT OF JOINTLY-CONTROLLED COMPANIES	**1,166**	**235**	**+931**	**n.m.**	**+955**	**n.m.**

4.3 Net profit

Attributable net profit came in at €461 million, down €458 million overall year on year. After restatement for positive scope effects of €103 million (including €109 million in non-controlling interests related to the takeover of CNP Assurances in first-half 2022), and negative exchange rate effects of €9 million, attributable net profit declined by €553 million. After restatement for the significant accounting events in first-half 2023 and first-half 2022 described in the section analysing net profit attributable to owners of the parent (section 6.2), it decreased by €185 million year on year at constant scope and exchange rates, in a very challenging macro-economic environment.

4.4 Change in net debt

The group's net debt increased by €1,124 million during the first half to €11,314 million at the end of June 2023.

The change in the group's debt reflects negative free cash flow in the amount of €128 million, an adverse change of €1,258 million (catch-up dividend of €1,256 million received from La Banque Postale in 2022), which was not enough to cover the net cash outflow of €433 million related to external growth and financial assets, dividends paid in a total amount of €129 million, and the elimination of HR provisions excluding end-of-career benefits included in free cash flow (negative impact of €354 million).

5. Operating profit/(loss) by segment

5.1 Summary of operating profit/(loss) by segment

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

An operating segment is a component of the group for which discrete financial information is available and whose operating results are regularly reviewed by group Executive Management to make decisions about resources to be allocated to the segment and assess its performance.

The criteria used for determining operating segments include: the nature of the products and services; the type or class of customer for the products and services; the nature of the production processes; the methods used to distribute the products or provide the services; and the nature of the regulatory environment. Operating segments have been defined based on La Poste Groupe's existing management structure.

First-half 2023 reported *(in € millions)*	Services-Mail-Parcels	Geopost	La Banque Postale	Retail Customers & Digital Services	Real Estate	Support & Corporate	Unallocated	Elim.	TOTAL
External revenue & NBI	3,916	7,583	3,840	1,624	54	1	68		17,086
Intersegment revenue & NBI	1,036	56	24	1,746	387	669	0	(3,919)	
Operating revenue	**4,953**	**7,639**	**3,864**	**3,370**	**441**	**670**	**68**	**(3,919)**	**17,086**
Operating profit/(loss) before share in net profit/(loss) of jointly-controlled companies	**135**	**20**	**1,324**	**129**	**8**	**(116)**	**(340)**	**(2)**	**1,158**
Share in net profit/(loss) of jointly-controlled companies	0	(1)	2	8	(0)	0	0	0	9
Operating profit/(loss) after share in net profit/(loss) of jointly-controlled companies	**135**	**19**	**1,326**	**136**	**7**	**(116)**	**(340)**	**(2)**	**1,166**

First-half 2022 restated *(in € millions)*	Services-Mail-Parcels	Geopost	La Banque Postale	Retail Customers & Digital Services	Real Estate	Support & Corporate	Unallocated	Elim.	TOTAL
External revenue & NBI	4,097	7,431	3,124	1,688	37	1	59		16,436
Intersegment revenue & NBI	993	54	14	1,591	385	640	0	(3,676)	
Operating revenue	**5,090**	**7,485**	**3,138**	**3,279**	**422**	**640**	**59**	**(3,676)**	**16,436**
Operating profit/(loss) before share in net profit/(loss) of jointly-controlled companies	**(699)**	**295**	**689**	**201**	**24**	**(93)**	**(201)**	**(1)**	**216**
Share in net profit/(loss) of jointly-controlled companies	0	1	15	3	(0)	(0)	0	0	20
Operating profit/(loss) after share in net profit/(loss) of jointly-controlled companies	**(699)**	**296**	**705**	**203**	**24**	**(93)**	**(201)**	**(1)**	**235**

5.2 Services-Mail-Parcels

The Services-Mail-Parcels business line brings together:

- La Poste SA's Business Mail activity (collection, sorting and delivery of correspondence, advertising and press), the e-PAQ activity (small cross-border e-commerce parcels) and new local services (local logistics, local knowledge);
- La Poste SA's Parcels activity (Colissimo), which specialises in express delivery and in the delivery of parcels under 30 kilograms to individuals, BtoC in France and abroad;
- all activities of subsidiaries operating in the diversification markets:
  - direct marketing and data marketing (Mediapost),
  - logistics and e-logistics solutions (Viapost),
  - home healthcare and independence services (Health & Autonomy),
  - energy efficiency and the circular economy (New Services).

	First-half 2023	First-half 2022	Change		Change at constant scope and exchange rates	
			YoY		YoY	
(in € millions)			*(in €m)*	*(as a %)*	*(in €m)*	*(as a %)*
Revenue	4,953	5,090	-137	-2.7	-150	-3.0
of which parent company Mail	*3,414*	*3,600*	*-186*	*-5.2*	*-186*	*-5.2*
of which Parcels	*1,045*	*994*	*51*	*+5.2*	*51*	*+5.2*
of which Services-Mail-Parcels subsidiaries	*493*	*496*	*-3*	*-0.6*	*-16*	*-3.2*
Operating expenses	(4,818)	(5,789)	971	-16.8	991	-17.1
Operating profit/(loss) before share in net profit of jointly-controlled companies	**135**	**(699)**	**834**	**n.m.**	**840**	**n.m.**
Share in net profit of jointly-controlled companies	0	0	0	-	0	-
OPERATING PROFIT/(LOSS) AFTER SHARE IN NET PROFIT OF JOINTLY-CONTROLLED COMPANIES	**135**	**(699)**	**834**	**n.m.**	**840**	**n.m.**

5.2.1 Mail activity

Revenue amounted to €3,414 million, down €186 million, or 5.2%, year on year. This change reflects:

- a 9.2% decrease in mail traffic at equivalent working days, based on traffic-generating Business revenue, corresponding to a negative volume and product mix effect of €229 million. This decrease was partially offset by the price increase of an average 5.3% that took effect on 1 January 2023, representing a positive impact of €120 million on traffic-generating revenue;
- a sharp decline of €32 million in international revenue;
- a €78 million decline due to presidential and parliamentary elections in France (four electoral rounds in 2022).

5.2.2 Colissimo activity

Revenue amounted to €1,045 million, up €51 million, or 5.2%, year on year. This growth mainly reflects the 4.1% increase in volumes at equivalent working days and price increases. The volume of parcels delivered was 198[18] million items.

[18] Services-Mail-Parcels scope.

5.2.3 Services-Mail-Parcels subsidiaries activity

Revenue amounted to €493 million, down €3 million, or 0.6%, year on year. After adjusting for a positive €13 million in scope and currency effects, mainly related to the first-time consolidation of Happytal and Advanced Ideas, revenue was down €16 million like for like:

- the activities of the Mediapost division recorded a like-for-like decrease of €15 million, mainly due to a decline in Mediapost France's printed advertising distribution activity (down €26 million), partially offset by Mediapost Romania and Sogec;
- the subsidiaries of La Poste Health & Autonomy recorded like-for-like growth of €3 million, thanks mainly to growth in Asten's business;
- subsidiaries in the New Services business reported a like-for-like revenue decline of €9 million compared with the first half of 2022, reflecting the fall in energy savings certificate[19] trading volumes at EDE.

5.2.4 Operating profit

Operating profit was €135 million, up €840 million on a like-for-like basis but down €71 million excluding the €912 million impairment of Mail assets recorded in first-half 2022. This decline mainly reflects:

- the €59 million decline in Mail operating profit, due to the combined effects of the business downturn and inflation, partially offset by lower operating expenses;
- an increase of €5 million in Colissimo operating profit, in line with volume growth;
- a like-for-like decline of €18 million in the operating profit of subsidiaries, mainly due to the drop in business at Mediapost France, partially offset by the increase in EDE's gross margin, in line with the rise in the price of energy savings certificates.

5.3 Geopost

The Geopost business line encompasses:

- GEOPOST, which operates fast and express parcel activities in France and abroad;
- Asendia, which offers cross-border mail solutions;
- Urby, which offers a comprehensive urban logistics solution based on pooling and optimising deliveries in cities;
- Alturing, which provides its parcel IT expertise to the group's entities.

[19] *Certificat d'Économies d'Énergie* (CEE).

(in € millions)	First-half 2023	First-half 2022	Change YoY (in €m)	(as a %)	Change at constant scope and exchange rates YoY (in €m)	(as a %)
Revenue	7,639	7,485	+154	+2.1	+71	+1.0
of which GEOPOST	*6,387*	*6,365*	*+21*	*+0.3*	*+17*	*+0.3*
of which Asendia	*1,234*	*1,105*	*+129*	*+11.7*	*+50*	*+4.5*
of which Urby	*14*	*11*	*+4*	*+35.7*	*+4*	*+35.7*
of which Alturing	*3*	*4*	*-0*	*-7.7*	*-0*	*-7.7*
Operating expenses	(7,619)	(7,190)	-429	+6.0	-326	+4.6
Operating profit before share in net profit/(loss) of jointly-controlled companies	**20**	**295**	**-275**	**-93.3**	**-255**	**-88.9**
Share in net profit/(loss) of jointly-controlled companies	(1)	1	-3	n.m.	-3	n.m.
OPERATING PROFIT AFTER SHARE IN NET PROFIT/(LOSS) OF JOINTLY-CONTROLLED COMPANIES	**19**	**296**	**-277**	**-93.7**	**-258**	**-89.3**

5.3.1 Revenue

Revenue for the Geopost business line came in at €7,639 million, up €154 million, or 2.1%, year on year. Positive scope impacts of €120 million resulted mainly from the first-time consolidation of Scalefast, C Chez Vous and Absolutely. Negative currency impacts totalled €37 million, including a negative impact of €54 million on the pound sterling and a positive impact of €12 million on the Mexican peso. On a like-for-like basis, revenue grew by €71 million, or 1.0%.

GEOPOST revenue amounted to €6,387 million, a like-for-like increase of €17 million, driven by price increases and surcharges. GEOPOST distributed 1,014 million parcels in the period, a like-for-like decrease of 2% compared with first-half 2022. The decline is attributable mainly to slower business in both the BtoB and BtoC segments, reflecting higher inflation and reduced consumer spending.

The dynamics of the main countries in which GEOPOST operates were as follows:

- revenue in the United Kingdom amounted to €1,143 million, a like-for-like decline of €21 million resulting from a 4.3% decrease in volumes, mainly in the BtoC market, partially offset by price increases and surcharges;
- revenue in France amounted to €1,102 million, a like-for-like increase of €27 million driven by price increases and growth in Vinted volumes at Chronopost;
- revenue in Germany amounted to €1,053 million, down €54 million like for like, reflecting a sharp 11.4% decline in volumes that could not be offset by price increases due to the macro-economic climate and highly competitive market;
- revenue in Italy amounted to €966 million, a like-for-like increase of €49 million attributable to growth in out-of-home volumes (Vinted and Shein);
- in Poland, revenue amounted to €395 million, up €16 million like for like thanks to domestic BtoC.

Asendia generated revenue of €1,234 million, representing like-for-like growth of €50 million, including €32 million for the Logistics activity and €19 million for the Digital activity.

5.3.2 Operating profit

Consolidated operating profit (after share in net profit of jointly-controlled companies) amounted to €19 million, down €277 million. After adjusting for a negative €20 million in scope and currency effects, the like-for-like decrease was €258 million, due to a number of material non-recurring events: impairment of €157 million recognised in first-half 2022 on the assets of DPD Russia and, in first-half 2023, the €162 million negative impact relating to a dispute in Italy involving a Geopost subsidiary, €134 million in impairment charged against Stuart's assets and €45 million in impairment and provisions for contingencies relating to Urby. Adjusted for these items (presented in detail in the section analysing attributable net profit), operating profit fell by €73 million.

Geopost's contribution to net profit attributable to owners of the parent was negative €188 million, an adverse change of €225 million. This decline matches the €277 million drop in operating profit, mitigated by net profit attributable to non-controlling interests in the positive amount of €24 million linked to the dispute with an Italian Geopost subsidiary.

5.4 La Banque Postale

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

In the first half of 2023, La Banque Postale and CNP Assurances completed the final stage of the construction of a major public bancassurance group with the creation of CNP Assurances Holding, wholly owned by La Banque Postale. This division now forms a benchmark, integrated, full-service bancassurer, operating both in France and internationally, and housing all of the group's insurance activities (life and non-life), namely CNP Assurances and La Banque Postale's four insurance subsidiaries (Property & Casualty, Death/Disability, Health and Advisory).

5.4.1 Commercial activities

	30 June 2023	30 June 2022	Change	
(in € billions)		*pro forma*	*(in €bn)*	*(as a %)*
CUSTOMER SAVINGS – BALANCE SHEET	**207.5**	**210.9**	**-3.3**	**-1.6**
Demand deposits	82.0	88.3	-6.3	-7.1
Ordinary savings	97.7	92.2	+5.5	+5.9
Livret A	69.7	67.1	+2.5	+3.8
LEP	7.4	6.0	+1.4	+23.2
LDD	10.7	9.5	+1.2	+13.0
Other	9.9	9.6	+0.3	+3.2
Home savings	27.3	29.9	-2.7	-8.9
Other	0.6	0.4	+0.2	+42.1
CUSTOMER LOANS	**125.1**	**117.2**	**+8.0**	**+6.8**
Home loans	74.9	70.0	+4.8	+6.9
Consumer loans	6.0	5.5	+0.4	+8.1
Other loans	0.9	0.6	+0.2	+37.1
Financing	43.4	41.0	+2.4	+5.9

Commercial activity was resilient in the first half of 2023, with customer savings down 1.6% and a 6.8% increase in customer loans compared with 30 June 2022.

5.4.1.1 *Bancassurance France*

Demand deposits fell by €1.3 billion, or 1.7%, year on year to €76.0 billion. By contrast, ordinary savings were up €5.9 billion, or 6.9%, year on year. The interest rate on the *Livret A* savings account, increased successively to 2.0% on 1 August 2022 and 3.0% on 1 February 2023, continued to play its role as a haven for precautionary savings, with deposits up at €64.8 billion. The rate increases, which applied to all regulated savings accounts, followed the sharp rise in inflation.

Life insurance new money in France rose sharply by 14.5%, driven by strong momentum across all the networks. Unit-linked sales represented 35.3% of new money for the period (3.1 points higher than at end-June 2022).

In the first half of 2023, new home loans totalled €5.0 billion, down 25% compared with the first half of 2022, due to more complicated lending conditions (higher interest rates and the impact of applying a government cap on the interest rate (usury rate)). Despite that, the volume of outstanding home loans rose by 6.9% year on year to €70.3 billion, driven by substantial new lending in 2022.

In an adverse market environment, new consumer loans managed by La Banque Postale Consumer Finance grew by 3.0%, taking outstanding loans to €5.9 billion (up 8.2% compared with end-2022). This increase is attributable to strong momentum in the La Banque Postale network and in online sales.

5.4.1.2 *International Bancassurance*

CNP Assurances saw a decline in business in international markets.

In the Europe excluding France region, premium income amounted to €3.6 billion, down €35.4% compared with first-half 2022. Savings/Pensions premium income was lower at €3.0 billion (down 39.5%), reflecting the persistently unfavourable environment in Italy for insurance products (competition from higher-yielding bank products) and customer mistrust following the temporary freeze on redemptions for Eurovita customers. Personal Risk/Protection premium income amounted to €0.6 billion in first-half 2023.

In Latin America, premium income totalled €3.3 billion, down 15.7%. Savings/Pensions premium income amounted to €2.5 billion, a decrease of 20.5%, with inflows down in Brazil, impacted by the commercial reorientation of its partners to on-balance sheet products. Personal Risk/Protection premium income totalled €0.7 billion, up 6.7%.

5.4.1.3 *Wealth and Asset Management*

Louvre Banque Privée

Louvre Banque Privée (LBP) enjoyed ongoing strong business growth in first-half 2023. Savings deposits rose by 22.7% to €17.1 billion, driven by a 29.2% increase in funds invested in life insurance products to €12.8 billion, thanks in particular to the dynamic flow of new money. Outstanding home loans were up 7.6% at €4.6 billion.

Asset Management

La Banque Postale Asset Management and Tocqueville Finance had combined managed assets of €58.3 billion at 30 June 2023, an increase of 4.6% compared with end-2022, reflecting net outflows of €0.4 billion offset by favourable market trends representing a gain of €3.0 billion.

5.4.1.4 *Corporate and Investment Banking*

The corporate loanbook grew by 5.9% over the year to €43.4 billion at 30 June 2023. This business has grown rapidly since its launch, delivering another strong performance in the first half of 2023. At 30 June 2023, outstanding loans to large corporates totalled €10.9 billion, up 7.1% over the year, and outstanding loans to SMEs/mid-caps were up by a significant 15.8% at €11.6 billion.

Factoring loans grew by 24.5% to €3.5 billion, with receivables purchased over the period up by a strong 8.0% to €11.2 billion.

5.4.2 Operating performance

La Banque Postale's net banking income (NBI) amounted to €3,864 million in first-half 2023, an increase of €726 million in an inflationary environment shaped by rapidly increasing interest rates.

Net interest margin (NIM) fell by 21.3%, or €239 million, to €883 million, heavily impacted by high inflation and the significant adjustments to the balance sheet (negative €6 billion in outstanding demand deposits compared with end-June 2022), with facially favourable internal transfer pricing rates on deposits and loans (positive €289 million) offset in ALM earnings (negative €508 million).

Fee and commission income was down slightly by 0.5%, or €7 million, with fees on financing down by €20 million (including a €25 million negative impact related to Caffil fees, despite an €11 million increase in financial fees driven by life insurance and including an adjustment to the REIT business.

The Insurance business grew by €951 million, driven by favourable market trends and the performance of insurance activities in France (€9 billion in new money in first-half 2023).

La Banque Postale's operating expenses increased by 0.2% compared with end-2022 to €2,403 million. Excluding scope and currency impacts, operating expenses were stable, reflecting tight control of costs in an inflationary environment and support for business development (CIB, Private Banking, creation of CNP Assurances Holding).

La Banque Postale reported a gross operating profit of €1,461 million, an increase of 97.3% versus first-half 2022. The cost-income ratio was 63.8%.

At €101 million, cost of risk was €20 million higher than in first-half 2022 despite the persistently uncertain economic environment. The cost of risk/outstanding loans ratio was low, at 12 basis points, reflecting La Banque Postale's limited exposure to the sectors most affected by the current economic environment and careful risk management.

Attributable net profit came in at €749 million, up 77.2% as reported (up 49.2% like for like).

(in € millions)	First-half 2023	First-half 2022 restated	Change (in €m)	Change (as a %)	LFL change (in €m)	LFL change (as a %)
Net banking income	3,864	3,138	726	+23.1	719	+22.9
Operating expenses (a)	(2,403)	(2,398)	-5	+0.2	0	+0.0
Gross operating profit	**1,461**	**740**	**721**	**+97.3**	**718**	**+97.2**
Cost of risk	(101)	(81)	-20	+25.3	-20	+25.3
Gains and losses on other assets	(36)	29	-66	n.m.	-66	-
Impact of the contribution of CNP Assurances shares	0	0	0	-	0	-
Operating profit before share in net profit of jointly-controlled companies	**1,324**	**689**	**635**	**+92.1**	**632**	**+91.9**
LBP cost-income ratio	*63.8%*	*78.2%*		*-14.3 pts*		
Share in net profit of jointly-controlled companies	2.5	15.5	-13	-84.1	-11	-72.7
Operating profit after share in net profit of jointly-controlled companies	**1,326**	**705**	**622**	**+88.2**	**621**	**+88.2**
Income tax	(445)	(148)	-298	n.m.	-296	n.m.
Share in net profit of equity-accounted companies	0	0	0	-100.0	0	n.m.
Non-controlling interests	(132)	(134)	2	-1.6	-118	+87.1
Attributable net profit[(b)]	**749**	**423**	**+326**	**+77.2**	**+207**	**+49.2**
of which Bancassurance France	353	157	196	n.m.	111	+72.2
of which International Bancassurance	172	43	129	n.m.	95	n.m.
of which Private Banking & Asset Management	34	93	-59	-63.1	-59	-63.1
of which Corporate & Investment Banking	99	208	-108	-52.2	-108	-52.2
of which Corporate Centre	90	(77)	167	n.m.	167	n.m.

(a) Operating expenses include a positive effect from the Shared Resources division for €40.2 million in first-half 2023 and a positive effect of €35.2 million in first-half 2022.
(b) Excluding Shared Resources financial expenses.

5.4.2.1 *Bancassurance France*

Net banking income, at €2,955 million, increased by 25.5%, driven by the strong performance of insurance activities (up 16%) despite the unfavourable impact of higher regulated savings interest rates, refinancing costs and the usury rate.

Operating expenses rose 1.5% year on year, reflecting the inflationary environment and spending to support business growth.

Attributable net profit amounted to €353 million, up 125.3%, or €193 million, including an €87 million positive scope effect from the buyout of non-controlling interests in CNP Assurances of in first-half 2022.

5.4.2.2 *International Bancassurance*

Net banking income reached €656 million, up 46.9% (up 45.5% like for like), reflecting favourable market trends.

Operating expenses were down by €3.3 million (down 2.8% like for like) due to inflation and the continued in-sourcing of CSH[20] resources.

At €172 million, **attributable net profit** was up €129 million (up €95 million like for like), reflecting higher margins.

[20] Caixa Seguros Holding

5.4.2.3 *Wealth and Asset Management*

Net banking income, at €165 million, increased by 7.6%, reflecting the strong sales momentum linked to the ramp-up of the Private Banking business and the favourable market environment (positive market effect of €3.0 billion).

Attributable net profit was €34.4 million, down 63.1%, or €59 million, due to the €58 million gain on the sale of La Banque Postale's interests in AEW and Ostrum in May 2022.

5.4.2.4 *Corporate and Investment Banking*

Net banking income was €455 million, down 13.6% due to the impact of usury rates on interest margin and the higher cost of funds resulting from the increase in returns on regulated savings.

Operating expenses increased by 4.5%, reflecting spending in support of business development.

Attributable net profit came in at €99 million, down €108.4 million versus first-half 2022.

5.4.2.5 *Corporate Centre*

Attributable net profit for the business line came in at €90 million, versus a €77 million loss in first-half 2022, representing an improvement of €167 million. The change in earnings can be explained as follows:

- a favourable impact from deferred taxes (€142 million positive impact);
- SRF/FGDR contributions included in operating expenses were down, at €58 million in first-half 2023 versus €88 million in first-half 2022.

5.4.3 Financial structure

	30 June 2023	31 Dec. 2022	Change
Balance sheet (in €bn)	**751**	**718**	**4.5%**
Capital adequacy			
CET1 capital (in €bn)	17.8	17.4	*2.8%*
CET1 ratio	18.3%	17.9%	*0.4 pts*
Capital ratio	22.4%	22.1%	*0.3 pts*
Leverage ratio	6.9%	6.9%	*0.0 pts*
MREL (LRE)	9.9%	9.6%	*0.3 pts*
MREL (RWA)	28.2%	27.1%	*1.1 pt*
SCR coverage ratio[a]	259%	233%	26 pts
Liquidity			
LCR	153%	147%	6 pts
NSFR	134%	129%	5 pts
Loan-to-deposit ratio	86.7%	87.2%	*-0.5 pts*

(a) Scope: CNP Assurances Holding.

La Banque Postale has a robust balance sheet, with a Common Equity Tier 1 ratio estimated at 18.3% at 30 June 2023, up 0.4 points compared with 31 December 2022 restated for IFRS 17. This ratio was above the overall CET1 capital requirement ("OCR") of 8.88% set by the European Central Bank and applicable since 7 April 2023. The entry into force of IFRS 17 on 1 January 2023 had a positive impact on La Banque Postale's CET1 ratio (gain of 3.3 points compared with the end of 2022, under IFRS 4).

The total capital ratio amounted to 22.4%, up 0.3 points from 31 December 2022 restated for IFRS 17.

The SCR coverage ratio stood at 259% at 30 June 2023 (increase of 26.0 points versus 31 December 2022 for the CNP Assurances Holding scope). This change is mainly attributable to higher stock prices.

At 30 June 2023, the leverage ratio was 6.9%[21], stable versus 31 December 2022 restated for IFRS 17, and above the regulatory minimum of 3%.

The balance sheet liquidity position continued to exceed regulatory requirements with a loan-to-deposit ratio of 86.7% reflecting strong financial resources. Liquidity ratios also remained high, with an estimated LCR of 153% and an estimated NSFR of 134%.

Total own funds and eligible liabilities (MREL) were strengthened by several debt issues. They include a €750 million Senior Non-Preferred Note, two Senior Preferred Notes of €1 billion and €337 million respectively, and a €1.25 billion "social" covered bond dedicated to home loans for low-income earners (*Prêts d'Accession Sociale*).

5.5 Retail Customers & Digital Services

The Retail Customers & Digital Services business line markets postal, financial and telephone products and services to individual customers and business customers, drawing on the La Poste Network and the group's digital solutions and services, as part of an omnichannel customer relationship. It is also responsible for the group's digital transformation. The Retail Customers & Digital Services business line is organised into two divisions:

[21] Leverage ratio excluding 100% of savings centralised with Caisse des Dépôts, in accordance with the provisions of CRR2.

- one division including the business line's commercial activities, mainly the Mail and Parcels activities, as well as the digital subsidiaries Docaposte, LP11 and La Poste Services à la Personne (LPSAP);
- a division for activities and services carried out for third parties, including those re-billed by the network and cross-functional projects run by the Digital Department.

	First-half 2023	First-half 2022	Change		Change at constant scope and exchange rates	
			YoY		YoY	
(in € millions)			*(in €m)*	*(as a %)*	*(in €m)*	*(as a %)*
Revenue	3,370	3,279	+91	+2.8	+69	+2.1
of which commercial activities	*1,632*	*1,697*	-65	*-3.8*	-86	*-5.1*
of which activities and services for third parties	*1,738*	*1,582*	+156	*+9.8*	+156	*+9.8*
Operating expenses	(3,241)	(3,078)	-163	+5	-143	+5
Operating profit before share in net profit of jointly-controlled companies	**129**	**201**	**-72**	**-35.9**	**-73**	**-36.5**
Share in net profit of jointly-controlled companies	8	3	+5	n.m.	+5	n.m.
OPERATING PROFIT AFTER SHARE IN NET PROFIT OF JOINTLY-CONTROLLED COMPANIES	**136**	**203**	**-67**	**-33.0**	**-68**	**-33.5**

5.5.1 Revenue

Revenue came in at €3,370 million, up €91 million, or 2.8%, year on year. After adjusting for a positive €21 million in scope and currency effects, of which €23 million for Docaposte's digital subsidiaries (first-time consolidation of Maincare, Heva and Thiqa, deconsolidation of Bretagne Routage) and €1 million for LP11 (deconsolidation of Adverline and Oxeva), revenue was up €69 million, or 2.1%, like for like.

5.5.1.1 *Commercial activities*

Revenue from commercial activities amounted to €1,632 million, down €86 million like for like, breaking down as follows:

- Retail Customers revenue was down €115 million like for like to €1,152 million. This decline is attributable notably to that of the Mail and Parcels businesses, where revenue was down €115 million and €8 million respectively as a result of the decline in mail (down 10%) and parcels (down 4%) volumes, impacted by the drop in parcel shipments by individuals;
- the digital subsidiaries (Docaposte, LP11 and LPSAP) recorded like-for-like revenue growth of €29 million to €472 million. This growth was driven by an increase of €34 million for Docaposte, notably reflecting the development of its Digital Trust Services and Digital Services Companies businesses. Conversely, LP11 revenue declined by €6 million on a like-for-like basis, mainly due to customer losses at its Marketshot subsidiary;
- other commercial activities[22] were stable, with revenue of €8 million.

[22] External revenue from Digiposte, Digital Identity and fees from non-network customers.

5.5.1.2 *Activities and services for third parties*

Billing for services performed on behalf of third parties was up €156 million at €1,738 million, reflecting the €111 million increase in re-billing to unallocated expenses due to changes in end-of-career arrangements and the increase in re-billing to the business lines due to the impact of inflation on expenses.

5.5.2 Operating profit

Operating profit (after share in net profit of jointly-controlled companies) amounted to €136 million, down €68 million at constant scope and exchange rates year on year. This change is mainly attributable to the fall in the profit margin.

5.6 Other segments

5.6.1 La Poste Immobilier

La Poste Immobilier is the group's Real Estate division, comprising the Poste Immo subsidiary and the Real Estate Department of the La Poste parent company.

(in € millions)	First-half 2023	First-half 2022	Change YoY *(in €m)*	Change YoY *(as a %)*	Change at constant scope and exchange rates YoY *(in €m)*	Change at constant scope and exchange rates YoY *(as a %)*
Revenue	441	422	+20	+4.7	+5	+1.1
Recurring operating expenses	(437)	(398)	-38	+9.6	-23	+5.8
Gains on disposals	3	1	+2	n.m.	+2	n.m.
Operating profit before share in net profit of jointly-controlled companies	**8**	**24**	**-16**	**-68.4**	**-17**	**-69.3**
Share in net profit of jointly-controlled companies	0	0	-0	n.m.	-0	n.m.
OPERATING PROFIT AFTER SHARE IN NET PROFIT OF JOINTLY-CONTROLLED COMPANIES	**7**	**24**	**-17**	**-70.3**	**-17**	**-71.1**

The revenue of the Real Estate division amounted to €441 million, an increase of €20 million, or 4.7%, compared with the first half of 2022, including a positive scope effect of €15 million related to the acquisition of Multiburo. The €5 million increase in revenue at constant scope and exchange rates is attributable primarily to the €9 million increase in rents resulting from the application of indexation coefficients and a €6 million decline in fitting-out services.

Operating profit (after share in net profit of jointly-controlled companies) amounted to €7 million, down €17 million compared to the end of June 2022 at constant scope and exchange rates. This change is mainly attributable to an unfavourable difference of €11 million in provisions and a €3 million increase in overheads (IT and HR) at constant scope and exchange rates.

5.6.2 Support & Corporate

The Support & Corporate segment corresponds to the costs of the head office, the departments and shared services, and the vehicle fleet management subsidiary, Véhiposte. These costs are mainly re-billed to the business lines.

(in € millions)	First-half 2023	First-half 2022	Change YoY *(in €m)*	Change YoY *(as a %)*
Revenue	670	640	+30	+4.7
Operating expenses	(786)	(733)	-53	+7.2
Operating loss before share in net profit of jointly-controlled companies	**(116)**	**(93)**	**-23**	**+24.8**
Share in net profit of jointly-controlled companies	0	0	+0	-100.0
OPERATING LOSS AFTER SHARE IN NET PROFIT OF JOINTLY-CONTROLLED COMPANIES	**(116)**	**(93)**	**-23**	**+24.8**

Revenue amounted to €670 million, up €30 million year on year. This revenue mainly comprises (i) intercompany income from billing services provided to other business lines for €623 million, and (ii) head office costs re-billed in respect of management fees for €42 million. The year-on-year increase can be ascribed (i) to the increase in expenses re-rebilled under the impact of pooling resulting in the transfer of staff to Support & Corporate, and (ii) to inflation, which impacts both wages and expenses.
The operating loss, after the share in the net profit of jointly-controlled companies, amounted to €116 million, a deterioration of €23 million compared with the first half of 2022, mainly due to La Poste Groupe's continued commitment to the digital transformation (Artificial Intelligence, Data, etc.).

5.6.3 Unallocated expenses

(in € millions)	First-half 2023	First-half 2022	Change YoY *(in €m)*	Change YoY *(as a %)*
Net cost of regional presence	(316)	(278)	-38	+13.7
Other operating income and expenses	(24)	77	-101	n.m.
OPERATING LOSS	**(340)**	**(201)**	**-139**	**+69.2**

Unallocated expenses comprise the costs of the universal postal service accessibility mission, the costs of the regional development mission, the corresponding local tax allowance and the costs associated with end-of-career benefits considered to be cross-group costs and which are therefore not allocated to the business lines, as well as the unallocated share of compensation for universal postal service.
The €139 million increase in operating loss compared with the first half of 2022 is attributable mainly to an increase in expenses relating to end-of-career arrangements and, to a lesser extent, the increase in the net cost of regional presence.

6. Other key income statement metrics

6.1 Net financial expense

			Six months ended 30 June	
	First-half 2023	**First-half 2022**	**Change** *YoY*	
(in € millions)			*(in €m)*	*(as a %)*
Net interest expense	(95)	(99)	+4	-4.2
Change in fair value including debt credit spread	12	(9)	+21	n.m.
Cost of net debt	**(83)**	**(108)**	**+25**	**-23.1**
Other financial items	(27)	8	-35	n.m.
NET FINANCIAL EXPENSE	**(111)**	**(101)**	**-10**	**+9.6**

Net financial expense increased by €10 million compared with the first half of 2022. It represented a total expense of €111 million with a cost of net debt of €83 million, down €25 million, and other financial items for a net expense of €27 million, an unfavourable change of €35 million.

Net interest expense was down €4 million year on year at €95 million. This decrease is due to the combined effects of higher interest expense on the group's bonds (€27 million), which was more than offset by higher income from cash and cash equivalents (€47 million). This improvement was partly mitigated by a €16 million increase in interest on finance lease liabilities, reflecting higher interest rates which are gradually impacting IFRS 16 adjustments of finance leases.

The change in fair value of debt under the fair value option and related derivatives, which represented net income of €12 million in the first half of 2023, improved by €21 million year on year under the impact of the interest rate component of a currency derivative in GBP taken out at the start of 2022.

Other financial items (expense of €27 million in 2023) deteriorated by €35 million year on year. This increase is mainly attributable to discounting adjustments on the provision for end-of-career arrangements, which, as a result of the rise in interest rates, generated an expense of €20 million in first-half 2023, compared with income of €2 million in first-half 2022.

6.2 Attributable net profit

Six months ended 30 June

(in € millions)	First-half 2023	First-half 2022 *restated IFRS 17*	Change YoY *(in €m)*	Change YoY *(as a %)*	Change at constant scope and exchange rates YoY *(in €m)*	Change at constant scope and exchange rates YoY *(as a %)*
Operating revenue	**17,086**	**16,436**	**+650**	**+4.0**	**+509**	**+3.1**
Operating expenses	**(15,929)**	**(16,221)**	**+292**	**-1.8**	**+455**	**-2.8**
Operating profit	**1,158**	**216**	**+942**	**n.m.**	**+964**	**n.m.**
Share in net profit of jointly-controlled companies	9	20	-11	-56.2	-9	-47.2
Operating profit after share in net profit of jointly-controlled companies	**1,166**	**235**	**+931**	**n.m.**	**+955**	**n.m.**
Net financial expense	(111)	(101)	-10	+9.6	-4	+3.9
Profit before income tax	**1,056**	**134**	**+921**	**n.m.**	**+951**	**n.m.**
Income tax benefit/(expense)	(455)	962	-1,418	n.m.	-1,419	n.m.
Share in net loss of other equity-accounted companies	(27)	(33)	+6	-16.9	+9	-24.3
CONSOLIDATED NET PROFIT	**573**	**1,063**	**-491**	**-46.1**	**-459**	**-43.5**
Net profit attributable to owners of the parent	**461**	**919**	**-458**	**-49.9**	**-553**	**-60.8**
Non-controlling interests	112	144	-32	-22.4	+94	+64.8

Net profit attributable to owners of the parent came in at €461 million in first-half 2023, down €458 million year on year. After restatement for negative scope and currency effects of €94 million, the decrease was €553 million.

The negative scope effects (€103 million) mainly related to the takeover of CNP Assurances by the group (€109 million attributable to non-controlling interests). The currency effects were limited to a negative €9 million.

The main driver of this change was operating profit after share in net profit of jointly-controlled companies, which was up €955 million like for like, primarily due to a series of non-recurring events in first-half 2023 and first-half 2022 for a net positive amount of €788 million, which breaks down as follows:

- impairment of €912 million recognised in the first half of 2022 on the assets of La Poste's Mail CGU to reflect the unfavourable economic outlook;
- impairment in first-half 2022 for an amount of €157 million of the goodwill, property, plant and equipment and intangible assets of the subsidiary DPD Russia, whose assets and liabilities are subject to a proposed sale and have been classified as held for sale;
- impairment of Stuart in a total amount of €134 million in the first half of 2023, due to the accumulation of losses since its acquisition and the difficulty of envisaging a financial turnaround within a reasonable timeframe;
- impairment and additions to provisions for contingencies in a total amount of €45 million in relation to Urby structures in the first half of 2023, due to a significant delay in the introduction of low-emission zones (ZFE), making it impossible to envisage a return to positive results in the short term and in the current configuration;

- a net operating expense of €162 million in the first half of 2023 as a result of ongoing legal proceedings on tax and social security matters relating to subcontracting services provided by an Italian Geopost subsidiary prior to its takeover by La Poste Groupe;
- reversal of a €33 million provision relating to a "cheque image" dispute, which became irrelevant following a 28 June 2023 ruling by France's Court of Cassation (*Cour de Cassation*);
- impact of the 2023 French pension reform on the group, estimated at negative €266 million;
- reversal in 2023 of a provision of €293 million following the elimination of a post-employment benefit for La Poste retirees.

Adjusted for these items, group operating profit (after share in net profit of jointly-controlled companies) increased by €167 million.

Income tax expense increased like for like by €1,419 million, of which €1,180 million generated by accounting events in the first half of 2022:

- the recognition of €1,005 million in deferred tax income following the acquisition of non-controlling interests in CNP Assurances, enabling this company to potentially be included in La Poste's tax consolidation group as of 2023 and very significantly improving its taxable income forecasts. Based on best forecasts at the time, the tax group's tax loss carryforward would have been able to be fully utilised within five years. As a result, in the 2022 financial statements, the group recognised all deferred tax assets in respect of tax loss carryforwards as well as deferred tax assets in respect of other temporary differences when they were expected to reverse within ten years;
- the recognition of €230 million in income resulting from the impairment of parent company mail assets in the amount of €912 million;
- the tax impact on reversals of provisions of €55 million for the elimination of post-employment benefits and expenses incurred due to the French pension reform.

Adjusted for these accounting events in the first half of 2022, the group's income tax expense increased by €239 million.

Financial items represented a net expense of €111 million, up €10 million compared with 2022 (up €4 million at constant scope and exchange rates).

The share in the net loss of equity-accounted companies amounted to €27 million, a year-on-year like-for-like improvement of €9 million, mainly due to the group's stake in Ninja Van (held by GEOPOST).

Lastly, the share of net profit attributable to non-controlling interests decreased by €32 million, due notably to the decline in the earnings of Geopost in Italy. At constant scope and exchange rates, it increased by €94 million (€118 million excluding the impact of the tax dispute on non-controlling interests in Geopost's Italian subsidiary).

Excluding non-recurring items, net profit attributable to owners of the parent fell by €185 million.

7. Debt and financial strength

The tables below are set out so as to present both banking activities and industrial and commercial activities within the same group and to provide a more economic overview of their respective contribution to group cash generation.

La Poste, as the parent company, provides both funding for industrial and commercial activities and equity for La Banque Postale. For this reason, although La Banque Postale is fully consolidated, it is reported below based on the dividends it pays to its parent company, which are considered cash flows available to the group, once all minimum regulatory capital 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 mainly according to the following:

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

7.1 Free cash flow

The group generated a negative €128 million in free cash flow in first-half 2023. This represents a negative change of €1,258 million compared with the first half of 2022, of which €1,256 million relating to catch-up dividends paid by La Banque Postale in the first half of 2022 in respect of previous years.

Six months to 30 June				
(in € millions)	**First-half 2023**	**First-half 2022**	**Change** YoY *(in €m)*	*(as a %)*
EBITDA	628	1,221	-593	-48.6
Dividends received from equity-accounted companies	498	1,553	-1,055	-67.9
HR provisions excluding end-of-career benefit obligations	354	10	+344	n.m.
Adjusted EBITDA	**1,480**	**2,784**	**-1,304**	**-46.8**
Change in WCR	(472)	(641)	+168	-26.3
Purchases of property, plant and equipment and intangible assets	(638)	(498)	-140	+28.1
Disposals of property, plant and equipment and intangible assets	33	48	-15	-30.8
Net interest paid (excluding IFRS 16)	(28)	(56)	+28	-49.5
Income tax	(34)	(75)	+42	-55.4
CICE tax credit deducted/generated	(0)	0	-0	n.m.
Repayment of lease liabilities	(420)	(396)	-24	+6.0
Interest expense on lease liabilities	(49)	(36)	-14	+38.3
FREE CASH FLOW	**(128)**	**1,130**	**-1,258**	**n.m.**

7.1.1 Adjusted EBITDA

Adjusted EBITDA came to €1,480 million in first-half 2023. It fell by €1,304 million, mainly due to an unfavourable change of €1,055 million in dividends received from equity-accounted companies (payment in the first half of 2022 of catch-up dividends in respect of previous years by La Banque Postale in the amount of €1,256 million) and a decline of €593 million in EBITDA (negative €155 million for the Services-Mail-Parcels business line and negative €228 million for the Geopost business line) due to the continuing decline in mail volumes, compounded by the fine imposed on GEOPOST in Italy.

HR provisions excluding end-of-career benefits improved by €344 million, of which €293 million related to the reversal of a provision following the elimination, with effect from 1 January 2024, of a post-employment benefit for La Poste retirees. This benefit was abolished in order to mitigate the effects of changes in pension schemes in France and their impact on the group's financial statements.

7.1.2 Purchases of property, plant and equipment and intangible assets

The cash outflow for purchases of property, plant and equipment and intangible assets increased by €140 million versus first-half 2022 to €638 million, reflecting a €70 million increase in capital expenditure and a €70 million adverse change in amounts due to suppliers of non-current assets.

	Six months ended 30 June			
	First-half 2023	**First-half 2022**	**Change**	
			YoY	
(in € millions)			*(in €m)*	*(as a %)*
Services-Mail-Parcels	(115)	(94)	-21	+21.8
Geopost	(188)	(184)	-5	+2.5
Retail Customers & Digital Services	(75)	(45)	-30	+67.6
Real Estate	(161)	(94)	-67	+71.5
Support & Other	(99)	(81)	-17	+21.2
Purchases of property, plant and equipment and intangible assets	**(638)**	**(498)**	**-140**	**+28.1**
Change in amounts due to suppliers of non-current assets	96	25	+70	n.m.
CAPITAL EXPENDITURE EXCLUDING BANKING ACTIVITIES	**(542)**	**(473)**	**-70**	**+14.7**

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

- Services-Mail-Parcels business line: €115 million, up €21 million, including increases of €15 million on the Mail business and €6 million on Mail subsidiaries. Investments remained stable overall, with most of the decrease in cash flow reflecting changes in amounts due to suppliers of non-current assets;
- Geopost business line: €188 million, up €5 million. Projects for 2023 focus on building delivery processing capacity, expanding the distribution network and developing new services. The biggest projects concern the construction of depots in the United Kingdom and the deployment of pick-up lockers in France and Poland;
- Retail Customers & Digital Services business line: €75 million, up €30 million. Investment in digital technologies and solutions is continuing in line with the strategic plan, with a focus on innovation in data, digital identity and healthcare solutions;
- Real Estate division: €161 million, up €67 million. Investments are intended to support the business lines and projects carried out by the group, such as the modernisation of post offices and the development of urban logistics
- Support & Other: €99 million, an increase of €17 million resulting notably from an upturn in vehicle deliveries after a period of severe market tension, and greater IT investment.

7.1.3 Disposals of property, plant and equipment and intangible assets

Disposals of property, plant and equipment and intangible assets amounted to €33 million, down €15 million compared with the first half of 2022, marked by a €20 million fall in disposal volumes in the real estate division.

7.1.4 Other items of free cash flow

The change in working capital requirement, which generated a net cash outflow of €472 million in the first half of 2023, represented an improvement of €168 million compared with the first half of 2022. This favourable change is attributable mainly to GEOPOST's recognition of a €137 million liability with respect to the Italian State in connection with a dispute.

Cash flows generated by taxes represented a net outflow of €34 million, a decrease of €42 million compared with first-half 2022.

The increase in repayment of lease liabilities (€24 million) and interest expense on lease liabilities (€14 million) resulted notably in an €80 million year-on-year increase in finance lease liabilities, mainly driven by Geopost.

7.2 Change in net debt

The group's net debt totalled €11,314 million at the end of June 2023, up €1,124 million in the first half, with the main items of change being negative free cash flow of €128 million, plus the net cash outflow for external growth transactions (€433 million), dividends paid (€129 million) in addition to the €316 million paid in new shares via a capital increase, and the elimination of the balance of HR provisions excluding end-of-career benefits included in the calculation of free cash flow (negative impact of €354 million).

	Six months ended 30 June			
	First-half 2023	**First-half 2022**	**Change**	
			YoY	
(in € millions)			*(in €m)*	*(as a %)*
Free cash flow	**(128)**	**1,130**	**-1,258**	**n.m.**
Dividends paid	(129)	(439)	+310	-70.7
External growth and financial assets – net	(433)	(615)	+182	-29.6
Change in finance lease liabilities	(50)	(79)	+29	-36.2
Change in accrued interest on financial instruments	(17)	(7)	-10	n.m.
Capital increases/reductions	0	3	-3	-85.7
Perpetual loans	0	0	+0	-
Impact of changes in scope and exchange rates on debt	(9)	(9)	+0	-1.6
Elimination of HR provisions excl. end-of-career benefits	(354)	(10)	-344	n.m.
Other cash flows used in operating activities	(41)	(1)	-40	n.m.
Other changes in net debt	37	(15)	+52	n.m.
Change in net debt	**(1,124)**	**(41)**	**-1,082**	**n.m.**
Opening net debt	**10,191**	**10,233**	**-42**	**-0.4**
Closing net debt (reported)	**11,314**	**10,274**	**+1,040**	**+10.1**

7.2.1 Impact of external growth transactions and purchases of financial assets on group net debt

Cash flows related to external growth and movements in financial assets amounted to a net outflow of €433 million, down €182 million year on year, comprising the following:

- acquisitions of subsidiaries less cash acquired for €344 million;
- acquisitions of financial assets for €67 million;
- purchases of non-controlling interests for €27 million;
- disposals of financial assets for €5 million.

Most external growth was in the Retail Customers & Digital Services business line, representing a total of €359 million, corresponding notably to the acquisitions of Maincare (98%) and Thiqa (80%). The Geopost business line's acquisitions represented a lesser total of €47 million in the first half of 2023.

7.2.2 Dividends paid by the group in 2023

The group paid out €129 million in dividends in 2023, breaking down as follows:

- €105 million paid to shareholders in cash, €69 million for Caisse des Dépôts and €36 million for the French State, in addition to the €316 million (non-cash) paid in new shares through a share capital increase;
- €0 million paid to the group's non-controlling shareholders;
- €23 million recognised as dividends paid and corresponding to the remuneration of perpetual hybrid subordinated notes subscribed in 2018 and recognised in group equity.

7.3 Change in cash and cash equivalents

The group's cash and cash equivalents fell by €565 million in first-half 2023, from €4,537 million at the beginning of the period to €3,972 million at 30 June.

	Six months ended 30 June			
	First-half 2023	**First-half 2022**	**Change**	
			YoY	
(in € millions)			*(in €m)*	*(as a %)*
Free cash flow	**(128)**	**1,130**	**-1,258**	**n.m.**
Dividends paid	(129)	(439)	+310	-70.7
External growth and financial assets – net	(433)	(615)	+182	-29.6
Proceeds from new borrowings	2,018	720	+1,298	n.m.
Repayment of borrowings (excluding lease liabilities)	(1,391)	(576)	-815	n.m.
Capital increases/reductions	0	3	-3	-85.7
Perpetual loans	0	0	+0	-
Change in financial assets held for cash management purposes	281	(130)	+410	n.m.
Other cash flows used in financing activities	(57)	(28)	-28	+99.9
Impact of changes in exchange rates and accounting policies	6	(2)	+8	n.m.
Intra-group cash flows	(337)	58	-396	n.m.
Elimination of HR provisions excl. end-of-career benefits	(354)	(10)	-344	n.m.
Other cash flows used in operating activities	(41)	(1)	-40	n.m.
Change in cash and cash equivalents	**(565)**	**111**	**-676**	**n.m.**
Opening cash and cash equivalents	**4,537**	**2,895**	**+1,642**	**+56.7**
Closing cash and cash equivalents	**3,972**	**3,006**	**+966**	**+32.1**

The change in cash and cash equivalents mainly reflects the following:

- cash consumption of €1,043 million, resulting from the net free cash outflow generated net of HR provisions excluding end-of-career benefits, dividends paid, capital increases paid and cash outflows for external growth transactions and purchases of financial assets;
- a net increase in cash and cash equivalents of €627 million, attributable to proceeds from new borrowings less repayment of borrowings (excluding IFRS 16):
  - €1,500 million bond issue, comprising a first tranche of €650 million maturing in June 2030, and a second tranche of €850 million maturing in June 2035. This issue was completed by a tap issue of €150 million with an issue premium of €49 million,
  - redemption of a bond issued in 2003 in an amount of €1,000 million,

  - outstanding commercial paper stable at €150 million at the end of June 2023, with redemptions of €375 million offset by issues in the same amount;
- €337 million in intra-group cash flows, corresponding to the change in the net financial position with La Banque Postale, mainly due to the change in the balance of La Poste SA's current accounts at La Banque Postale to €406 million at 30 June 2023 versus €67 million at 31 December 2022, as well as a €3 million negative change in liabilities with La Banque Postale under the overall intra-group "payables/receivables" position and a €9 million positive change in borrowings from La Banque Postale;
- a €281 million decrease in cash and cash equivalents from changes in financial assets held for cash management purposes, relating to issues of various securities maturing in more than three months;
- a net outflow of €57 million reflecting other cash flows used in financing activities.

7.4 Gross debt

The group's gross debt rose by €596 million in first-half 2023 to €16,029 million.
Gross debt breaks down as follows:

	Six months ended 30 June			
	30 June 2023	**31 Dec. 2022**	**Change**	
			YoY	
(in € millions)			*(in €m)*	*(as a %)*
Bonds	**11,047**	**10,468**	**+579**	**+5.5**
Short-term bonds	0	1,004	-1,004	-100.0
Medium- and long-term bonds	11,047	9,464	+1,583	+16.7
La Poste savings bonds	**51**	**51**	**-0**	**-0.7**
Short-term La Poste savings bonds	51	51	-0	-0.7
Medium- and long-term La Poste savings bonds	0	0	+0	-
Commercial paper	**150**	**150**	**+0**	**+0.0**
Short-term commercial paper	150	150	+0	+0.0
Medium- and long-term commercial paper	0	0	+0	-
Deposits and guarantees received	**63**	**85**	**-22**	**-25.4**
Short-term deposits and guarantees received	20	36	-16	-44.0
Medium- and long-term deposits and guarantees received	43	48	-5	-11.3
Accrued interest	**88**	**89**	**-1**	**-1.2**
Accrued interest	88	89	-1	-1.2
Subordinated debt	**459**	**468**	**-9**	**-1.8**
Lease liabilities	**3,919**	**3,869**	**+50**	**+1.3**
Short-term lease liabilities	872	766	+105	+13.7
Medium- and long-term lease liabilities	3,047	3,102	-55	-1.8
Other items excluding lease liabilities	**251**	**252**	**-1**	**-0.4**
Other short-term items	110	99	+11	+11.3
Other medium- and long-term items	142	154	-12	-7.9
GROSS DEBT	**16,029**	**15,432**	**+596**	**+3.9**
Short-term gross debt	**1,291**	**2,196**	**-905**	**-41.2**
Medium- and long-term gross debt	**14,738**	**13,236**	**+1,502**	**+11.3**

The group's bond debt at 30 June 2023 amounted to €11,047 million (excluding hybrid bonds but including green bonds) and comprised 15 issues with fixed rates, some of which were swapped to floating rates then swapped back as appropriate depending on interest rate forecasts.
The main changes during the first half of 2023 concerned bond debt, which increased by €579 million following a bond issue in June in two tranches of €650 million and €850 million, supplemented by a tap issue in the amount of €150 million in April (with an issue premium of €49 million) and the redemption of a €1,000 million bond issued in 2003 and which matured in June 2023.

Subordinated debt came to €459 million at 30 June 2023 (for a nominal value of $500 million swapped for euros), down €9 million due to changes in the euro/US dollar exchange rate.

Lease liabilities (€3,919 million) increased by €50 million during the first half of 2023, including an increase of €103 million for GEOPOST in line with the development of its operating activities and a reduction of €48 million for La Poste Immobilier.

Outstanding commercial paper was stable at €150 million.

Deposits and guarantees received also fell by €22 million.

7.5 Net debt

			Six months ended 30 June	
	30 June 2023	**31 Dec. 2022**	Change	
			YoY	
(in € millions)			*(in €m)*	*(as a %)*
Closing gross debt	16,029	15,432	+596	+3.9
Cash and cash equivalents	(3,972)	(4,537)	+565	-12.5
Other assets	(742)	(704)	-38	+5.3
CLOSING NET DEBT	**11,314**	**10,191**	**+1,124**	**+11.0**

The group's net debt stood at €11,314 million at 30 June 2023. It increased by €1,124 million during the first half of 2023.

Other assets of €742 million mainly comprised the following:

- debt-related derivative assets with a fair value of €28 million, down €16 million;
- investments with initial maturities of more than three months for €303 million, up €278 million compared with 31 December 2022;
- the net financial position with La Banque Postale, which amounted to a credit position of €403 million versus a credit position of €66 million at 31 December 2022.

7.6 Equity and financial structure

	Six months ended 30 June			
	30 June 2023	**31 Dec. 2022**	**Change**	
		restated IFRS 17	*YoY*	
(in € millions)			*(in €m)*	*(as a %)*
Equity attributable to owners of the parent (opening)	**21,381**	**21,891**	**-510**	**-2.3**
Capital increases	316	120	196	n.m.
Net profit attributable to owners of the parent	461	1,011	-550	-54.4
Dividend payments	(421)	(529)	108	-20.4
Remuneration of perpetual hybrid subordinated notes	(85)	(144)	59	-40.9
Reserves that may or will not be reclassified to profit or loss	523	(1,869)	2,391	n.m.
Translation adjustments	212	255	-44	-17.1
Actuarial gains and losses	(24)	99	-123	n.m.
Transactions with non-controlling interests	(65)	633	-698	n.m.
Other	7	(87)	94	n.m.
Equity attributable to owners of the parent (closing)	**22,305**	**21,381**	**923**	**+4.3**
Non-controlling interests	8,356	8,087	270	+3.3
CONSOLIDATED EQUITY (CLOSING)	**30,661**	**29,468**	**+1,193**	**+4.0**

Equity attributable to owners of the parent amounted to €22,305 million at the end of June 2023, up €923 million. This increase was mainly attributable to (i) a €523 million increase in reserves that either may or will not be reclassified to profit or loss, mainly contributed by CNP Assurances, (ii) a €461 million increase in net profit attributable to owners of the parent, and (iii) the €212 million positive impact of translation adjustments.

The dividend payments of €421 million were made in cash and by capital increase in the amounts of €105 million and €316 million, respectively.

Non-controlling interests amounted to €8,356 million, an increase of €270 million, mainly at LBP and CNP.

7.7 Credit ratings

The credit ratings of La Poste, La Banque Postale and CNP Assurances were unchanged at the end of the first half of 2023.

La Poste credit rating

Company	Rating agency	Long-term rating	Short-term rating	Outlook	Last revised
La Poste	Fitch Ratings	A+	F1+	Stable	5 December 2022
	Standard & Poor's	A+	A-1	Negative	7 December 2022

La Banque Postale credit rating

Company	Rating agency	Long-term rating	Short-term rating	Outlook	Last revised
La Banque Postale	Fitch Ratings	A	F1+	Stable	19 December 2022
	Moody's	A2	P1	Stable	26 July 2022
	Standard & Poor's	A+	A-1	Negative	7 December 2022

CNP Assurances credit rating

Company	Rating agency	Long-term rating	Outlook	Last revised
CNP Assurances	Fitch Ratings	A+	Stable	21 October 2022
	Moody's	A1	Stable	13 June 2023
	Standard & Poor's	A+	Negative	7 December 2022

8. Outlook and subsequent events

8.1 Outlook

In the light of the current geopolitical situation, the global economic outlook remains uncertain. Some indicators nevertheless seem to be steadying, especially inflation, which is beginning to fall, and interest rates, which have stopped soaring. However, the consequences of events in 2022 will continue to be felt in the economy throughout the rest of 2023.

Against this backdrop, the group will press ahead with its strategic plan, "La Poste 2030, committed for you", with a view to achieving profitable and responsible growth both in France and internationally. The plan's levers of action are as follows:

- defend the group's core historical businesses through consolidation and adaptation efforts (Mail, Network, and public service missions);
- accelerate the group's growth drivers – logistics and bancassurance – by adapting to market trends and maximising financial performance;
- lay the foundations for future growth based on digital trust and local human services;
- step up our profitability drive and achieve critical mass by leveraging business development and seizing external growth opportunities when appropriate.

In 2023, La Poste will continue its transformation for the good of the whole community. La Poste will remain a socially engaged group, serving global trends and addressing society's needs as it navigates the environmental, digital, regional and demographic transitions ahead.

8.2 Subsequent events

None.

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CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONTENTS

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

CONSOLIDATED INCOME STATEMENT

(in € millions)	NOTE	First-half 2023	First-half 2022 (a)	Full-year 2022 (a)
Revenue from commercial activities	4	13,246	13,312	27,102
Net banking income	5	3,840	3,124	6,185
Operating revenue		**17,086**	**16,436**	**33,287**
Purchases and other expenses	6	(7,624)	(7,314)	(15,623)
Personnel expenses	7	(6,794)	(6,670)	(13,487)
Taxes other than on income	8	(363)	(269)	(393)
Depreciation, amortisation, provisions and impairment	8	(1,419)	(2,260)	(3,777)
Other operating expenses and income	8	295	225	549
Proceeds from asset disposals		(24)	67	35
Net operating expenses		**(15,929)**	**(16,221)**	**(32,696)**
Share in net profit of jointly-controlled companies	14	9	20	33
Operating profit		**1,166**	**235**	**624**
Cost of net debt	9.1	(84)	(109)	(214)
Other financial items	9.2	(27)	8	7
Net financial expense	9	**(111)**	**(101)**	**(207)**
Share in net loss of other equity-accounted companies	14	**(27)**	**(33)**	**(87)**
Profit before income tax		**1,028**	**101**	**330**
Income tax benefit/(expense)	10	(455)	962	952
CONSOLIDATED NET PROFIT		**573**	**1,063**	**1,282**
Attributable to non-controlling interests		112	144	271
NET PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT		**461**	**919**	**1,011**

(a) Restated for the first-time application of IFRS 17.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts net of tax (in € millions)	First-half 2023	First-half 2022 (a)	Full-year 2022 (a)
CONSOLIDATED NET PROFIT	**573**	**1,063**	**1,282**
OTHER COMPREHENSIVE INCOME RECOGNISED IN EQUITY			
Items that may be reclassified to profit or loss	**(559)**	**1,894**	**597**
Change in unrealised gains and losses on financial instruments	2,177	(17,991)	(24,567)
Reclassification to profit or loss	*786*	*816*	*1,887*
Translation adjustments	470	942	615
Reclassification to profit or loss			
Share in other comprehensive income of equity-accounted companies that may be reclassified to profit or loss	(16)	57	27
Remeasurement of insurance and reinsurance contracts	(3,190)	18,886	24,522
Items that will not be reclassified to profit or loss	**1,533**	**(2,796)**	**(1,980)**
Actuarial gains and losses on employee benefits	(16)	127	99
Change in credit risk of financial liabilities designated as at fair value through profit or loss	5	16	4
Remeasurement of equity instruments at fair value through other comprehensive income (excluding instruments sold during the year)	1,553	(2,957)	(2,141)
Share in other comprehensive income of equity-accounted companies that will not be reclassified to profit or loss	(8)	16	57
Fair value adjustments to direct participating insurance contracts through OCI	(1)	2	1
Total other comprehensive income/(loss) recognised in equity (net of tax)	**974**	**(902)**	**(1,383)**
TOTAL COMPREHENSIVE INCOME	**1,547**	**161**	**(101)**
Total comprehensive income attributable to non-controlling interests	375	432	402
TOTAL COMPREHENSIVE INCOME/(LOSS) ATTRIBUTABLE TO OWNERS OF THE PARENT	**1,172**	**(271)**	**(503)**

(a) Restated for the first-time application of IFRS 17.

CONSOLIDATED BALANCE SHEET

ASSETS

(in € millions)	NOTE	30 June 2023	31 Dec. 2022 (a)	1 Jan. 2022 (a)
Goodwill	11	5,342	5,092	4,464
Intangible assets	12	5,664	5,329	5,220
Property, plant and equipment	12	6,591	6,582	6,792
Right-of-use assets	13	3,426	3,426	3,700
Investments in equity-accounted companies	14	1,993	2,041	1,908
Other non-current financial assets	15	647	591	500
Deferred tax assets		1,770	2,310	165
Non-current assets		**25,433**	**25,371**	**22,749**
Inventories and work-in-progress	15	242	207	190
Trade and other receivables	15	5,707	5,504	5,555
Other current financial assets	15	404	702	436
Income tax credit		942	983	650
Other accruals – Assets		221	121	118
Cash and cash equivalents	15	3,972	4,537	2,895
Assets held for sale		50	62	200
Current assets		**11,538**	**12,116**	**10,044**
Cash, central banks	16	52,674	39,355	50,812
Financial assets at fair value through profit or loss	16	215,961	206,845	209,880
Hedging derivatives	16	1,078	1,139	1,022
Financial assets at fair value through OCI	16	206,667	210,408	249,846
Securities at amortised cost	16	32,549	27,193	23,480
Loans and advances to credit institutions at amortised cost	16	72,159	70,614	69,823
Loans and advances to customers at amortised cost	16	127,414	126,109	121,117
Revaluation differences on portfolios hedged against interest rate risks	16	648	721	101
Insurance contracts issued – Assets	16	1,593	1,506	1,390
Reinsurance contracts held – Assets	16	8,729	8,221	11,521
Other financial assets and accruals	16	14,937	9,318	6,875
Investment property	16	6,778	6,809	3,832
Assets specific to banking and insurance activities		**741,187**	**708,238**	**749,699**
TOTAL ASSETS		**778,158**	**745,725**	**782,492**

(a) Restated for the first-time application of IFRS 17.

EQUITY AND LIABILITIES

(in € millions)	NOTE	30 June 2023	31 Dec. 2022 (a)	1 Jan. 2022 (a)
Share capital and share premium		7,104	6,788	6,668
Reserves		18,194	16,127	15,843
Cumulative gains and losses on financial instruments and insurance/reinsurance contracts reclassifiable to profit or loss		(4,010)	(2,905)	(2,275)
Translation reserve		(188)	(384)	(571)
Perpetual hybrid subordinated notes		744	744	744
Net profit attributable to owners of the parent		461	1,011	1,482
Equity attributable to owners of the parent		**22,305**	**21,381**	**21,891**
Non-controlling interests		8,356	8,087	12,225
CONSOLIDATED EQUITY		**30,661**	**29,468**	**34,116**
Bonds and other debt[b]	18.1	12,110	11,564	10,149
Lease liabilities[b]	18.1	3,919	3,869	3,760
Provisions for contingencies and losses[b]	17	924	885	816
Employee benefits[b]	20	2,430	2,687	3,157
Deferred tax liabilities (non-current)		1,582	1,663	1,839
Trade and other payables[b]	21	9,803	9,950	9,130
Income tax liabilities (current)		250	317	199
Other accruals – Liabilities (current)		341	180	233
Liabilities directly associated with assets held for sale (current)		27	47	0
Non-current liabilities		**18,213**	**17,045**	**17,032**
Current liabilities		**13,173**	**14,117**	**12,251**
Financial liabilities at fair value through profit or loss	22	18,562	13,359	4,253
Hedging derivatives	22	2,444	2,371	333
Liabilities due to central banks and credit institutions	22	34,333	44,009	46,309
Customer deposits	22	233,061	215,712	218,668
Debt securities	22	38,868	29,052	21,693
Revaluation differences on portfolios hedged against interest rate risks	22	242	294	422
Insurance contracts issued and reinsurance contracts held	22	372,934	364,613	411,650
Other financial liabilities and accruals	22	6,242	6,480	5,469
Home savings provisions	22	101	106	186
Subordinated debt	22	9,324	9,099	10,110
Liabilities specific to banking and insurance activities		**716,111**	**685,095**	**719,093**
TOTAL EQUITY AND LIABILITIES		**778,158**	**745,725**	**782,492**
(a) Restated for the first-time application of IFRS 17				
(b) Of which current portion:				
Bonds and other debt		*419*	*1,430*	*541*
Lease liabilities		*872*	*766*	*741*
Provisions for contingencies and losses		*760*	*700*	*677*
Employee benefits		*706*	*729*	*754*
Trade and other payables		*9,798*	*9,948*	*9,106*

CHANGES IN CONSOLIDATED EQUITY – 2023

First-half 2023

Amounts net of tax (in € millions)	Share capital and share premium	Retained earnings	Translation reserves	Financial instrument reserves reclassifiable to profit or loss	Cumulative gains & losses on ins. & reins. contracts reclassifiable to profit or loss	Perpetual hybrid subordinated notes	Other reserves	ATTRIBUTABLE TOTAL	Non-controlling interests	TOTAL
Consolidated equity at 31 December 2022 – reported	**6,788**	**1,203**	**(422)**	**(3,301)**		**744**	**12,534**	**17,546**	**7,767**	**25,313**
First-time application of IFRS 17[c]		(192)	38	(24,312)	24,708		3,593	**3,835**	**320**	**4,155**
Consolidated equity at 31 December 2022	**6,788**	**1,011**	**(384)**	**(27,613)**	**24,708**	**744**	**16,127**	**21,381**	**8,087**	**29,468**
Issue of perpetual notes								**0**	0	**0**
Dividend payments[a]	316						(421)	**(105)**	(215)	**(320)**
Remuneration of perpetual hybrid subordinated notes[b]							(85)	**(85)**	0	**(85)**
Put options written over non-controlling interests							(5)	**(5)**	(1)	**(6)**
Transactions with non-controlling interests			(16)	6			(50)	**(60)**	(58)	**(118)**
Appropriation of 2022 net profit		(1,011)					1,011			
Comprehensive income for the period		461	212	2,122	(3,156)		1,533	**1,172**	**375**	**1,547**
Of which:										
- Net profit		*461*						***461***	*112*	***573***
- Reserves reclassifiable to profit or loss			*212*	*2,122*	*(3,156)*			***(822)***	*263*	***(559)***
- Cumulative gains and losses on financial instruments not reclassifiable to profit or loss							*1,558*	***1,558***	*0*	***1,558***
- Cumulative gains and losses on insurance and reinsurance contracts not reclassifiable to profit or loss							*(1)*	***(1)***		***(1)***
- Actuarial gains and losses							*(24)*	***(24)***	*0*	***(24)***
Other	0	0	0	0	*(76)*		83	**7**	168	**175**
CONSOLIDATED EQUITY AT 30 JUNE 2023	**7,104**	**461**	**(188)**	**(25,486)**	**21,476**	**744**	**18,194**	**22,305**	**8,356**	**30,661**

(a) La Poste dividend payment for €421 million. The payment was made in cash for €105 million and in new shares for €316 million (share premium included).
(b) Remuneration of hybrid subordinated notes from La Poste (€23 million), La Banque Postale (€26 million) and CNP Assurances (€36 million).
(c) The effects of first-time application of IFRS 17 are described in Notes 1.1 and 2.3.

CHANGES IN CONSOLIDATED EQUITY – 2022

First-half 2022

Amounts net of tax *(in € millions)*	Share capital and share premium	Retained earnings	Translation reserves	Financial instrument reserves reclassifiable to profit or loss	Cumulative gains & losses on ins. & reins. contracts reclassifiable to profit or loss	Perpetual hybrid subordinated notes	Other reserves	ATTRIBUTABLE TOTAL	Non-controlling interests	TOTAL
Consolidated equity at 31 December 2021 – reported	**6,668**	**2,069**	**(570)**	**1,373**		**744**	**10,648**	**20,932**	**11,718**	**32,650**
First-time application of IFRS 17[(d)]		(587)	(1)	(1,769)	(1,879)	0	5,195	**959**	**507**	**1,466**
Consolidated equity at 1 January 2022	**6,668**	**1,482**	**(571)**	**(396)**	**(1,879)**	**744**	**15,843**	**21,891**	**12,225**	**34,116**
Dividend payments[(a)]	120						(529)	**(409)**	(265)	**(674)**
Remuneration of perpetual hybrid subordinated notes[(b)]							(82)	**(82)**	0	**(82)**
Put options written over non-controlling interests							(25)	**(25)**	(21)	**(46)**
Transactions with non-controlling interests[(c)]			(66)	(2,818)	2,005		1,706	**827**	(3,945)	**(3,118)**
Appropriation of 2021 net profit		(1,482)					1,482			**0**
Comprehensive income for the period		919	436	(16,567)	17,737		(2,796)	**(271)**	**432**	**161**
Of which:										
- Net profit		*919*						***919***	*144*	***1,063***
- Reserves reclassifiable to profit or loss			*436*	*(16,567)*	*17,737*			***1,606***	*288*	***1,894***
- Cumulative gains and losses on financial instruments not reclassifiable to profit or loss							*(2,925)*	***(2,925)***	*0*	***(2,925)***
- Cumulative gains and losses on insurance and reinsurance contracts not reclassifiable to profit or loss							*2*	***2***		***2***
- Actuarial gains and losses							*127*	***127***	*0*	***127***
Other			0	1	2		(3)	**0**	**175**	**175**
CONSOLIDATED EQUITY AT 30 JUNE 2022	**6,788**	**919**	**(201)**	**(19,780)**	**17,865**	**744**	**15,596**	**21,931**	**8,601**	**30,532**

(a) La Poste dividend payment of €724 million by deduction from other reserves (€529 million) and from share premium (€195 million). The payment was made in cash for €409 million and in new shares for €315 million (share premium included).
(b) Remuneration of hybrid subordinated notes from La Poste (€23 million), La Banque Postale (€29 million) and CNP Assurances (€30 million).
(c) Including the buyout of non-controlling interests in CNP Assurances (€860 million positive impact on equity attributable to owners of the parent and €3,933 million negative impact on non-controlling interests).
(d) The effects of first-time application of IFRS 17 are presented in Notes 1.1 and 2.3.

Full-year 2022

Amounts net of tax *(in € millions)*	Share capital and share premium	Retained earnings	Translation reserves	Financial instrument reserves reclassifiable to profit or loss	Cumulative gains & losses on ins. & reins. contracts reclassifiable to profit or loss	Perpetual hybrid subordi-nated notes	Other reserves	ATTRIBUTABLE TOTAL	Non-controlling interests	TOTAL
Consolidated equity at 31 December 2021 – reported	**6,668**	**2,069**	**(570)**	**1,373**		**744**	**10,648**	**20,932**	**11,718**	**32,650**
First-time application of IFRS 17[d]		(587)	(1)	(1,769)	(1,879)	0	5,195	959	507	1,466
Consolidated equity at 1 January 2022	**6,668**	**1,482**	**(571)**	**(396)**	**(1,879)**	**744**	**15,843**	**21,891**	**12,225**	**34,116**
Issue of perpetual notes									29	**29**
Dividend payments[a]	120						(529)	**(409)**	(374)	**(783)**
Remuneration of perpetual hybrid subordinated notes[b]							(144)	**(144)**	0	**(144)**
Put options written over non-controlling interests							(55)	**(55)**	(31)	**(86)**
Transactions with non-controlling interests[c]			(69)	(3,525)	2,683		1,600	**689**	(4,345)	**(3,656)**
Appropriation of 2021 net profit		(1,482)					1,482	**0**		**0**
Comprehensive income for the period		1,011	255	(23,691)	23,902		(1,980)	**(503)**	**402**	**(101)**
Of which:										
- Net profit		*1,011*						***1,011***	*271*	***1,282***
- Reserves reclassifiable to profit or loss			*255*	*(23,691)*	*23,902*			***466***	*131*	***597***
- Cumulative gains and losses on financial instruments not reclassifiable to profit or loss							*(2,080)*	***(2,080)***	*0*	***(2,080)***
- Cumulative gains and losses on insurance and reinsurance contracts not reclassifiable to profit or loss							*1*	***1***		***1***
- Actuarial gains and losses							*99*	***99***	*0*	***99***
Other			1	(1)	2		(90)	**(88)**	**181**	**93**
CONSOLIDATED EQUITY AT 31 DECEMBER 2022	**6,788**	**1,011**	**(384)**	**(27,613)**	**24,708**	**744**	**16,127**	**21,381**	**8,087**	**29,468**

(a) La Poste dividend payment of €724 million by deduction from other reserves (€529 million) and from share premium (€195 million). The payment was made in cash for €409 million and in new shares for €315 million (share premium included).
(b) Remuneration of hybrid subordinated notes from La Poste (€23 million), La Banque Postale (€55 million) and CNP Assurances (€66 million).
(c) Including the buyout of non-controlling interests in CNP Assurances (€857 million positive impact on equity attributable to owners of the parent and €3,933 million negative impact on non-controlling interests).
(d) The effects of first-time application of IFRS 17 are presented in Notes 1.1 and 2.3.

CONSOLIDATED STATEMENT OF CASH FLOWS

(in € millions)	First-half 2023			First-half 2022 (a)			Full-year 2022 (a)		
	Group	**Industrial and commercial activities**	**Banking and insurance activities**	**Group**	**Industrial and commercial activities**	**Banking and insurance activities**	**Group**	**Industrial and commercial activities**	**Banking and insurance activities**
EBITDA	**2,261**	**628**	**1,633**	**2,125**	**1,221**	**904**	**3,916**	**2,031**	**1,885**
Change in provisions for current assets and irrecoverable receivables	(42)	(42)		(6)	(6)	0	(40)	(40)	
Miscellaneous financial income and expenses	1	1		5	5	0	(7)	(7)	
Cash flows from operating activities before cost of net debt and taxes	**2,220**	**587**	**1,633**	**2,124**	**1,220**	**904**	**3,869**	**1,984**	**1,885**
Change in working capital requirement	(290)	(473)	183	(648)	(642)	(6)	319	121	198
Change in balance of banking and insurance assets and liabilities	11,216	0	11,216	(619)	0	(619)	(5,445)	0	(5,445)
Taxes paid	(313)	(34)	(279)	(457)	(75)	(382)	(966)	(100)	(866)
Dividends paid by La Banque Postale to La Poste		476	(476)	0	1,542	(1,542)		1,542	(1,542)
Dividends received from equity-accounted companies	22	22	0	17	11	6	116	31	85
Net cash from/(used in) operating activities	**12,855**	**578**	**12,277**	**417**	**2,056**	**(1,639)**	**(2,107)**	**3,578**	**(5,685)**
Purchases of property, plant and equipment and intangible assets	(854)	(638)	(216)	(762)	(496)	(266)	(1,699)	(1,217)	(482)
Purchases of financial assets	(79)	(67)	(12)	(116)	(96)	(20)	(157)	(109)	(48)
Proceeds from disposals of property, plant and equipment and intangible assets	33	33	0	48	48	0	125	121	4
Proceeds from disposals of financial assets	5	5	0	255	15	240	283	43	240
Impact of changes in consolidation scope	(251)	(344)	93	(1,431)	(490)	(941)	(1,612)	(656)	(956)
Change in financial assets held for cash management purposes	281	281		(130)	(130)	0	(230)	(230)	
Net cash used in investing activities	**(865)**	**(730)**	**(135)**	**(2,136)**	**(1,149)**	**(987)**	**(3,290)**	**(2,048)**	**(1,242)**
Capital increases	172	1	171	3	3	0	14	14	0
Perpetual loans	0	0	0	0	0	0	29	29	
Dividends paid and remuneration of hybrid subordinated notes	(401)	(129)	(272)	(751)	(438)	(313)	(929)	(442)	(487)
Purchases of non-controlling interests	(91)	(27)	(64)	(3,118)	(45)	(3,073)	(3,753)	(139)	(3,614)
Interest paid	(78)	(78)	0	(91)	(91)	0	(199)	(199)	0
Proceeds from new borrowings	2,518	2,018	500	1,220	720	500	3,477	2,474	1,003
Repayment of borrowings	(1,591)	(1,391)	(200)	(576)	(576)	0	(2,795)	(1,045)	(1,750)
Repayment of lease liabilities	(444)	(419)	(25)	(426)	(398)	(28)	(873)	(815)	(58)
Other cash flows used in financing activities	(57)	(57)		(28)	(28)	0.000	(47)	(47)	
Intra-group flows		(337)	337	0	58	(58)	0	303	(303)
Net cash from/(used in) financing activities	**28**	**(419)**	**447**	**(3,767)**	**(795)**	**(2,972)**	**(5,076)**	**133**	**(5,209)**
Decrease/(increase) in cash and cash equivalents from banking activities before impact of changes in consolidation scope	(12,589)		(12,589)	5,598		5,598	12,136		12,136
Impact of subsidiaries held for sale	2	2		(13)	(13)		(15)	(15)	
Impact of changes in exchange rates	4	4		11	11		(6)	(6)	
Net (decrease)/increase in cash and cash equivalents	**(565)**	**(565)**		**111**	**111**		**1,642**	**1,642**	
Opening cash and cash equivalents	**4,537**	**4,537**		**2,895**	**2,895**		**2,895**	**2,895**	
Closing cash and cash equivalents	**3,972**	**3,972**		**3,006**	**3,006**		**4,537**	**4,537**	

(a) Restated for the first-time application of IFRS 17.

GENERAL ITEMS

NOTE 1 SIGNIFICANT EVENTS OF THE PERIOD

1.1 First-time application of IFRS 17 – Insurance Contracts

IFRS 17 has been applied retrospectively, in accordance with IAS 8, with recognition of the transition effects in equity.

First-time application of the standard had the effect of increasing equity in the transition-date balance sheet at 1 January 2022 by €1,466 million, of which €959 million was attributable to owners of the parent and €507 million to non-controlling interests. In addition, the new analysis of insurance liabilities with respect to insurance contracts issued led to the recognition of a contractual service margin (CSM) of €17 billion and a risk adjustment (RA) of €1.6 billion (for more information, see Note 28.3 b).

As required by the standard, comparative information has also been prepared for 2022 on an IFRS 17 basis.

The main changes compared with the published financial statements at 31 December 2022 are presented in Note 2, together with a description of the accounting policies and main estimates used.

1.2 Bond issues

In the first half of 2023, La Poste Groupe carried out several bond issues, as detailed below. These bonds qualify as debt instruments under IFRS 9 and IAS 32.

La Poste bond issues

On 5 June 2023, La Poste carried out a €1.5 billion bond issue in two tranches:

- a €650 million 3.75% 7-year tranche due June 2030; and
- an €850 million 4% 12-year tranche due June 2035.

On 12 April 2023, a €150 million 0.625% tap was issued with a €49 million premium, on the bond issue due January 2036.

La Banque Postale bond issue

On 31 January 2023, La Banque Postale Home Loan SFH, a subsidiary of La Banque Postale, carried out a social covered bond issue, the proceeds of which will be used to finance low-income home loans (*prêts d'accession sociale*). A total of €1.25 billion worth of 8-year covered bonds were issued with a final spread of MS +27 bps and a fixed interest rate of 3%.

CNP Assurances bond issues

On 18 January 2023, CNP Assurances carried out a €500 million Tier 2 subordinated bond issue due in July 2053. The bonds pay interest at 5.25% until July 2033 and then at a floating rate until maturity. This was its first sustainable subordinated bond issue.

1.3 Changes in employee benefits

Impact of the French pension reform

Act no. 2023-270 of 14 April 2023 raised the statutory retirement age in France from 62 to 64. This change is being phased in over an 8-year period, starting for employees born on or after 1 November 1961.

The Act had the following impact on La Poste Groupe's financial statements at 30 June 2023:

- for employees covered by end-of-career benefits, the increase in the statutory retirement age will extend the period during which they may benefit from these arrangements. The resulting additional cost of the arrangements, estimated at €312 million, has been taken into account in full in the measurement of La Poste's liability for end-of-career benefits at 30 June 2023 (see Note 7);
- the two-year increase in the statutory retirement age will also have the effect of reducing certain post-employment benefit obligations, mainly retirement indemnities for La Poste employees, due to the extension of the vesting period, with an estimated impact of €36 million. As the change in the statutory retirement age represents a plan curtailment under IAS 19, the resulting reduction in the benefit obligation has been recognised in the income statement (see Note 7).

Cancellation of interest payments on La Poste retirees' demand deposits

At the end of June, La Poste decided to stop granting certain benefits from 1 January 2024 to La Poste retirees who receive their retirement or other pensions in a deposit account with La Banque Postale. The decision primarily concerns the annual "loyalty bonus" paid on annual savings of up to €10,000 at the gross *Livret A* rate. The interest payments were covered by a provision for post-employment benefits, which was reversed at 30 June 2023 except for the interest accruing to retirees in respect of the second half of 2023. In accordance with IAS 19, this provision was remeasured at the end of June 2023, immediately before the decision to withdraw the benefit was made. The impact of this decision on first-half pre-tax profit was €303 million (see Note 7).

1.4 BRT dispute (Geopost business line)

The Italian company BRT is the subject of legal proceedings concerning income and payroll taxes on subcontracting services. The group is cooperating fully with the Italian authorities and has put in place a remediation plan.

The dispute has led to the recognition of income and payroll tax liabilities and provisions for contingencies and losses for a total of €176 million at 30 June 2023 (€14 million at 31 December 2022). The group has made a claim under the seller's warranty given by BRT's former majority shareholder. However, no receivable has been recorded in the accounts in this respect.

1.5 Impairment of the assets of Stuart (Geopost business line)

The earnings outlook of Stuart, a one-hour delivery company, has deteriorated sharply in what appears to have become a persistently difficult market. Stuart is part of the Geopost business line. It constitutes an autonomous CGU.

As a result of the deteriorated outlook, the group decided to write down all the Stuart goodwill (€13 million) and non-current assets (€57 million), and recognised a provision for contingencies and losses (€64 million), based on their estimated market value. The total impairment loss of €134 million has been recognised in the accounts for the first half of 2023.

1.6 Planned divestment of DPD Russia (Geopost business line)

In the first half of 2022, the group responded to events affecting Russia by announcing its intention to withdraw completely from the Russian market.

As a result of this announcement, all of DPD Russia's assets and liabilities have been classified as held for sale since 30 June 2022. The sale has not yet been completed due to the complexity of the process, but the transaction remains highly probable, justifying the continued classification of the assets and liabilities as held for sale.

In light of the uncertainty over the sale price, the DPD Russia goodwill and all of the company's intangible assets and property, plant and equipment were written down in full at 30 June 2022 (for a euro-equivalent amount of €149 million). The impairment loss has been maintained at 30 June 2023 given the continuing uncertainty over the final sale price.

The currency translation reserve amounted to €45 million at 30 June 2023. It represents the impact generated by the overall favourable change in the Russian rouble exchange rate since DPD Russia's entry into the scope of consolidation. When the disposal of this entity is effective, the cumulative amount of the translation reserve will be reclassified from equity to profit and loss.

1.7 Main changes in scope of consolidation and acquisitions of non-controlling interests

Acquisition of Maincare (Retail Customers & Digital Services business line)

On 28 February 2023, La Poste Groupe (Retail Customers & Digital Services business line/Digital Services CGU) acquired a 98.08% controlling interest in Maincare, one of France's leading providers of digital solutions. Provisional goodwill on the acquisition amounted to €220 million. Maincare's contribution to consolidated revenue for first-half 2023 amounted to €26 million.

Acquisition of non-controlling interests of CNP Assurances' Brazilian companies

As part of its international growth strategy announced in September 2022, CNP Assurances completed the acquisition of a 100% stake in CNP Participações em Seguros Ltda on 30 and 31 January. "Holding Seguros" (formerly CNP Seguros Participações em Saúde Ltda, "Holding Saúde"), Companhia Seguros Previdência do Sul "Previsul" (marketing of personal risk and term creditor insurance products) and CNP Capitalização S.A. "CNP Cap" (marketing of savings products) for around €65 million (361 million Brazilian reals).

Establishment of CNP Assurances Holding in April 2023

This new company is an umbrella entity for the group's various insurance businesses and their legal entities. The transaction had no impact on the group's consolidated financial statements.

1.8 Income statement at constant scope and exchange rates

The restated income statement eliminates the effect of all acquisitions made during the current year and the prior-year acquisitions completed during the year. It also presents foreign currency transactions from the prior year at the average exchange rate for the current year.

	Reported amount		Restated amount excluding scope and exchange rate effects	
(in € millions)	First-half 2023	First-half 2022 (a)	First-half 2023	First-half 2022 (a)
Revenue and NBI	**17,086**	**16,436**	**16,901**	**16,391**
Purchases and other expenses	(7,624)	(7,314)	(7,486)	(7,300)
Personnel expenses	(6,794)	(6,670)	(6,741)	(6,652)
Taxes other than on income	(363)	(269)	(362)	(268)
Depreciation, amortisation, provisions and impairment	(1,419)	(2,260)	(1,411)	(2,257)
Other operating expenses and income	295	225	293	226
Proceeds from asset disposals	(24)	67	(23)	67
Net operating expenses	**(15,929)**	**(16,221)**	**(15,729)**	**(16,184)**
Share in net profit of jointly-controlled companies	8	20	10	19
Recurring operating profit (after share in net profit of jointly-controlled companies)	**1,166**	**235**	**1,182**	**226**

(a) Restated for the first-time application of IFRS 17.

NOTE 2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

La Poste, the parent company of La Poste Groupe ("La Poste Groupe" or "the group") has been a ***société anonyme*** (French public limited company) since 1 March 2010, with its registered office at **9 rue du Colonel-Pierre-Avia, 75015 Paris, France**.

Prior to this, it was an independent state-owned entity, which was already subject to the same financial management and accounting policies as commercial businesses. La Poste Groupe is a large **multi-business services group**.

The group's condensed consolidated financial statements for the six months ended 30 June 2023 were approved for issue by the Board of Directors at its meeting of 2 August 2023.

2.1 Accounting basis

Pursuant to European Regulation No. 1606/2002 of 19 July 2002, the condensed consolidated financial statements of La Poste Groupe for the six months ended 30 June 2023 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. These standards are available at:

http://ec.europa.eu/internal_market/accounting/ias/index_en.htm

The condensed consolidated financial statements for the six months ended 30 June 2023 have been prepared in accordance with IAS 34 – Interim Financial Reporting. As these are condensed financial statements, they do not include all the disclosures required in a full set of annual financial statements and should be read in conjunction with the group's financial statements for the year ended 31 December 2022.

With the exception of the items described in section 2.1.1 below, the accounting policies applied at 30 June 2023 are identical to those applied at 31 December 2022, as presented in Note 3 to the 2022 consolidated financial statements.

2.1.1 Standards and amendments applied by the group from 1 January 2023

IFRS 17 – Insurance Contracts

Given its significance for the group, the effects of first-time application of IFRS 17 and the associated accounting principles and methods are described in Note 2.3 below.

IAS 12 – Income Taxes

IAS 12 has been amended to introduce an exception from applying the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. The amendment applies to taxable and deductible temporary differences associated with leases and decommissioning obligations, which are recognised and presented separately.

The amendment has no impact on the group.

Amendment to IAS 12 – Pillar 2 Model Rules

In May 2023, the IASB published an amendment to IAS 12, creating an exception to recognising deferred tax assets and liabilities related to Pillar 2 income taxes. This amendment will be applicable immediately and mandatorily following its adoption by the European Union before the end of 2023. In view of the amendment's forthcoming adoption and the lack of clarity in the current provisions of IAS 12 concerning the recognition of additional deferred tax in jurisdictions that have endorsed Pillar 2 legislation, the group has decided to apply the amendment immediately by not recognising deferred tax assets and liabilities related to Pillar 2 income taxes.

2.1.2 Standards and interpretations other than IFRS 17 applied by the group from 1 January 2023

Compared with the consolidated financial statements for the year ended 31 December 2022, the following standards, interpretations and IFRS IC decisions applicable in the European Union from 1 January 2023 have been applied by the group.

2.1.3 Standards and interpretations effective after 30 June 2023 and not early adopted

La Poste Groupe has not early adopted any standard or interpretation effective after 30 June 2023.

2.2 Valuation basis and use of estimates

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

The main items concerned are as follows:

- calculation of employee benefits;
- estimates of provisions for contingencies and losses;
- calculation of right-of-use assets and lease liabilities;
- measurement of goodwill and other assets and liabilities recognised on business combinations;
- assumptions used for impairment tests on goodwill, other intangible assets and property, plant and equipment;
- estimates of the home savings provision;
- measurement of financial instruments not listed on organised markets;
- credit risk estimates by La Banque Postale;
- assumptions and estimates used to measure hedge effectiveness;
- more specifically, in recent years the group has developed a general framework for identifying and

managing climate risk. This framework will enable uncertainties associated with climate risk to be taken into account in an appropriate manner in the assumptions used to prepare estimates. Lastly, details of the group's carbon neutrality strategy are provided in the non-financial performance statement included in the Universal Registration Document.

The main IFRS 17-related estimates are described below.

The illiquidity premium (defined in Note 2.3) is estimated based on the financial assets held by the insurance subsidiaries (property/infrastructure asset classes and equities asset classes in the diversified scope as well as bond assets). The illiquidity premium for these portfolios is adjusted to take account of the insurance contracts' characteristics and the matching of assets and liabilities.

The approach used to determine an illiquidity premium for a bond portfolio is comparable to the method suggested by the European Insurance and Occupational Pensions Authority (EIOPA) as part of its review of Solvency II, in terms of both calibration (macro-economic nature of the default probabilities underlying the credit spreads) and portfolio comparisons.

Directly attributable costs, with the exception of non-recurring costs, are included in future cash flow projections for the insurance contracts. Non-attributable costs are recognised in profit or loss and are therefore not included in future cash flow projections.

Experience adjustments are recorded for the difference between initial estimates of future cash flows and observed actual cash flows. IFRS 17 requires estimates to be reviewed periodically and insurance liabilities to be adjusted accordingly. Their accounting treatment is described in Note 2.3 below.

The group **updates accounting estimates** as required to establish the actuarial models used to measure insurance liabilities, and ensures the consistency of:

1. the measurement techniques used to determine the Best Estimate, discount future cash flows, determine the Risk Adjustment (e.g., cost of capital or quantiles method), and select the coverage units used to release the CSM to profit or loss;
2. the updated inputs used in the application of these measurement techniques:
    - technical or non-economic assumptions (cancellations, mortality rates, flexible premiums, expenses, etc.),
    - financial or economic assumptions based on financial market data (yield curves, stock market trends, reinvestment rates, etc.),
    - other economic or regulatory data (taxes, tax rates, etc.);
3. changes in actuarial models for projecting future cash flows:

IFRS 17 stipulates that "estimates should reflect conditions existing at the measurement date, including assumptions at that date about the future". The use of current data is therefore mandatory and updates are naturally considered as a change in accounting estimate.

In order to estimate future cash flows, the group may consider that **fixed and flexible premiums** may be renewed at each reporting date, depending on the information and data available. Its measurement methods are reviewed at regular intervals, particularly with regard to the insurance contract boundaries (defined in Note 2.3 below).

The most significant premium renewal assumptions taken into account in the models concern traditional (€) and unit-linked savings contracts.

2.3 First-time application of IFRS 17

IFRS 17 was adopted by the European Union on 19 November 2021. It is applicable for accounting periods beginning on or after 1 January 2023, with a transition date of 1 January 2022.

The first section below describes the main changes in comparative information prepared on an IFRS 17 basis. The second section describes the IFRS 17 accounting principles and methods.

2.3.1 Main changes in comparative information prepared on an IFRS 17 basis

Transitional arrangements

IFRS 17 – Insurance Contracts proposes three transition approaches that may be applied to each group of insurance contracts:

- **The Full Retrospective Approach** (FRA), whereby all accounting components of insurance contracts are recalculated from the contracts' inception. This approach is compulsory if the data is available. Where this is not the case, the approaches described below may be applied.

The Full Retrospective Approach has been applied for LBP Assurances IARD and for certain CNP Assurances term creditor insurance cohorts.

- **The Fair Value Approach** (FVA), whereby insurance contracts are measured at fair value at the transition date.

This approach is applied to the majority of insurance contracts written by La Banque Postale Group, particularly savings and pensions contracts.

- **The Modified Retrospective Approach** (MRA), which provides for simplification measures to avoid the additional cost of producing historical contract data.

This approach has been used primarily for contracts written by LBP Prévoyance.

Other comprehensive income (OCI) accumulated in equity at the transition date

For groups of contracts measured using the MRA or FVA model on transition to IFRS 17 for which finance income or expense is disaggregated between profit or loss and OCI in accordance with IFRS 17.88(b) or 89(b), the subsequent reclassification to profit or loss of OCI amounts accumulated in equity, as initially determined at transition, must be supported by a reconciliation from the opening to closing balance (IFRS 17.116).

Discontinuation of the overlay approach

The overlay approach was applied pending adoption of IFRS 17. As permitted under IFRS 4 for the underlying assets of insurance contracts, it was applied to assets that were measured at fair value through profit or loss under IFRS 9 – Financial Instruments (which was applicable from 1 January 2018, with some exceptions) and according to a different model under IAS 39 – Financial Instruments (applicable prior to IFRS 9), the overlay approach consists of reclassifying fair value adjustments to designated financial assets from the income statement to other comprehensive income, so that the amount reported in the income statement is the same as if IAS 39 had been applied to the designated financial assets.

At the transition date, the restatement enabling the use of the overlay approach to be cancelled retrospectively reduced the gains and losses recognised directly in equity by means of an offsetting entry in consolidated reserves for an amount of €1,245 million net of deferred tax.

Discontinuation of shadow accounting

The measurement models for insurance (and reinsurance) contracts in IFRS 17 have removed the need for shadow accounting adjustments, with the result that the balance sheet no longer includes any deferred participation assets or deferred participation liabilities.

Cancellation of intangible insurance assets (footnote 5 in the IFRS 17 application effects table)

IFRS 17 does not permit the separate recognition of intangible assets such as portfolios of insurance contracts acquired in a business combination (Value of Business Acquired – VoBA), and insurance acquisition cash flows (deferred acquisition costs). These items are now included in the projected future cash flows from insurance contracts and, as such, represent a component of the Best Estimate.

Reclassification of part of the equities portfolio at fair value through OCI not reclassifiable to profit or loss

(footnote 1 in the IFRS 17 application effects table)

The group has applied the option of classifying equity instruments available for sale as assets at fair value through OCI not reclassifiable to profit or loss, as permitted by IFRS 17 for entities that already applied IFRS 9 in periods prior to the transition date. Future fair value adjustments to these assets will also be recognised through OCI without subsequently being reclassifiable to profit or loss, even in the event of their sale.

IAS 40 – Investment Property (fair value model)

(footnote 4 to the table below)

In accordance with the option offered by IAS 40, as amended following the publication of IFRS 17, the group elected to measure at fair value investment properties that are underlying components of insurance contracts measured using the VFA model. Property held that is only partially allocated to these contracts may not be measured partly at cost and partly at fair value.

Presentation of the group accounts

In accordance with ANC recommendation 2022-01, insurance investments continue to be presented within the accounting categories for banking activities in the balance sheet.

Concerning the detailed analysis of net banking income (Note 5) and the note on the insurance income statement (Note 28.2.d) under IFRS 17, revenue representing business volume and premiums received during the period has been replaced by insurance revenue. Insurance revenue comprises the contractual service margin (CSM) released to profit for the reporting period, the Risk Adjustment (RA) released to profit for the period, revenue earned during the reporting period from providing insurance services (fulfilment cash flows) and amortisation of deferred acquisition costs.

2.3.2 Transition effects on the balance sheet

ASSETS *(in € millions)*	**Footnote**	**31 Dec. 2021** *Reported*	**Transition effects**	**1 Jan. 2022** *Restated (a)*	**31 Dec. 2022** *Reported*	**Transition effects**	**31 Dec. 2022** *Restated (a)*
Goodwill		4,464	0	4,464	5,092	0	5,092
Intangible assets	5	6,133	(913)	5,220	6,126	(797)	5,329
Property, plant and equipment		6,792	0	6,792	6,582	1	6,582
Other non-current assets		6,100	8	6,108	6,049	11	6,059
Deferred tax assets		205	(40)	165	2,976	(666)	2,310
Non-current assets		**23,694**	**(945)**	**22,749**	**26,824**	**(1,453)**	**25,371**
Current assets		**10,044**	**(0)**	**10,044**	**12,093**	**23**	**12,116**
Financial assets at fair value through profit or loss	1	231,420	(21,540)	209,880	222,722	(15,877)	206,845
Financial assets at fair value through OCI	1	228,310	21,536	249,846	194,534	15,874	210,408
Loans and advances to credit institutions at amortised cost	2	67,823	2,000	69,823	67,095	3,519	70,614
Loans and advances to customers at amortised cost	2	123,117	(2,000)	121,117	129,628	(3,519)	126,109
Insurance contracts issued – Assets	3	0	1,390	1,390	0	1,506	1,506
Reinsurance contracts held – Assets	3		11,521	11,521	0	8,221	8,221
Other financial assets and accruals	3	33,149	(26,274)	6,875	35,847	(26,529)	9,318
Deferred participation	3	0	0	0	9,692	(9,692)	0
Investment property	4	3,393	438	3,832	6,280	529	6,809
Other assets specific to banking and insurance activities		75,414	0	75,414	68,409	0	68,409
Assets specific to banking and insurance activities		**762,627**	**(12,929)**	**749,699**	**734,206**	**(25,967)**	**708,238**
TOTAL ASSETS		**796,365**	**(13,873)**	**782,492**	**773,123**	**(27,398)**	**745,725**

(a) Restated for the first-time application of IFRS 17.

EQUITY AND LIABILITIES *(in € millions)*	Footnote	31 Dec. 2021 Reported	Transition effects	1 Jan. 2022 Restated (a)	31 Dec. 2022 Reported	Transition effects	31 Dec. 2022 Restated (a)
Equity attributable to owners of the parent	6	20,932	959	21,891	17,546	3,835	21,381
Non-controlling interests		11,718	507	12,225	7,767	320	8,087
CONSOLIDATED EQUITY		**32,650**	**1,466**	**34,116**	**25,313**	**4,155**	**29,468**
Deferred tax liabilities (non-current)		1,217	622	1,839	886	776	1,663
Trade and other payables		9,140	(9)	9,130	9,903	48	9,951
Other current and non-current liabilities		18,314	(1)	18,313	19,551	(2)	19,549
Non-current liabilities		**16,411**	**621**	**17,032**	**16,269**	**777**	**17,045**
Current liabilities		**12,260**	**(9)**	**12,251**	**14,072**	**45**	**14,117**
Liabilities due to central banks and credit institutions	2	30,393	15,915	46,309	26,445	17,565	44,009
Customer deposits	2	234,582	(15,914)	218,668	233,276	(17,564)	215,713
Insurance contracts issued and reinsurance contracts held	3	0	411,650	411,650	0	364,613	364,613
Other financial liabilities and accruals	3	18,674	(13,204)	5,469	19,810	(13,331)	6,480
Current banking and insurance activity technical provisions (including the home savings provision)	3	414,584	(414,398)	186	383,763	(383,656)	107
Other liabilities specific to banking and insurance activities		36,811		36,811	54,175		54,175
Liabilities specific to banking and insurance activities		**735,044**	**(15,951)**	**719,093**	**717,469**	**(32,373)**	**685,095**
TOTAL EQUITY AND LIABILITIES		**796,365**	**(13,873)**	**782,492**	**773,123**	**(27,398)**	**745,725**

(a) Restated for the first-time application of IFRS 17.

Footnote 1:
As permitted by IFRS 17, the group has applied the option of classifying equity instruments available for sale in the amount of €21,540 million as assets at fair value through OCI not reclassifiable to profit or loss.

Footnote 2:
Securities purchased under collateralised reverse repurchase agreements and securities sold under collateralised repurchase agreements are now disclosed in assets under "Loans and advances to credit institutions" and in liabilities under "Liabilities due to central banks and credit institutions".

Footnote 3:
Effect of applying IFRS 17 on the presentation and measurement of insurance and reinsurance assets and liabilities.

Footnote 4:
Remeasurement of investment property at fair value (amendment to IAS 40).

Footnote 5:
Cancellation of intangible assets up to €913 million corresponding to the Value of Business Acquired (VOBA) and contractual customer relationships in the unit-linked business in Italy and the pensions business in Brazil.

Footnote 6:
Application of IFRS 17 led to a €1,466 million increase in equity at 1 January 2022, of which €959 million was attributable to owners of the parent. The increase reflected: (i) the €1,542 million positive impact of fair value adjustments to insurance and reinsurance assets and liabilities *(see footnote 3)*, of which €385 million attributable to owners of the parent, (ii) the €381 million positive impact of fair value adjustments to investment property, of which €300 million attributable to owners of the parent *(see footnote 4)*, (iii) the €311 million negative impact of cancelling intangible assets represented by the Value of Business Acquired and contractual customer relationships *(footnote 5)*, of which a €313 million increase in equity attributable to owners of the parent, and (iv) the €151 million negative impact of cancelling contractual customer relationships *(footnote 5)*, of which €57 million attributable to owners of the parent.

2.3.3 IFRS 17 accounting policies and methods

Scope and application in conjunction with the other IFRSs

IFRS 17 – Insurance Contracts, which was adopted by the European Union (EU) on 19 November 2021, is mandatorily applicable from 1 January 2023 with comparative information required for 2022. It replaces IFRS 4.

The new standard describes the principles for the recognition, measurement and presentation of insurance contracts falling within its scope, i.e., insurance and reinsurance contracts issued, reinsurance treaties involving significant insurance risk and financial investment contracts issued that include a discretionary participation feature (DPF).

Financial investment contracts without DPF (unit-linked savings contracts without a traditional savings component (€) and without a guaranteed yield) are accounted for in accordance with IFRS 9.

Finally, IFRS 17 requires certain components of insurance contracts to be accounted for separately in accordance with the standards applicable to them. These include certain embedded derivatives, separate investment components and certain performance obligations such as the obligation to provide a non-insurance service or product.

For the group, contracts falling within the scope of IFRS 17 include:

- insurance contracts that transfer a significant risk to the insurer. This category includes death & disability policies, pension contracts, property damage policies and unit-linked savings policies with a capital guarantee;
- investment contracts with DPF. This category covers traditional savings contracts (€) with a Discretionary Participation Feature (DPF) and unit-linked contracts that include a traditional savings component (€) with DPF.

Aggregation in groups of insurance contracts

IFRS 17 requires insurance liabilities to be measured at portfolio level.

The group defines a portfolio of contracts constituting an annual cohort and a profitability group (a group of contracts managed together, covering the same risks and with the same or similar margins). IFRS 17 stipulates that a cohort may not include contracts written more than one year apart.

To avoid the economic reality of insurance contracts involving intergenerational pooling of risks not being properly reflected in the financial statements, the European Union has introduced an optional exemption from the application of this annual cohort requirement. The group has chosen to apply this exemption.

A contract is assigned to a level of profitability and accounting model upon initial recognition. The group of contracts or the accounting model may not be modified subsequently.

Portfolios of insurance contracts are divided into three profitability groups (IFRS 17.16):

- groups of contracts that are onerous at initial recognition.

A group of contracts is onerous if the sum of the fulfilment cash flows allocated to the contract, any previously recognised insurance acquisition cash flows and the cash flows arising from the contract at the date of initial recognition in total are a net cash outflow (IFRS 17.47);

- groups of contracts that at initial recognition have no significant possibility of becoming onerous subsequently;
- groups of contracts that at initial recognition have a significant possibility of becoming onerous subsequently.

Groups of onerous contracts

Where a group of contracts is onerous, a loss is recognised immediately in the income statement. The loss component is monitored in the management accounts until the contract is derecognised or becomes profitable.

Three measurement models for groups of non-onerous contracts

There are three measurement models, described below: the general model or Building Block Approach (BBA), the Variable Fee Approach (VFA), which is adapted from the general model, and the Premium Allocation Approach (PAA). The BBA model applies to contracts that are not accounted for using one of the other two models (VFA or PAA).

The VFA model is mandatory for certain direct participation contracts. The direct participation contracts concerned have all of the following characteristics: the policyholder is entitled to a share of clearly identified underlying assets, the group expects to pay the policyholder a substantial proportion of the "fair value returns" on the underlying assets and a significant proportion of the amounts paid to the policyholder will vary according to changes in the fair value of the underlying assets. The group also uses this approach for insurance contracts with investment components.

This model may not be applied to reinsurance treaties.

The PAA model is a simplified version of the BBA model. Its application is optional and subject to conditions. IFRS 17 specifies that the PAA model may be used as long as it provides an acceptable approximation of the liabilities' value when the contracts in the group are taken out (i.e., the value is not materially different to that obtained using the BBA model, subject to the limits in IFRS 17.54), or for contracts where the coverage period (including insurance coverage in respect of premiums included in the contract boundary) is less than or equal to one year. It may also be applied to reinsurance treaties issued or held subject to compliance with the same criteria (IFRS 17.69).
For the purpose of applying the PAA model, the initially recognised liability corresponds to the premiums received at initial recognition. This liability is subsequently adjusted for liabilities recorded in respect of incurred claims, in the same way as for the BBA or VFA models, and the remaining coverage.

Insurance liability building blocks (VFA and BBA)
Insurance liabilities are broken down into three blocks in the VFA and BBA models:

- **The first block, called Best Estimate, is the present value of future cash flows**.
It represents the insurance company's obligation towards its policyholders. The estimates of future cash flows encompass all future cash flows included in the boundary of each contract in the group (cash flows considered to be outside the insurance contract boundary are those relating to future insurance contracts). They incorporate unbiased estimates of all reasonable and supportable information available on the amount, timing and uncertainty of future cash flows. They are the expected value (i.e., the probability-weighted average) of all possible outcomes. Future cash flows include premiums received, benefits paid and expenses allocated to each reporting period on the basis of the coverage unit defined for each group of contracts (including costs attributable to the contracts).

- **The second block, called the Risk Adjustment (RA),** corresponds to the risk margin added to take account of the uncertainty concerning future Best Estimate cash flows. It corresponds to the group's best estimate of its exposure to non-financial risk in an accounting environment and is based on a confidence level of between 80% and 100%. It is also in line with the five-year projection period used for the business plan.

- **The third and final block, known as the Contractual Service Margin (CSM),** which represents expected profits not yet earned. At the date of initial recognition, when it is positive – a sign that a contract is expected to be profitable – it is recorded in liabilities. It is then released to profit over the remaining coverage period as the services are provided, based on the coverage units reflecting the proportion of services provided over the period under the contracts in the group. The coverage units are determined prospectively at the end of each reporting period, taking into account the probability of occurrence of insured events affecting the expected coverage period of the group of contracts.

The intra-group margin paid by CNP to La Banque Postale for the distribution and management of its insurance products is subject to specific accounting treatment, as described in Note 28.3 b).

Coverage units
When a group of contracts affects several reporting periods, an indicator of the insurance services provided during each period – referred to as the coverage unit – is defined to enable income and expenses to be allocated to each reporting period.

By way of example, the following coverage units are used for the main types of contract:
- savings: mathematical provisions;
- pensions: mathematical provisions;
- term creditor insurance: outstanding principal;
- individual death & disability insurance – funeral insurance:
insured amount, principal at risk;
- individual death & disability insurance – long-term care insurance: insured amount for home improvements, number of contracts;
- term life insurance: premiums;
- group death & disability insurance: these are annual contracts and the total CSM is therefore recognised in profit in the reporting year.

Acquisition costs (VFA and BBA models)
Insurance acquisition cash flows are allocated to groups of insurance contracts using a systematic and rational method.
The acquisition costs are amortised for each group of contracts. Acquisition costs recognised in the reporting period are calculated using metrics that are representative of the services rendered during the period (premiums, mathematical provisions, etc.).

Discount rate (VFA and BBA models)
IFRS 17 requires the time value of money and the financial risks associated with future cash flows to be taken into account when estimating future cash flows, in cases where these risks are not taken into account in the estimates of these flows.

The group has adopted a bottom-up approach to determining discount curves, in accordance with IFRS 17.B80, whereby the yield curve is determined as the sum of two components: a market risk-free rate and an illiquidity premium.

The *discount curves* used by the group are based on observed risk-free yield curves, to which a risk premium specific to the portfolios concerned is added.

Depending on their nature, cash flows are discounted using the current yield curve (constructed using market information at the measurement date) or the yield curve at inception (constructed using historical data to obtain a measurement of liabilities at inception).

The illiquidity premium is an adjustment resulting from differences between the liquidity characteristics of the group of insurance contracts and the liquidity of the assets used to establish the yield curve. It is applied to the risk-free yield curve, which is deemed to be liquid.

Experience adjustments

Experience adjustments are recorded for the difference between initial estimates of future cash flows and observed actual cash flows.

Experience adjustments leading to a change in fulfilment cash flows that relate to future insurance services adjust the CSM. Experience adjustments that relate to current or prior periods, and result from changes in estimates, are recognised in profit or loss for the period.

Specific features of the VFA model (coverage units)

For Savings and Pensions contracts measured using the VFA model, in order to ensure that coverage units are correctly allocated to each financial year, the CSM released to profit in each period is adjusted based on the results provided for the period. The main purpose of this adjustment is to provide a better understanding of the economic effects not considered in the initial CSM measurement by taking into account all the services rendered (asset management and performance). It is made for each Savings/Pensions portfolio measured according to the VFA model that is profitable at the balance sheet date, using a long-term approach that takes into account a risk premium and the cost of options and guarantees.

Specific features of the BBA model

Interest is accreted on the carrying amount of the CSM using fixed discount rates determined on initial recognition of the group of insurance contracts. At each balance sheet date, the CSM is measured as the opening CSM less the discounting adjustment determined using the rate based on the discount curve at inception.

Recognition in other comprehensive income of changes in the fair value of the underlying assets of the insurance contracts

Under IFRS 17, subject to certain conditions, changes in the fair value of insurance liabilities may be recognised directly in equity (through OCI), instead of through profit or loss. This option mainly concerns the effect of changes in the discount rate applied to insurance liabilities. The group applies this option by mirroring the recognition in other comprehensive income of gains and losses on the underlying assets representing insurance obligations.

This option is applicable for insurance contracts that meet certain conditions, in particular with regard to the way in which the assets are managed and the obligations are measured. Election to apply the OCI option must be made consistently for all contracts in the same IFRS 17 portfolio. For participating contracts, the option applies to contracts meeting certain conditions, in particular concerning the holding of the underlying assets.

By choosing this OCI option, the group reduces the volatility of financial results linked to fluctuations in the market value of assets, which is particularly useful for long-term insurance contracts exposed to market risks. In particular, the recognition in OCI of the effect of changes in interest rates on insurance liabilities reduces the sensitivity of the insurance service result to the volatility resulting from the measurement of liabilities at the current rate for each period.

Specific accounting treatment of reinsurance treaties

This section describes the specific features of the measurement models applied by the group to reinsurance treaties.

Reinsurance contracts issued consists of insurance contracts issued by the group, as reinsurer, to indemnify another entity (the ceding insurer) for claims covered by an insurance contract or group of insurance contracts issued by the ceding insurer (underlying contracts).

Reinsurance contracts held consists of an insurance contract or group of insurance contracts taken out by the group, as ceding insurer, from a reinsurer, to cover claims under insurance contracts issued by the group. The term “ceded business” is also used to describe these contracts.

- *Definition of issued reinsurance portfolios*

The group does not create IFRS 17 portfolios specifically for reinsurance issued.

- *Definition of held reinsurance portfolios*

The group aligns the definition of reinsurance treaties with the definition of the direct insurance portfolios.

This is because the contracts in question are quota-share treaties and the risks within a portfolio are considered to be automatically similar in terms of ceded commitments if they are deemed to be similar to direct insurance portfolios. The grouping of several reinsurance treaties in the same portfolio enables the group to consider that they are managed together in the sense that the common objective is to mitigate the risks on a portfolio of underlying contracts that in turn are managed together.

- *Measurement models*

As the VFA model is not permitted (IFRS 17.B109), the group applies the general model (BBA) to all reinsurance treaties issued and held in France.

- *Contract boundaries*

The reinsurer has a substantive obligation to provide insurance coverage or other services to the ceding insurer. The substantive obligation ends when:

(i) the reinsurer has the practical ability to reprice the risks transferred by the ceding insurer or change the level of coverage so that the price fully reflects those risks;

(ii) the reinsurer has the right to terminate the coverage. The ceding insurer has a substantive obligation to pay the premiums due to the reinsurer.

The group's BE, RA and CSM calculations take into account the effect of reinsurance on underlying contracts not yet recognised by the ceding insurer, including any contracts issued prior to the reinsurance treaty covering them.

Cash flows within the contract boundaries for reinsurance treaties held result from the group's substantive rights to receive services from the reinsurer and/or substantive obligations as the ceding insurer.

NOTE 3 SEGMENT INFORMATION

There have been no changes in the policies used to measure segment information or the segments presented since 31 December 2022.

First-half 2023 (in € millions)	Services-Mail-Parcels	Geopost	La Banque Postale	Retail Customers & Digital Services	Real Estate	Support & Corporate	Unallocated[a]	Elimi-nations	GROUP TOTAL
External revenue and NBI	3,916	7,583	3,840	1,624	54	1	68		17,086
Inter-segment revenue and NBI	1,036	56	24	1,746	387	669		(3,919)	**0**
Operating revenue	**4,953**	**7,639**	**3,864**	**3,370**	**441**	**670**	**68**	**(3,919)**	**17,086**
Share in net profit/(loss) of jointly-controlled companies	0	(1)	2	8	(0)	0			9
Recurring operating profit/(loss) (after share in net profit/(loss) of jointly-controlled companies)	**135**	**19**	**1,326**	**136**	**7**	**(116)**	**(340)**	**(2)**	**1,166**
Net financial expense							**(111)**		**(111)**
Income tax expense							(455)		(455)
Share in net profit/(loss) of other equity-accounted companies	0	(27)	0	(1)	1	0			(27)
CONSOLIDATED NET PROFIT									**573**
Net depreciation, amortisation, provisions and impairment	(132)	(594)	(329)	(50)	(238)	(75)			(1,419)
Segment assets	3,535	12,768	750,594	2,197	3,973	13,260	(8,168)		778,158

(a) *Primarily includes the contribution to regional development (including the costs relating to the accessibility requirement), net financial expense and income tax.*

First-half 2022[b] (in € millions)	Services-Mail-Parcels	Geopost	La Banque Postale	Retail Customers & Digital Services	Real Estate	Support & Corporate	Unallocated[a]	Elimi-nations	Group total
External revenue and NBI	4,097	7,431	3,124	1,688	37	1	59		16,436
Inter-segment revenue and NBI	993	54	14	1,591	385	640		(3,676)	**0**
Operating revenue	**5,090**	**7,485**	**3,138**	**3,279**	**422**	**640**	**59**	**(3,676)**	**16,436**
Share in net profit/(loss) of jointly-controlled companies	0	1	15	3	(0)	0			20
Recurring operating profit/(loss) (after share in net profit/(loss) of jointly-controlled companies)	**(699)**	**296**	**705**	**203**	**24**	**(93)**	**(201)**	**(1)**	**235**
Net financial expense							**(101)**		**(101)**
Income tax benefit							962	0	962
Share in net profit/(loss) of other equity-accounted companies	0	(34)	(0)	0	1	(0)			(33)
CONSOLIDATED NET PROFIT									**1,063**
Net depreciation, amortisation, provisions and impairment	(1,013)	(557)	(351)	(39)	(223)	(76)			(2,260)
Segment assets	3,199	12,406	730,463	1,684	4,323	12,026	(7,429)		756,671

(a) *Primarily includes the contribution to regional development (including the costs relating to the accessibility requirement), net financial expense and income tax.*

(b) *Restated for the first-time application of IFRS 17.*

Full-year 2022[b] *(in € millions)*	**Services-Mail-Parcels**	**Geopost**	**La Banque Postale**	**Retail Customers & Digital Services**	**Real Estate**	**Support & Corporate**	**Unallocated**[a]	**Elimi-nations**	**GROUP TOTAL**
External revenue and NBI	8,094	15,455	6,185	3,343	91	4	116		33,287
Inter-segment revenue and NBI	2,107	118	33	3,233	770	1,232		(7,494)	0
Operating revenue	**10,201**	**15,573**	**6,218**	**6,576**	**861**	**1,236**	**116**	**(7,494)**	**33,287**
Share in net profit/(loss) of jointly-controlled companies	0	1	30	2	(1)	0			33
Recurring operating profit/(loss) (after share in net profit/(loss) of jointly-controlled companies)	**(767)**	**654**	**1,269**	**199**	**68**	**(262)**	**(541)**	**5**	**624**
Net financial expense							**(207)**		**(207)**
Income tax benefit							952	0	952
Share in net profit/(loss) of other equity-accounted companies	0	(88)	(0)	0	1	(1)		0	(87)
CONSOLIDATED NET PROFIT									**1,282**
Net depreciation, amortisation, provisions and impairment	(1,278)	(1,019)	(726)	(131)	(469)	(153)			(3,777)
Segment assets	3,510	12,710	717,902	1,595	4,038	13,741	(7,771)		745,725

(a) Primarily includes the contribution to regional development (including the costs relating to the accessibility requirement), net financial expense and income tax.
(b) Restated for the first-time application of IFRS 17.

NOTES TO THE INCOME STATEMENT

NOTE 4 REVENUE

(in € millions)	First-half 2023	First-half 2022	Full-year 2022
Services-Mail-Parcels	3,915	4,097	8,094
Geopost	7,583	7,431	15,455
Retail Customers & Digital Services	1,624	1,688	3,343
Real Estate & Support	124	96	210
TOTAL	**13,246**	**13,312**	**27,102**

First-half 2023 total revenue includes:

- compensation from the French State for universal postal service for €260 million, allocated among the business lines based on their contribution to the cost of this service (€150 million for Services-Mail-Parcels, €94 million for Retail Customers & Digital Services and €16 million for Support);
- compensation from the French State for regional development recognised under Real Estate & Support for €53 million.

Geopost revenue includes the e-commerce activity carried out by the Asendia subsidiary.

NOTE 5 NET BANKING INCOME

The group's net banking income breaks down as follows:

(in € millions)	First-half 2023	First-half 2022 (a)	Full-year 2022 (a)
Interest income	5,822	3,709	8,395
Interest expense	(3,422)	(1,163)	(2,946)
Fee and commission income	1,107	1,098	2,182
Fee and commission expense	(160)	(106)	(271)
Net gain or loss	4,373	(9,136)	(8,754)
- Financial instruments at fair value through profit or loss	*4,955*	*(8,446)*	*(6,726)*
- Financial instruments at fair value through OCI	*(580)*	*(708)*	*(2,046)*
- Derecognised financial assets at amortised cost	*(3)*	*18*	*18*
Insurance revenue	6,020	6,090	11,930
Insurance service expenses	(4,329)	(4,559)	(9,226)
of which general operating expenses relating to insurance activities(b)	*(844)*	*(777)*	*(1,504)*
Income and expenses from reinsurance treaties held	(109)	(131)	24
Finance income or expenses from insurance contracts issued	(6,013)	9,362	7,541
Finance income or expenses from reinsurance contracts held	529	(2,157)	(2,954)
Cost of credit risk on financial investments of insurance activities	9	(7)	136
Income from other activities	562	485	937
Expenses from other activities	(548)	(360)	(808)
TOTAL	**3,840**	**3,124**	**6,185**

(a) Restated for the first-time application of IFRS 17.

(b) Including net depreciation, amortisation and impairment of property, plant and equipment and intangible assets relating to insurance activities and amortisation of contractual customer relationships.

NOTE 6 PURCHASES AND OTHER EXPENSES

Purchases and other expenses break down as follows:

(in € millions)	First-half 2023	First-half 2022 (a)	Full-year 2022 (a)
External services and general sub-contracting	2,221	2,060	4,684
Purchases	629	536	1,153
Outsourced transport	3,870	3,905	8,041
International mail services	263	254	494
Rental expenses [(b)]	263	214	440
Maintenance and repair costs	339	315	672
Telecommunications expenses	96	104	202
Travel and assignments	88	71	162
Other expenses	325	283	704
TOTAL BEFORE ALLOCATION TO INSURANCE CONTRACTS	**8,094**	**7,743**	**16,554**
Purchases and other expenses relating to insurance contracts reclassified in net banking income	(470)	(428)	(931)
TOTAL	**7,624**	**7,314**	**15,623**

(a) Restated for the first-time application of IFRS 17.

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

NOTE 7 PERSONNEL EXPENSES AND HEADCOUNT

Personnel expenses break down by type of cost as follows:

(in € millions)	First-half 2023	First-half 2022 (a)	Full-year 2022 (a)
Wages and salaries, bonuses and allowances	5,528	5,372	10,820
Pension contributions	253	257	570
Other social security contributions	1,077	1,025	2,005
Employee welfare costs	139	124	234
Change in post-employment provisions[(b)]	(345)	1	10
Change in provisions for social security contingencies and labour disputes	(2)	5	18
Change in other employee provisions[(c)]	24	(241)	(435)
Compensation-based taxes and levies	376	369	704
TOTAL BEFORE ALLOCATION TO INSURANCE CONTRACTS	**7,050**	**6,912**	**13,925**
Expenses relating to insurance contracts reclassified in net banking income	(257)	(242)	(438)
TOTAL AFTER RECLASSIFICATION	**6,794**	**6,670**	**13,487**
Average headcount *(full-time equivalent employees/year)*	**234,145**	**233,814**	**238,033**

(a) Restated for the first-time application of IFRS 17.
(b) With the exception of actuarial gains and losses recognised directly in other comprehensive income (see changes in consolidated equity).
Of which in first-half 2023, a gain of €303 million for the cancellation of interest payments on La Poste retirees' demand deposits (see Note 1.3) and a gain of €36 million for the impact of the French pension reform on employees' retirement benefits.
(c) Of which in first-half 2023, a loss of €312 million for the impact of the French pension reform on end-of-career benefits.

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

NOTE 8 OTHER OPERATING EXPENSES AND INCOME

Other operating expenses and income break down as follows:

(in € millions)	First-half 2023	First-half 2022 (a)	Full-year 2022 (a)
Local taxes	(86)	(86)	(128)
Other taxes and levies[(b)]	(361)	(255)	(336)
TAXES BEFORE ALLOCATION TO INSURANCE CONTRACTS	**(447)**	**(341)**	**(465)**
Taxes on insurance contracts reclassified in net banking income	84	73	71
TOTAL TAXES OTHER THAN ON INCOME	**(363)**	**(269)**	**(393)**
Impairment losses and net changes in provisions on assets	(82)	(1,093)	(1,260)
- goodwill[(c)]	*(13)*	*(104)*	*(184)*
- right-of-use assets[(d)]	*(7)*	*(482)*	*(469)*
- intangible assets and property, plant and equipment[(d)]	*(20)*	*(501)*	*(567)*
- current assets	*(42)*	*(6)*	*(40)*
Net depreciation and amortisation[(d)]	(1,204)	(1,154)	(2,338)
Provisions for contingencies and losses[(e)]	(67)	34	(24)
Cost of risk (banking activities)	(101)	(81)	(219)
DEPRECIATION, AMORTISATION, PROVISIONS AND IMPAIRMENT LOSSES BEFORE ALLOCATION TO INSURANCE CONTRACTS	**(1,453)**	**(2,294)**	**(3,841)**
Depreciation, amortisation, provisions and impairment losses on insurance contracts reclassified in net banking income	34	34	65
TOTAL DEPRECIATION, AMORTISATION, PROVISIONS AND IMPAIRMENT LOSSES	**(1,419)**	**(2,260)**	**(3,777)**
Capitalised production[(f)]	202	174	490
Royalties	(42)	(42)	(80)
Gains recognised following an acquisition of control	0	2	6
Other recurring operating income and expenses	135	91	132
TOTAL OTHER OPERATING EXPENSES AND INCOME	**295**	**225**	**549**

(a) Restated for the first-time application of IFRS 17.

(b) Of which €41 million for non-deductible VAT on leases in first-half 2023, €44 million in first-half 2022 and €87 million in full-year 2022.

(c) Goodwill impairment is described in Note 11.

(d) A breakdown of the changes in the depreciation, amortisation and impairment of non-current assets is provided in Notes 12 and 13.

(e) Movements in provisions for contingencies and losses are described in Note 17.

(f) Capitalised production primarily consisted of IT development costs recognised under intangible assets.

NOTE 9 NET FINANCIAL EXPENSE

9.1 Cost of net debt
9.2 Other financial items

9.1 Cost of net debt

(in € millions)	First-half 2023	First-half 2022	Full-year 2022
Interest expense on financing transactions[(a)]	(89)	(62)	(143)
Interest expense on lease liabilities	(53)	(37)	(82)
Change in the fair value of borrowings[(b)] and debt-related swaps	12	(9)	(1)
Income from cash and cash equivalents[(c)]	47	(0)	12
TOTAL	**(84)**	**(109)**	**(214)**

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

(b) Excluding the effect of changes in own credit risk on borrowings, recognised in OCI.

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

9.2 Other financial items

(in € millions)	First-half 2023	First-half 2022	Full-year 2022
Discounting expense on provisions for employee benefits and return on plan assets	(32)	(1)	(3)
Net foreign exchange gains/(losses)	0	7	(5)
Other financial income and expenses	4	2	15
TOTAL	**(27)**	**8**	**7**

NOTE 10 INCOME TAX

Income tax expense can be analysed as follows:

(in € millions)	First-half 2023	First-half 2022 (a)	Full-year 2022 (a)
Current tax expense	(322)	(429)	(813)
Deferred tax (expense)/income	(134)	1,391	1,766
TOTAL TAX (EXPENSE)/INCOME	**(455)**	**962**	**952**

(a) Restated for the first-time application of IFRS 17.

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

Income tax expense is calculated as follows:

(in € millions)	First-half 2023	First-half 2022 (a)	Full-year 2022 (a)
Net profit attributable to owners of the parent	**461**	**919**	**1,011**
Share in net profit of equity-accounted companies	19	14	54
Income tax benefit/(expense)	455	(962)	(952)
Non-controlling interests	112	143	271
Consolidated profit before income tax and share in net profit of equity-accounted companies	**1,047**	**115**	**384**
Corporate income tax rate	**25.83%**	**25.83%**	**25.83%**
Theoretical income tax expense (b)	**(270)**	**(30)**	**(99)**
Recognition of deferred tax on inclusion of CNP Assurances in La Poste tax group from 2023		1,005	1,005
Reduced rate on capital gains	7	122	160
Impairment losses	(46)	(40)	(59)
Unused tax loss carryforwards recognised in the year or used tax loss carryforwards recognised in prior years (excluding tax consolidation)	(37)	(23)	(57)
BRT dispute	(49)		(4)
Other	(60)	(72)	6
Tax restatements	**(185)**	**992**	**1,051**
EFFECTIVE INCOME TAX EXPENSE	**(455)**	**962**	**952**

(a) Restated for the first-time application of IFRS 17.

(b) Including France's 3.3% social solidarity contribution.

NOTES TO THE BALANCE SHEET

NOTE 11 GOODWILL

Breakdown of goodwill

CGU *(in € millions)*	Segment	30 June 2023	31 Dec. 2022
DPD Europe[(a)]	Geopost	3,330	3,282
Digital Services[(b)]	Retail Customers & Digital Services	781	554
Asendia	Geopost	474	479
Healthcare	Services-Mail-Parcels	267	275
Mediapost	Services-Mail-Parcels	87	86
La Banque Postale Prévoyance	La Banque Postale	59	59
EDE	Services-Mail-Parcels	67	67
C Chez Vous	Geopost	63	63
Lenton Group	Geopost	50	51
SCI Lamartine (CNP Assurances)	La Banque Postale	36	36
Tocqueville Group	La Banque Postale	27	27
JadLog	Geopost	27	25
Multiburo/Startway	Real Estate & Support	25	25
La Banque Postale Asset Management	La Banque Postale	20	20
Stuart[(c)]	Geopost	0	13
Other Geopost CGUs	Geopost	17	18
Other Services-Mail-Parcels CGUs	Services-Mail-Parcels	13	13
TOTAL		**5,342**	**5,092**
Services-Mail-Parcels		**433**	**441**
Geopost		**3,959**	**3,930**
La Banque Postale		**143**	**143**
Retail Customers & Digital Services		**781**	**554**
Real Estate & Support		**25**	**25**

(a) Of which in 2023, acquisition of Dalcosud S.L.U., generating goodwill of €11 million, and acquisition of Mach 1 Couriers Limited, generating goodwill of €12 million.
(b) Of which in 2023, acquisition of Maincare, generating provisional goodwill of €220 million (see Note 1.7).
(c) In first-half 2023, impairment of all Stuart goodwill for €13 million.

Change in the carrying amount of goodwill

(in € millions)		**30 June 2023**	**31 Dec. 2022**
Opening balance		**5,092**	**4,464**
of which:	*Gross amount*	*5,396*	*4,767*
	Impairment losses	*(303)*	*(302)*
Acquisitions[a]		255	845
Translation adjustments		16	3
Impairment losses[b]		(13)	(184)
Other		(8)	(35)
Disposals		0	(1)
CLOSING BALANCE		**5,342**	**5,092**
of which:	*Gross amount*	*5,654*	*5,396*
	Impairment losses	*(312)*	*(303)*

(a) Of which in first-half 2023:
- in the Retail Customers & Digital Services segment, the acquisition of Maincare for €220 million (see Note 1.7).

Of which in 2022:
- in the Geopost segment, the acquisition of CitySprint (DPD Europe CGU) for €296 million, Scalefast (Asendia CGU) for €278 million and C Chez Vous for €63 million;
- in the Services-Mail-Parcels segment, the acquisition of Happytal (Healthcare CGU) for €68 million;
- in the La Banque Postale segment, the acquisition of SCI Lamartine, which generated goodwill of €36 million.

(b) Of which in first-half 2023:
- in the Geopost segment, impairment of all Stuart goodwill for €13 million (see Note 1.5).

Of which in 2022:
- in the Geopost segment, impairment of DPD Russia goodwill for €104 million, translated at the exchange rate on the day of the decision (see Note 1.6);
- in the Services-Mail-Parcels segment, impairment of Médiapost CGU goodwill for €80 million.

NOTE 12 INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

(in € millions)	Intangible assets	Property, plant and equipment	TOTAL
GROSS AMOUNTS			
Balance at 31 Dec. 2022[a]	**10,500**	**15,612**	**26,112**
Acquisitions	310	448	**758**
Disposals	(22)	(310)	**(332)**
Changes in scope of consolidation	175	15	**190**
Transfers	19	(33)	**(13)**
Translation adjustments	256	31	**286**
BALANCE AT 30 JUNE 2023	**11,237**	**15,763**	**27,001**
DEPRECIATION, AMORTISATION AND IMPAIRMENT LOSSES			
Balance at 31 Dec. 2022[a]	**(5,170)**	**(9,031)**	**(14,202)**
Depreciation/amortisation for the period	(353)	(404)	**(757)**
Impairment losses	(65)	(32)	**(97)**
Reversals of impairment losses	45	32	**78**
Reversals on disposals	22	282	**304**
Changes in scope of consolidation	(13)	(10)	**(23)**
Transfers	(5)	(1)	**(6)**
Translation adjustments	(34)	(9)	**(43)**
BALANCE AT 30 JUNE 2023	**(5,573)**	**(9,173)**	**(14,746)**
NET AMOUNTS			
At 31 Dec. 2022	**5,329**	**6,582**	**11,911**
AT 30 JUNE 2023	**5,664**	**6,591**	**12,255**

(a) Restated for the first-time application of IFRS 17 on property, plant and equipment.

The “Transfers” lines correspond to the commissioning of assets and to reclassifications to other assets line items.

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

NOTE 13 LEASES (lessee)

13.1 Right-of-use assets

Right-of-use assets by type of leased assets break down as follows:

(in € millions)	Land and buildings	Equipment and technical facilities	Vehicles	Other	Net amount
Balance at 31 Dec. 2022	**2,845**	**227**	**343**	**10**	**3,426**
Increase	411	88	50	1	550
Decrease	(107)	(22)	(1)	(0)	(131)
Depreciation	(338)	(36)	(71)	(2)	(447)
Impairment losses	(6)	0	(1)	0	(7)
Changes in scope of consolidation and translation adjustments	24	2	9	0	35
BALANCE AT 30 JUNE 2023	**2,829**	**259**	**329**	**9**	**3,426**

13.2 Lease liabilities

Lease liabilities are presented in Note 18 for industrial and commercial activities. Lease liabilities for banking activities amounted to €177 million (€214 million in 2022) and are included in “Other financial liabilities and accruals” under “Banking and insurance activity financial liabilities” in Note 22 (“Other payables” item).

13.3 Impact of leases on profit or loss

(in € millions)	First-half 2023	First-half 2022
Net operating expenses	**757**	**1,161**
Short-term lease expenses	63	59
Low-value lease expenses	33	30
Rental expenses	141	102
Non-deductible VAT on rental expenses	41	44
Depreciation of right-of-use assets	447	423
Impairment losses on right-of-use assets (b)	7	482
Other[(a)]	25	20
Cost of net debt	**53**	**37**
Interest expense on lease liabilities	53	37
TOTAL	**810**	**1,198**

(a) Of which in first-half 2023, €20 million concerning CNP Assurances and €3 million concerning La Banque Postale;
Of which in first-half 2022, €19 million concerning CNP Assurances and €6 million concerning La Banque Postale.
(b) Of which in first-half 2022: impairment of the La Poste Mail CGU’s right-of-use assets for €467 million and DPD Russia for €15 million.

13.4 Impact of leases on the statement of cash flows

(in € millions)	First-half 2023	First-half 2022
Net cash used in operating activities	**303**	**255**
Short-term lease expenses	63	59
Low-value lease expenses	33	30
Rental expenses	141	102
Non-deductible VAT on rental expenses	41	44
Other	25	20
Net cash used in financing activities	**498**	**462**
Interest paid on lease liabilities	53	37
Repayments of lease liabilities (including from La Banque Postale)	444	425
TOTAL CASH OUTFLOW	**801**	**717**

NOTE 14 EQUITY-ACCOUNTED COMPANIES

(in € millions)	Holding d'Infra structures Gazières[b]	Arial CNP Assurances	XS5 Administradora de consórcio[c]	Other insurance subsidiaries[a]	Aramex PJSC	Ninja Logistics	Yurtici Kargo Servisi A.S.	Real Estate division	Other	TOTAL Equity-accounted companies (assets)	La Poste Mobile[d]
Operating segment	La Banque Postale	La Banque Postale	La Banque Postale	La Banque Postale	Geopost	Geopost		Real Estate			Retail Customers & Digital Services
Type of control	Joint control	Joint control	Joint control	Joint control	Associate	Associate	Associate	Associates or Joint control			Joint control
Balance at 31 Dec. 2022[a]	**860**	**161**	**50**	**47**	**503**	**322**	**19**	**29**	**49**	**2,041**	**(50)**
Profit or loss for the period	14	0	1	1	5	(40)	7	0	(1)	(12)	8
Dividend payments	0	0	0	0	(10)	0	(12)	(0)	(0)	(22)	0
Change in FV of fin. instruments	7	2	0	0	(1)	0	0	0	0	8	0
Change in conso. scope and % control	0	0	0	0	0	0	0	0	2	2	0
Capital increases	0	0	0	0	0	0	0	0	8	8	0
Other changes	(7)	(0)	0	0	0	2	(1)	(0)	(0)	(7)	0
Translation adjustments	0	0	3	(3)	(15)	(12)	3	0	(0)	(24)	0
BALANCE AT 30 JUNE 2023	**874**	**163**	**55**	**46**	**482**	**271**	**15**	**29**	**58**	**1,993**	**(42)**

(a) Restated for the first-time application of IFRS 17.
(b) This investment is in the scope of insurance activities. As of 2022, profit or loss from this investment is presented within net banking income.
(c) Joint venture created in 2021 by CNP Assurances with Brazilian company CNP Assurances Participações Ltda under a new exclusive distribution agreement.
(d) Recognised in "Provisions for contingencies and losses" (see Note 17).

NOTE 15 OTHER INDUSTRIAL AND COMMERCIAL ASSETS

	30 June 2023		31 Dec. 2022	
(in € millions)	Current	Non-current	Current	Non-current
Unconsolidated equity investments – net	0	400	0	401
Derivative financial instruments	14	14	37	8
Financial assets held for cash management purposes	303	0	581	0
Other financial assets – net	87	234	84	183
TOTAL OTHER FINANCIAL ASSETS	**404**	**647**	**702**	**591**
Raw materials, supplies, goods and other inventories	193		173	
Finished and semi-finished product inventories and work-in-progress	49		34	
TOTAL INVENTORIES AND WORK-IN-PROGRESS	**242**		**207**	
Trade receivables and related accounts – net	3,548		3,672	
International mail receivables[(a)]	668		684	
Receivables from the French State for compensation for public service missions[(b)]	833		520	
Other receivables	659		628	
TOTAL TRADE AND OTHER RECEIVABLES	**5,707**		**5,504**	
Cash equivalents	2,837		3,125	
Cash at bank and on hand	1,135		1,412	
TOTAL CASH AND CASH EQUIVALENTS	**3,972**		**4,537**	

(a) *International mail receivables (€668 million) are primarily owed by foreign postal operators for the delivery of their mail in France.*

(b) *Receivables from the French State for compensation for public service missions correspond to compensation not yet received for the universal postal service and regional development missions in first-half 2023 and full-year 2022.*

Financial assets held for cash management purposes

These are assets acquired as part of the cash management process and break down as follows:

(in € millions)	30 June 2023	31 Dec. 2022
Term deposits accessible after more than 3 months	50	250
UCITS	203	231
Negotiable debt securities (maturities of 3 to 12 months)	50	100
TOTAL	**303**	**581**

Derivative financial instruments

The "Derivative financial instruments" line mainly corresponds to instruments put in place to manage the interest rate and exchange rate risks on debt. They should be read together with "Bonds and other debt". Bond-related derivatives are broken down in Note 18.3.

NOTE 16 ASSETS SPECIFIC TO BANKING AND INSURANCE ACTIVITIES

(in € millions)	30 June 2023	31 Dec. 2022 (a)
Central banks	51,546	38,351
Cash on hand (including cash held at post offices)	1,127	1,004
Cash, central banks	**52,674**	**39,355**
Debt instruments	171,960	166,726
Equity instruments	21,145	20,869
Loans and advances	5,819	6,889
Derivative instruments	5,213	6,773
Securities and other assets purchased under collateralised reverse repurchase agreements	11,824	5,589
Financial assets at fair value through profit or loss	**215,961**	**206,845**
Interest-rate and forex instruments	979	1,020
Forex instruments	98	118
Hedging derivatives	**1,078**	**1,139**
Equity and other variable-income securities	16,147	16,103
Other long-term securities	4	2
Government paper and equivalents	96,686	97,819
Bonds and other debt securities	93,832	96,482
Financial assets at fair value through OCI	**206,667**	**210,408**
Government paper and equivalents	29,116	25,179
Bonds and other fixed-income securities	3,391	2,009
Subordinated securities	42	5
Securities at amortised cost	**32,549**	**27,193**
Demand deposits with credit institutions	3,469	1,898
Term loans and advances to credit institutions	68,610	68,638
Subordinated loans	79	78
Loans and advances to credit institutions at amortised cost	**72,159**	**70,614**
Loans and advances to customers repayable on demand	5,148	4,816
Term loans and advances to customers	118,570	117,617
of which real estate loans (excluding impairment)	*94,068*	*91,835*
Finance lease transactions	3,681	3,666
Subordinated loans to customers	15	10
Loans and advances to customers at amortised cost	**127,414**	**126,109**
Revaluation differences on hedged portfolios (fair value hedges)	**648**	**721**
Insurance contracts issued – Assets – BBA/VFA	1,391	1,343
Insurance contracts issued – Assets – PAA	132	98
Acquisition costs not yet allocated to contracts – Assets	69	66
Insurance contracts issued – Assets	**1,593**	**1,506**
Reinsurance contracts held – Assets – BBA/VFA	8,407	7,903
Reinsurance contracts held – Assets – PAA	306	304
Assets related to ceded investment contracts without DPF – Reinsurance	15	15
Reinsurance contracts held – Assets	**8,729**	**8,221**
Other assets	12,271	6,862
Accruals – Assets	2,666	2,456
Other financial assets and accruals	**14,937**	**9,318**
Investment property at amortised cost	1,010	1,043
Investment property at fair value	5,768	5,766
Investment property	**6,778**	**6,809**
ASSETS SPECIFIC TO BANKING AND INSURANCE ACTIVITIES	**741,187**	**708,238**

(a) Restated for the first-time application of IFRS 17.

NOTE 17 PROVISIONS FOR CONTINGENCIES AND LOSSES

At 30 June 2023, **provisions for contingencies and losses** break down as follows:

(in € millions)	Labour disputes	Other disputes	Other	TOTAL
Non-current provisions	**16**	**6**	**163**	**185**
Current provisions	**63**	**266**	**370**	**700**
Balance at 31 Dec. 2022	**80**	**273**	**533**	**885**
Additions for the period	17	13	208	238
Utilisations	(17)	(8)	(151)	(175)
Reversals of unused provisions	(3)	(38)	(23)	(64)
Other movements	1	8	32	41
Non-current provisions	**21**	**6**	**138**	**165**
Current provisions	**57**	**243**	**460**	**760**
BALANCE AT 30 JUNE 2023	**78**	**249**	**598**	**924**

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

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

Other provisions at 30 June 2023 include:

- a €43 million provision for the negative net asset value of equity-accounted companies, compared with €50 million at 31 December 2022 (see Note 14);
- contingencies associated with Stuart's assets for €64 million (see Note 1.5 of the significant events);
- contingencies associated with the BRT dispute for €40 million (see Note 1.4 of the significant events);
- miscellaneous contingencies linked to the group's operating activity.

NOTE 18 BONDS AND OTHER DEBT

18.1 Breakdown of debt

(in € millions)	30 June 2023		31 Dec. 2022	
	Short-term	Medium- and long-term	Short-term	Medium- and long-term
Debt at amortised cost	**314**	**11,230**	**732**	**9,664**
Bonds	0	11,047	420	9,464
La Poste savings bonds	51	0	51	0
Commercial paper	150	0	150	0
Current bank facilities	53		38	0
Deposits and guarantees received	20	43	36	48
Other borrowings at amortised cost	40	140	36	151
Bonds designated at fair value	**(0)**	**0**	**584**	**0**
Hedged borrowings	**0**	**459**		**468**
Subordinated debt		459		468
Derivative liabilities relating to bonds	**17**	**2**	**25**	**3**
Accrued interest on borrowings	**88**		**89**	
Total	**419**	**11,691**	**1,430**	**10,134**
BONDS AND OTHER DEBT	**12,110**		**11,564**	
Lease liabilities(a)	**872**	**3,047**	**766**	**3,102**
LEASE LIABILITIES	**3,919**		**3,869**	

(a) *Lease liabilities at 30 June 2023 break down by currency as follows: €2,844 million in euros, €759 million in pound sterling and €316 million in other currencies.*

Lease liabilities at 31 December 2022 break down by currency as follows: €2,833 million in euros, €736 million in pound sterling and €300 million in other currencies.

18.2 Bonds and subordinated debt

Changes in bonds and subordinated debt, excluding accrued interest, were as follows:

(in € millions)	Borrowings at amortised cost	Borrowings designated at fair value	Covered subordinated debt	Total
Balance at 31 Dec. 2022	**9,884**	**584**	**468**	**10,936**
New borrowings	1,650			1,650
Redemptions	(420)	(580)		(1,000)
Change in credit risk				0
Other changes	(67)	(4)	(9)	(80)
BALANCE AT 30 JUNE 2023	**11,047**	**0**	**459**	**11,506**

18.3 Derivative instruments for industrial and commercial activities

(in € millions)	Fair value at 30 June 2023		Fair value at 31 Dec. 2022	
	Assets	Liabilities	Assets	Liabilities
Trading derivatives at fair value through profit or loss				
Fixed-for-floating derivatives	0	0	19	0
Floating-for-fixed derivatives	0	0	2	0
Total	**0**	**0**	**20**	**0**
Hedging derivatives				
Cash-flow hedges	1	15	8	0
TOTAL DEBT-RELATED DERIVATIVES	**1**	**15**	**29**	**0**
Other				
Currency/exchange derivatives	27	3	17	27
TOTAL DERIVATIVES (EXCLUDING BANKING ACTIVITIES)	**28**	**18**	**46**	**27**
Amortisable balance on interrupted hedging derivatives				
Cash flow hedging derivatives	4	0	4	0

NOTE 19 GROUP NET DEBT

19.1 Group net debt position
19.2 Changes to group net debt

19.1 Group net debt position

(in € millions)	Note	30 June 2023	31 Dec. 2022
Cash and cash equivalents (balance sheet line)	**15**	3,972	4,537
Debt-related derivative assets	**15**	28	44
Security deposits paid in connection with derivatives, recognised as assets	**15**	8	13
Investment securities with initial maturities of over 3 months and UCITS	**15**	303	581
Net financial receivable from (payable to) La Banque Postale	**15**	404	66
Cash and other asset items (1)		**4,714**	**5,242**
Medium- and long-term bonds and other debt	**18.1**	11,691	10,134
Short-term bonds and other debt	**18.1**	419	1,429
Lease liabilities	**18.1**	3,919	3,869
Gross debt (2)		**16,029**	**15,432**
NET DEBT (2)-(1)		**11,314**	**10,191**
Increase/(Decrease) in net debt at 30 June 2023		**1,124**	

19.2 Changes to group net debt

(in € millions)	Cross-references	2023	2022
Net cash from operating activities	**SCF**[(a)]	**578**	**3,578**
Net cash used in investing activities	**SCF**	(730)	(2,048)
Elimination of change in financial assets held for cash management purposes	**SCF**	(281)	230
Net cash used in investing activities excluding acquisitions and disposals of financial assets held for cash management purposes[(b)]		**(1,011)**	**(1,818)**
Perpetual loans classified as equity[(c)]	**SCF**	0	29
Dividends paid to shareholders and remuneration of hybrid subordinated notes	**SCF**	(129)	(442)
Purchases of non-controlling interests	**SCF**	(27)	(139)
Net interest expense		(96)	(214)
Change in fair value of debt and derivatives		8	18
Impact of changes in consolidation scope on gross debt (incl. lease liabilities)		(14)	(10)
Non-cash changes in lease liabilities (IFRS 16)		(436)	(966)
Net debt of subsidiaries held for sale		(7)	(1)
Commitment to pay dividends to non-controlling interests		3	3
Other items[(d)]		6	6
Net cash used in and change in debt from financing activities		**(692)**	**(1,717)**
Decrease/(increase) in net debt since 1 January		**(1,124)**	**42**
Opening net debt		(10,191)	(10,233)
Closing net debt		(11,314)	(10,191)

(a) "SCF" refers to the "Industrial and commercial activities" column of the consolidated statement of cash flows.

(b) "Net cash from/(used in) investing activities" differs from the item in the statement of cash flows due to the exclusion of "Change in financial assets held for cash management purposes". These assets are deducted when calculating net debt.

(c) Perpetual notes issued by Asendia in 2022.

(d) The "Other items" line includes the impact of changes in exchange rates on net debt.

NOTE 20 EMPLOYEE BENEFITS

(in € millions)	31 Dec. 2022		Changes in scope of consolidation	Increases	Decreases for utilisations	Reversals	Net interest cost	Other changes	30 June 2023	
	Current	Non-current							Current	Non-current
Retirement benefits[a]	29	580	1	52	(49)	(37)	6	(3)	29	549
Other post-employment benefits[b]	8	331	0	2	(14)	(303)	6	32	15	48
Post-employment benefits	**37**	**910**	**1**	**54**	**(63)**	**(340)**	**12**	**29**	**44**	**597**
End-of-career benefits[c]	**432**	**767**	**0**	**398**	**(233)**	**(131)**	**20**	**0**	**411**	**842**
Severance payments	75	34	0	0	(1)	0	0	0	70	39
Long-term sick leave/long-term paid leave	36	22	0	3	(3)	0	0	0	36	23
Accrued leave	147	147	0	2	(10)	0	0	0	142	143
Other long-term benefits	1	77	0	5	(1)	0	0	(0)	2	81
Other employee benefits	**259**	**280**	**0**	**10**	**(14)**	**0**	**0**	**(0)**	**250**	**285**
TOTAL	**729**	**1,958**	**1**	**462**	**(311)**	**(471)**	**32**	**29**	**706**	**1,724**
	2,687								**2,430**	

(a) Including the reversal of €36 million provision that was no longer relevant relating to the impact of the French pension reform on employee retirement benefits (see Note 1.3).

(b) Including the reversal of €303 million provision that was no longer relevant relating to the cancellation of interest payments on La Poste retirees' demand deposits (see Note 1.3).

(c) Of which in first-half 2023, a €312 million allocation to cover the impact of the French pension reform on end-of-career benefits.

NOTE 21 TRADE AND OTHER PAYABLES

(in € millions)	30 June 2023	31 Dec. 2022 (a)
Trade payables and related accounts	5,345	5,493
Tax and social security payables	2,470	2,423
Payables to suppliers of non-current assets	604	728
International mail payables	742	780
Customer advances and deposits	205	208
Other operating payables	436	320
TOTAL	**9,803**	**9,950**

(a) Restated for the first-time application of IFRS 17.

NOTE 22 LIABILITIES SPECIFIC TO BANKING AND INSURANCE ACTIVITIES

(in € millions)	30 June 2023	31 Dec. 2022 (a)
Debt securities	3,346	2,443
Derivative instruments	4,068	4,443
Securities and other assets sold under collateralised repurchase agreements	11,148	6,473
Financial liabilities at fair value through profit or loss	**18,562**	**13,359**
Hedging derivatives	**2,444**	**2,371**
Central banks	36	0
Demand deposits from credit institutions	3,590	1,326
Term liabilities due to credit institutions	30,707	42,683
of which securities and other assets sold under collateralised repurchase agreements	*27,981*	*34,723*
Liabilities due to central banks and credit institutions	**34,333**	**44,009**
Regulated savings accounts	125,780	124,042
of which Livret A	*69,661*	*67,459*
of which PEL/CEL home savings plans and accounts	*27,276*	*29,068*
Customer demand deposits	89,930	86,533
of which current accounts in credit	*81,901*	*82,921*
Customer term deposits	17,352	5,137
of which securities and other assets sold under collateralised term repurchase agreements	*15,272*	*3,299*
Customer deposits	**233,061**	**215,712**
Debt securities	**38,868**	**29,052**
Revaluation differences on portfolios hedged against interest rate risks	**242**	**294**
Insurance contracts issued – Liabilities – BBA/VFA	368,716	360,542
Insurance contracts issued – Liabilities – PAA	1,606	1,584
Acquisition costs not yet allocated to contracts – Liabilities	0	0
Liabilities related to ceded investment contracts without DPF – Insurance	2,498	2,453
Insurance contracts issued – Liabilities	**372,820**	**364,580**
Reinsurance contracts held – Liabilities – BBA	97	20
Reinsurance contracts held – Liabilities – PAA	17	13
Liabilities related to ceded investment contracts without DPF – Reinsurance	0	0
Reinsurance contracts held – Liabilities	**114**	**33**
Insurance contracts issued and reinsurance contracts held	**372,934**	**364,613**
Accruals	1,018	1,134
Deferred income	*429*	*451*
Other accruals	*588*	*683*
Securities-related liabilities	77	77
Security deposits received	1,570	2,313
Other payables	3,565	2,948
Securities settlement accounts	12	8
Other financial liabilities and accruals	**6,242**	**6,480**
PEL/CEL home savings provisions[b]	**101**	**106**
Subordinated debt	**9,324**	**9,099**
LIABILITIES SPECIFIC TO BANKING AND INSURANCE ACTIVITIES	**716,111**	**685,095**

(a) Restated for the first-time application of IFRS 17.
(b) The PEL/CEL home savings provision covers the negative impact of home savings deposits for credit institutions authorised to accept them, given the commitments that they imply.

ADDITIONAL INFORMATION

NOTE 23 ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS

23.1 Impact of financial instruments on net profit and equity

First-half 2023		Changes in fair value			
(in € millions)	Interest income/ (expense)	Fair value through profit or loss	Fair value through OCI	Deconsolidation and dividends	Net gain/ (loss)
Assets and liabilities at amortised cost	456			(3)	**453**
Assets at fair value through OCI	1,940		4,622	(580)	**5,982**
Financial instruments at fair value through profit or loss		4,267		698	**4,965**
Hedging transactions	4	1	(15)		**(10)**
TOTAL	**2,400**	**4,268**	**4,607**	**115**	**11,390**
First-half 2022 (a)					
Assets and liabilities at amortised cost	830			18	**848**
Assets at fair value through OCI	1,591		(31,304)	(708)	**(30,421)**
Financial instruments at fair value through profit or loss		(8,997)		566	**(8,431)**
Hedging transactions	125	(15)	55		**165**
TOTAL	**2,546**	**(9,012)**	**(31,249)**	**(124)**	**(37,839)**

(a) Restated for the first-time application of IFRS 17.

23.2 Fair value and hierarchy of financial instruments

30 June 2023			Fair value hierarchy[b]		
(in € millions)	Carrying amount	Fair value[a]	Level 1	Level 2	Level 3
ASSETS					
Banking assets					
Financial assets at fair value through profit or loss	215,961	215,961	147,111	48,240	20,610
Hedging derivatives	1,078	1,078		1,078	
Financial assets at fair value through OCI	206,667	206,667	198,642	3,975	4,050
Securities at amortised cost	32,549	28,778	27,595	860	323
Loans and advances to credit institutions	72,159	72,160		71,924	236
Loans and advances to customers	127,414	119,965		106,361	13,604
Investment property at amortised cost	1,010	1,169		1,169	
Investment property at fair value	5,768	5,768		5,768	
Non-banking assets					
Other non-current financial assets	647	647		247	400
Trade and other receivables	5,707	5,707			
Other current financial assets	404	404	203	201	
Cash and cash equivalents	3,972	3,972	825	3,147	
LIABILITIES					
Banking liabilities					
Financial liabilities at fair value through profit or loss	18,562	18,562	465	18,097	
Hedging derivatives	2,444	2,444		2,444	
Liabilities due to banks and credit institutions	34,333	34,390		34,350	40
Customer deposits	233,061	232,711		231,154	1,557
Debt securities	38,868	40,359	8,322	32,037	
Subordinated debt	9,324	8,361	2,309	6,052	
Non-banking liabilities					
Bonds and other debt	12,110	10,845		10,845	
Trade and other payables	9,803	9,803			

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

(b) For items recognised at fair value.

31 Dec. 2022 (a)			Fair value hierarchy[c]		
(in € millions)	Carrying amount	Fair value[b]	Level 1	Level 2	Level 3
ASSETS					
Banking assets					
Financial assets at fair value through profit or loss	206,845	206,845	139,268	47,162	20,415
Hedging derivatives	1,139	1,139		1,139	
Financial assets at fair value through OCI	210,408	210,408	201,994	3,934	4,480
Securities at amortised cost	27,193	23,491	22,197	948	346
Loans and advances to credit institutions	70,614	70,650		70,335	315
Loans and advances to customers	126,109	117,481		103,649	13,832
Investment property at amortised cost	1,043	1,247		1,247	
Investment property at fair value	5,766	5,766		5,766	
Non-banking assets					
Other non-current financial assets	591	591		190	401
Trade and other receivables	5,504	5,504			
Other current financial assets	702	702	231	471	
Cash and cash equivalents	4,537	4,537	910	3,627	
LIABILITIES					
Banking liabilities					
Financial liabilities at fair value through profit or loss	13,359	13,359	345	13,014	
Hedging derivatives	2,371	2,371		2,371	
Liabilities due to banks and credit institutions	44,009	44,024		43,986	38
Customer deposits	215,713	215,610		213,882	1,728
Debt securities	29,052	30,407	11,996	18,411	
Subordinated debt	9,099	8,009	2,155	5,854	
Non-banking liabilities					
Bonds and other debt	11,564	10,083		10,083	
Trade and other payables	9,950	9,950			

(a) Restated for the first-time application of IFRS 17.

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

(c) For items recognised at fair value

LEVEL 3 FAIR VALUES: RECONCILIATION OF OPENING AND CLOSING BALANCES (BANKING ACTIVITIES)

(in € millions)	Assets at fair value through profit or loss	Financial assets at fair value through OCI	TOTAL
Opening balance	**20,415**	**4,747**	**25,162**
Gains and losses recognised in profit or loss	231		**231**
Gains and losses recognised in OCI		(48)	**(48)**
Purchases	883	194	**1,078**
Sales	(378)	(21)	**(400)**
Issues			**0**
Redemptions	(311)	(59)	**(369)**
Transfers to or out of level 3	(233)	(486)	**(719)**
Changes in scope of consolidation			**0**
Other movements	3	(2)	**1**
CLOSING BALANCE	**20,610**	**4,324**	**24,935**

NOTE 24 RELATED-PARTY TRANSACTIONS

There have been no material changes in the nature of related-party transactions since the end of 2022 (see Note 36 to the 2022 consolidated financial statements).

NOTE 25 OFF-BALANCE SHEET COMMITMENTS AND CONTINGENT LIABILITIES

There have been no material changes in off-balance sheet commitments and contingent liabilities since the end of 2022 (see Note 38 to the 2022 consolidated financial statements).

NOTE 26 EVENTS AFTER THE REPORTING PERIOD

At the beginning of July, La Banque Postale completed the acquisition, through its subsidiary LBP AM, of 100% of La Financière de l'Échiquier (LFDE), one of France's leading entrepreneur investment management companies (transaction approved by the French securities regulator, *Autorité des marchés financiers*, and the French anti-trust authority, *Autorité de la concurrence*). The new entity formed by LBP AM, Tocqueville Finance and LFDE will be a leader in multi-specialist conviction-based asset management and sustainable finance. Its total assets under management stood at €67 billion at 31 December 2022.

NOTE 27 EXPOSURE TO CREDIT RISK

27.1 Classification by type of asset

a) Financial assets at amortised cost

30 June 2023 *(in € millions)*	Gross carrying amount	Allowance for credit losses	Net carrying amount
Securities at amortised cost	32,604	(55)	32,549
Loans and advances to credit institutions at amortised cost	72,160	(1)	72,159
Loans and advances to customers at amortised cost	128,908	(1,494)	127,414
TOTAL	**233,672**	**(1,550)**	**232,122**

31 Dec. 2022 *(in € millions)*	Gross carrying amount	Allowance for credit losses	Net carrying amount
Securities at amortised cost	27,248	(54)	27,193
Loans and advances to credit institutions at amortised cost	70,615	(0)	70,614
Loans and advances to customers at amortised cost	127,569	(1,460)	126,109
TOTAL	**225,431**	**(1,514)**	**223,917**

	Assets subject to 12-month ECL (bucket 1)		Assets subject to lifetime ECL (bucket 2)		Credit-impaired assets (bucket 3)		TOTAL		
(in € millions)	Gross carrying amount	Allowance for credit losses	Gross carrying amount	Allowance for credit losses	Gross carrying amount	Allowance for credit losses	Gross carrying amount (a)	Allowance for credit losses (b)	Net carrying amount (a) + (b)
At 31 December 2022	**197,889**	**(123)**	**25,427**	**(605)**	**2,116**	**(786)**	**225,431**	**(1,514)**	**223,917**
Transfers of assets during their lifetime from one bucket to another	**7,255**	**(5)**	**(7,503)**	**85**	**248**	**(86)**	**0**	**(6)**	**(6)**
Transfers to lifetime ECL (bucket 2)	(3,047)	9	3,134	(78)	(87)	24	0	(45)	(45)
Transfers to 12-month ECL (bucket 1)	10,449	(16)	(10,336)	145	(112)	12	0	141	141
Transfers to credit-impaired ECL (bucket 3)	(146)	2	(301)	19	447	(122)	(0)	(101)	(101)
Total after transfers	**205,145**	**(128)**	**17,924**	**(520)**	**2,363**	**(872)**	**225,432**	**(1,520)**	**223,911**
Changes in gross carrying amounts and allowances for credit losses	**8,584**	**(28)**	**(552)**	**(22)**	**212**	**20**	**8,243**	**(29)**	**8,214**
New production: purchase, issuance, origination, etc.	30,069	(64)	1,938	(147)	1,068	(81)	33,074	(291)	32,783
Derecognition: disposal, repayment, maturity, etc.	(21,585)	36	(2,490)	125	(815)	64	(24,890)	225	(24,665)
Write-offs	0	0	0	0	(39)	37	(39)	37	(2)
Modification of cash flows not resulting in derecognition	0	0	0	0	(1)	0	(1)	0	(1)
Changes in scope of consolidation	(12)	0	0	0	0	0	(11)	0	(11)
Other	111	(0)	0	0	0	0	111	0	111
Total	**213,728**	**(156)**	**17,371**	**(542)**	**2,575**	**(852)**	**233,675**	**(1,550)**	**232,126**
Impacts of changes in fair value of hedged instruments	**(4)**	**0**	**0**	**0**	**0**	**0**	**(4)**	**0**	**(4)**
At 30 June 2023	**213,725**	**(156)**	**17,371**	**(542)**	**2,575**	**(852)**	**233,672**	**(1,550)**	**232,121**

b) Financial assets at fair value through OCI reclassifiable to profit or loss

	30 June 2023	
(in € millions)	Fair value	*Of which allowance for credit losses*
Debt instruments at fair value through other comprehensive income	190,518	(342)
TOTAL	**190,518**	**(342)**

	31 Dec. 2022	
(in € millions)	Fair value	*Of which allowance for credit losses*
Debt instruments at fair value through other comprehensive income	194,302	(315)
TOTAL	**194,302**	**(315)**

	Assets subject to 12-month ECL (bucket 1)		Assets subject to lifetime ECL (bucket 2)		Credit-impaired assets (bucket 3)		TOTAL	
(in € millions)	Fair value	*Of which allowance for credit losses*	Fair value	*Of which allowance for credit losses*	Fair value	*Of which allowance for credit losses*	Fair value	*Of which allowance for credit losses*
At 31 December 2022	**194,022**	**(301)**	**280**	**(12)**	**0**	**(2)**	**194,302**	**(315)**
Transfers of assets during their lifetime from one bucket to another	**(20)**	**0**	**15**	**(6)**	**0**	**0**	**(5)**	**(5)**
Transfers to lifetime ECL (bucket 2)	(20)	0	15	(6)	0	0	(5)	(5)
Transfers to 12-month ECL (bucket 1)	0	0	0	0	0	0	0	0
Transfers to credit-impaired ECL (bucket 3)	0	0	0	0	0	0	0	0
Total after transfers	**194,002**	**(301)**	**295**	**(18)**	**0**	**(2)**	**194,296**	**(320)**
Changes in gross carrying amounts and allowances for credit losses	**(3,878)**	**6**	**100**	**(28)**	**0**	**0**	**(3,778)**	**(23)**
New production: purchase, issuance, origination, etc.	12,599	0	238	0	0	0	12,837	0
Derecognition: disposal, repayment, maturity, etc.	(19,728)	0	(148)	0	0	0	(19,876)	0
Changes in scope of consolidation	0	0	0	0	0	0	0	0
Other	3,251	6	9	(28)	0	0	3,260	(23)
At 30 June 2023	**190,124**	**(294)**	**395**	**(46)**	**0**	**(2)**	**190,518**	**(342)**

c) Off-balance sheet (financing commitments and guarantee contracts)

(in € millions)	30 June 2023		
	Gross carrying amount	Allowance for credit losses	Net carrying amount
Financing commitments and guarantee contracts	29,184		
Loss allowance for financing commitments and guarantee contracts		(117)	
Total financing commitments and guarantee contracts	**29,184**	**(117)**	**29,067**

(in € millions)	31 Dec. 2022		
	Gross carrying amount	Allowance for credit losses	Net carrying amount
Financing commitments and guarantee contracts	30,363		
Loss allowance for financing commitments and guarantee contracts		(122)	
Total financing commitments and guarantee contracts	**30,363**	**(122)**	**30,242**

	Commitments subject to 12-month ECL (bucket 1)		Commitments subject to lifetime ECL (bucket 2)		Credit-impaired commitments (bucket 3)		TOTAL		
(in € millions)	Gross carrying amount	Allowance for credit losses	Gross carrying amount	Allowance for credit losses	Gross carrying amount	Allowance for credit losses	Gross carrying amount (a)	Allowance for credit losses (b)	Net carrying amount (a) – (b)
At 31 December 2022	**26,709**	**(34)**	**3,605**	**(76)**	**49**	**(11)**	**30,363**	**(122)**	**30,242**
Transfers of commitments from one bucket to another	**227**	**0**	**(240)**	**25**	**14**	**(0)**	**0**	**24**	**24**
Transfers to lifetime ECL (bucket 2)	(484)	2	487	12	(3)	0	0	14	14
Transfers to 12-month ECL (bucket 1)	723	(1)	(719)	13	(4)	0	0	11	11
Transfers to credit-impaired commitments (bucket 3)	(13)	(0)	(8)	0	21	(1)	0	(1)	(1)
Total after transfers	**26,936**	**(34)**	**3,365**	**(52)**	**63**	**(11)**	**30,363**	**(97)**	**30,266**
Changes in gross carrying amounts and allowances for credit losses	**(825)**	**2**	**(399)**	**(22)**	**45**	**0**	**(1,179)**	**(20)**	**(1,199)**
New production: purchase, issuance, origination, etc.	9,082	(13)	460	(46)	70	(3)	9,612	(62)	9,550
Derecognition: disposal, repayment, maturity, etc.	(9,907)	15	(859)	24	(25)	3	(10,791)	42	(10,749)
Other	0	0	0	0	0	0	0	0	0
At 30 June 2023	**26,110**	**(32)**	**2,966**	**(74)**	**108**	**(11)**	**29,184**	**(117)**	**29,067**

27.2 Expected credit losses – Forward looking estimates

Expected credit losses (ECLs) are calculated by estimating the Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD). The estimates are forward looking, to take into account the effects of future economic conditions.

The group decided not to use the scenarios developed by the European Central Bank to reflect the fact that its portfolio is concentrated in France, and instead decided to draw on the expertise of Caisse des Dépôts and La Banque Postale. The system uses a significant number of models. All of the models used for IFRS 9 purposes are subject to an independent review by the Model Validation team and are validated by the Model Validation Committee before use.

The economic forecast horizon used is three years:

- consistent global scenarios are applied uniformly with potentially opposite impacts on certain product or customer segments, to reflect the diversification of the portfolio (by way of illustration, it is not possible, in a given scenario, to use a different interest rate projection to measure the lifetime probabilities of default of retail customers and those of sovereign customers);
- the proposed scenarios are not necessarily adverse credit risk scenarios; the aim is not to use IFRS 9 scenarios to quantify the risk of losses in a highly adverse environment that is very unlikely to occur, but rather to use generally plausible scenarios whose probability of occurrence is within one standard deviation of the occurrence of the central scenario;
- the scenarios are not necessarily designed to have a strong impact on the specific credit component: unfavourable scenarios with a high probability of occurrence may be used even though their main impact is on the interest rate component;
- the scenarios used are the same as those used in other corporate processes (i.e., strategic planning, budgeting, ICAAP stress testing, regulatory reporting);

  These scenarios are documented, and contain projections for all the macroeconomic variables required to run the models developed to obtain Probability of Default (PD) and Loss Given Default (LGD) at maturity.

On the basis of scenarios determined by Caisse des Dépôts, the Economic Research unit of the group's Strategic Management Department defines three scenarios for incorporating the forward-looking component: a central scenario, an unfavourable alternative scenario and a favourable alternative scenario.

The probability of each of these scenarios occurring is presented below:

Scenarios	Scenarios in full-year 2022	Scenarios in first-half 2023
Central	60%	60%
Unfavourable	30%	30%
Favourable	10%	10%

Since May 2023, the following scenarios have been used to calculate loss allowances under IFRS 9:

Central scenario: The scenario incorporates an adjusted 2023 growth forecast for France that is slightly up on previous expectations. However, in 2023 economic activity would still be severely constrained by persistent inflation and higher interest rates compared to the levels forecast in September 2022, which would have a negative impact on the outlook for 2024. Furthermore, economic growth would attain a cyclical peak in 2025, with a downward trend forecast to follow in 2026. In detail, the change in the composition of inflation, with the initial energy shock spreading to all families of goods and services, points to a longer period of high inflation than expected, with a slow deceleration, and an upward revision of headline inflation forecasts for 2023 and 2024. Key interest rates would rise in the short term, peaking in 2023, before gradually returning to normal levels from 2024 onwards until a balance is found. On the stock markets, earnings per share have grown steadily (except in 2023) and price/earnings ratios have also increased, although they are still below the historical average. Taking these factors into account, as well as the less accommodative monetary environment over the projection period, based on standard assumptions the average annual price/earnings ratio for CAC 40 companies over the next five years would be slightly below previous estimates.
This scenario has been developed by Caisse des Dépôts and its projections in relation to certain variables are provided below:

Variables	Scenario at 30 June 2023					
	T0	Y+1	Y+2	Y+3	Y+4	Y+5
French GDP (annual rate of growth)	**0.5**	0.9	1.2	1.1	1.0	1.0
Eurozone unemployment rate (average annual rate)	**6.9**	7.0	7.0	7.0	7.0	7.0
10-year OAT (average annual rate)	**2.8**	2.9	2.8	2.7	2.6	1.5
Inflation France (change)	**4.8**	2.8	2.3	2.1	2.0	2.0

Variables	Scenario at 31 December 2022					
	T0	Y+1	Y+2	Y+3	Y+4	Y+5
French GDP (annual rate of growth)	**2.5**	0.3	1.0	1.2	1.2	1.2
Eurozone unemployment rate (average annual rate)	**6.7**	7.1	7.3	7.2	7.1	7.0
10-year OAT (average annual rate)	**1.6**	2.5	2.4	2.3	2.1	1.9
Inflation France (change)	**5.3**	4.5	2.5	2.0	1.8	1.8

Unfavourable scenario: This scenario corresponds to a stressed inflationary scenario which illustrates a "eurozone sovereign debt crisis" type configuration, with renewed pressure on commodity prices due to the geopolitical situation leading to a fall in global GDP. A persistent spiral of price and wage increases would take hold in the eurozone, leading to a rise in core inflation, with headline inflation remaining above central bank targets. The central banks would respond by setting their key rates above neutral, without managing to stabilise price momentum, leading to very high bond yields. Under this scenario, the ecological and energy transition would be more disorganised than under the central scenario, contributing to pressure on prices and interest rates, and a loss of potential growth in the medium term (loss of productivity).

This scenario has been developed by Caisse des Dépôts and its projections in relation to certain variables are provided below:

Variables	Scenario at 30 June 2023					
	T0	Y+1	Y+2	Y+3	Y+4	Y+5
French GDP (annual rate of growth)	**0.5**	-1.5	0.0	0.5	0.6	0.6
Eurozone unemployment rate (average annual rate)	**6.9**	8.4	9.2	9.5	9.6	9.6
10-year OAT (average annual rate)	**2.8**	4.5	5.5	5.5	5.5	5.5
Inflation France (change)	**4.8**	5.8	4.2	3.7	3.0	3.0

Variables	Scenario at 31 December 2022					
	T0	Y+1	Y+2	Y+3	Y+4	Y+5
French GDP (annual rate of growth)	**2.5**	-1.5	-1.0	-0.5	0.6	0.6
Eurozone unemployment rate (average annual rate)	**6.7**	7.5	8.5	9.5	9.0	8.5
10-year OAT (average annual rate)	**1.6**	4.0	5.0	4.4	4.0	4.0
Inflation France (change)	**5.3**	7.0	5.0	3.0	2.0	3.0

Favourable scenario: This scenario assumes that pressure on energy prices will ease faster than expected under the central scenario. This would translate into lower inflation. With wages still reflecting delayed indexation to past inflation, household purchasing power would be more dynamic than under the central scenario. Overall, growth would be more sustained. Internationally, it is assumed that the health situation in China would be under control and that the country's economic policy would have a stimulus effect. Chinese growth would therefore be slightly more dynamic than under the central scenario, with a favourable knock-on effect on global growth. It is also assumed that the supply of raw materials would be adjusted in line with demand, helping to avoid price pressures (particularly for energy). Against this backdrop of receding inflationary pressures, central banks would return their key rates a little more quickly to medium-term neutral levels. As a result, long-term rates would be reduced slightly faster than under the central scenario. More generally, by 2028 economic variables would be at the same level as under the central scenario. France's potential growth would be slightly higher.

This scenario is proposed by the Economic Research unit. The projections of some variables are presented below:

Variables	Scenario at 30 June 2023					
	T0	Y+1	Y+2	Y+3	Y+4	Y+5
French GDP (annual rate of growth)	**0.5**	1.5	1.5	1.3	1.2	1.1
Eurozone unemployment rate (average annual rate)	**6.9**	6.9	6.7	6.6	6.5	6.5
10-year OAT (average annual rate)	**2.9**	2.7	2.5	2.5	2.5	2.5
Inflation France (change)	**4.8**	2.3	2.0	2.0	2.0	2.0

Variables	Scenario at 31 December 2022					
	T0	Y+1	Y+2	Y+3	Y+4	Y+5
French GDP (annual rate of growth)	**2.5**	1.0	1.8	1.4	1.3	1.3
Eurozone unemployment rate (average annual rate)	**6.7**	7.0	6.8	6.6	6.6	6.5
10-year OAT (average annual rate)	**1.6**	2.5	2.4	2.3	2.1	1.9
Inflation France (change)	**5.3**	3.8	2.8	2.1	1.8	3.8

NOTE 28 INSURANCE CONTRACTS

28.1 Italian interest rate increases

Against a backdrop of rising interest rates, the Italian life insurance company Eurovita was faced with a surge in surrender rates that severely affected its solvency. Italy's insurance supervisor, IVASS, responded to this exceptional situation by placing Eurovita under supervision in the first quarter of 2023 and suspending policyholders' surrender rights.
IVASS's intervention triggered a crisis of confidence in the Italian life insurance market, fuelling a wave of surrenders in the first half of the year that affected all life insurers including CNP Vita Assicura and CNP Vita Assicurazione.
On 30 June, five Italian insurers and 25 Italian banks entered into an agreement to manage and distribute Eurovita's insurance policies, sending a signal of confidence to the market. The freeze on surrenders has been extended until 31 October to allow for the orderly transfer of insurance policies.
A promotional campaign was launched in the second quarter to support the two companies' businesses, which was beginning to produce results at the end of the first half. Both subsidiaries have carried out subordinated notes issues underwritten by CNP Assurances to strengthen their SCR coverage ratios.

28.2 Information on the income statement

a) Insurance revenue

(in € millions)	First-half 2023	First-half 2022 (a)
Contracts valued using the BBA and VFA models	**5,231**	**5,281**
Amounts relating to changes in outstanding coverage liabilities arising from:	**4,368**	**4,158**
Contractual service margin released to profit on insurance services provided during the period	1,145	1,087
Adjustment for non-financial risk released to profit	151	134
Expected expenses for the period relating to insurance contracts issued, net of amortisation of the loss component	2,830	2,892
Experience adjustments to premiums received and acquisition costs	242	45
Acquisition costs allocated to the period	**863**	**1,123**
Contracts valued using the PAA model	**789**	**808**
TOTAL INSURANCE REVENUE	**6,020**	**6,090**

(a) Restated for the first-time application of IFRS 17.

b) Insurance service expenses

(in € millions)	Contracts valued using the BBA and VFA models	Contracts valued using the PAA model	**First-half 2023**
Incurred claims and other insurance service expenses	(3,919)	(532)	(4,451)
Amortisation of cash flows relating to acquisition costs	(863)	(82)	(945)
Adjustments to liabilities for incurred claims	1,078	6	1,083
Losses and reversals on groups of onerous contracts	(15)	(0)	(16)
TOTAL INSURANCE SERVICE EXPENSES	**(3,720)**	**(609)**	**(4,329)**

(in € millions)	Contracts valued using the BBA and VFA models	Contracts valued using the PAA model	**First-half 2022 (a)**
Incurred claims and other insurance service expenses	(3,616)	(582)	(4,198)
Amortisation of cash flows relating to acquisition costs	(1,123)	(84)	(1,207)
Adjustments to liabilities for incurred claims	837	21	858
Losses and reversals on groups of onerous contracts	(14)	2	(12)
TOTAL INSURANCE SERVICE EXPENSES	**(3,916)**	**(643)**	**(4,559)**

(a) Restated for the first-time application of IFRS 17.

Insurance service expenses include the margin received by the group on the insurance contract distribution and management fees charged to subsidiaries. The margin is calculated as the difference between the fees received and underlying costs, determined using an analytical operating expense ratio specific to the insurance business.

c) Finance margin

(in € millions)	First-half 2023	First-half 2022 (a)
Financial assets at fair value through profit or loss		
Net gain or loss on financial assets at fair value through profit or loss	4,935	(8,528)
Total income from financial assets at fair value through profit or loss	**4,935**	**(8,528)**
Financial assets at fair value through OCI reclassifiable to profit or loss		
Net gain or loss on financial assets at fair value through OCI reclassifiable to profit or loss	(1,002)	(1,193)
Interest calculated using the EIR method	1,812	1,558
Gains and losses recognised directly in equity	2,938	(26,879)
Impairment losses	11	(7)
Total income from financial assets at fair value through OCI reclassifiable to profit or loss	**3,760**	**(26,521)**
Financial assets at amortised cost		
Net gain or loss on derecognised financial assets at amortised cost	(321)	(82)
Interest calculated using the EIR method	121	102
Impairment losses	(2)	0
Total income from financial assets at amortised cost	**(202)**	**20**
Financial assets at fair value through OCI not reclassifiable to profit or loss		
Income recognised in profit or loss	448	462
Gains and losses recognised directly in equity	2,097	(3,973)
Total income from financial assets at fair value through OCI not reclassifiable to profit or loss	**2,546**	**(3,511)**
Investment property		
Net gain or loss on investment property (net of impairment)	(45)	105
Net income from investment property	**(45)**	**105**
Other investment income	10	13
Investment income (impact on profit and equity)	**11,003**	**(38,422)**
Discounting adjustments and accrued interest on insurance contracts	110	(57)
Change in fair value of underlying items	(5,986)	9,166
Changes in interest rates and the economic environment	(4,527)	28,254
Effect of risk mitigation	(11)	432
Exchange differences on finance expenses from insurance contracts issued	0	0
Finance income or expenses from insurance contracts issued	**(10,414)**	**37,795**
of which: recognised directly in equity	*(4,401)*	*28,433*
of which: recognised in profit or loss	*(6,013)*	*9,362*
Discounting adjustments and accrued interest on reinsurance treaties	192	16
Changes in interest rates and the economic environment	552	(3,429)
Other financial effects on reinsurance treaties	(240)	1,133
Finance income or expenses from reinsurance treaties held	**504**	**(2,280)**
of which: recognised directly in equity	*(25)*	(123)
of which: recognised in profit or loss	*529*	(2,157)
Investment income net of expenses	**1,093**	**(2,907)**
of which: recognised directly in equity	*609*	(2,542)
of which: recognised in profit or loss	*483*	*(366)*

(a) Restated for the first-time application of IFRS 17.

d) Insurance income statement

(in € millions)	First-half 2023	First-half 2022 (a)
Insurance revenue	6,020	6,090
Insurance service expenses	(4,418)	(4,648)
Income and expenses from reinsurance treaties held	(109)	(131)
Insurance service result	**1,493**	**1,311**
Investment income net of expenses	3,467	2,973
Gains and losses on disposals of investments	(1,337)	(1,269)
Change in fair value of investments recognised at fair value through profit or loss	3,936	(9,113)
Cost of credit risk on financial investments of insurance activities	9	(11)
Net gain or loss on derecognised financial assets at amortised cost	(3)	
Interest calculated using the EIR method	(138)	(92)
Finance income or expenses from insurance contracts issued	(6,013)	9,362
Finance income or expenses from reinsurance treaties held	529	(2,157)
Finance income or expenses	**449**	**(309)**
Income and expenses from other activities	43	55
Other recurring operating income and expenses	(410)	(372)
Other recurring income and expenses	**(366)**	**(317)**
Recurring operating profit	**1,575**	**685**
Non-recurring operating income and expenses, net	7	(23)
Operating profit	**1,583**	**662**
Finance costs	(72)	(60)
Changes in value of intangible assets	(0)	(13)
Share in net profit of equity-accounted companies	2	15
Income tax expense	(492)	(84)
CONSOLIDATED NET PROFIT	**1,021**	**521**
Non-controlling interests	129	127
NET PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT	**892**	**393**

(a) Restated for the first-time application of IFRS 17.

28.3 Information on the balance sheet

a) Insurance and reinsurance contracts by valuation model

(in € millions)	30 June 2023		
	Contracts valued using the BBA and VFA models	Contracts valued using the PAA model	TOTAL
Outstanding coverage	**1,876**	**131**	**2,007**
Contracts valued using the PAA model		**131**	**131**
Contracts valued using the BBA and VFA models	**1,876**		**1,876**
Present value of future cash flows	3,138		3,138
Adjustment for non-financial risk (RA)	(362)		(362)
Contractual service margin (CSM)	(900)		(900)
Incurred claims	**(485)**	**1**	**(484)**
Present value of future cash flows	(471)	1	(470)
Adjustment for non-financial risk (RA)	(14)		(14)
Cash flows relating to acquisition costs not yet allocated to insurance contracts	**0**	**69**	**69**
Insurance contracts issued – Assets (1)	**1,392**	**201**	**1,593**
Outstanding coverage	**362,372**	**826**	**363,198**
Contracts valued using the PAA model		**826**	**826**
Contracts valued using the BBA and VFA models	**362,372**		**362,372**
Present value of future cash flows	343,268		343,268
Adjustment for non-financial risk (RA)	1,439		1,439
Contractual service margin (CSM)	17,665		17,665
Incurred claims	**6,344**	**780**	**7,124**
Present value of future cash flows	6,278	734	7,012
Adjustment for non-financial risk (RA)	66	46	112
Insurance contracts issued – Liabilities (2) (excluding investment contracts without a discretionary participation feature)	**368,716**	**1,606**	**370,322**
Insurance contracts (direct business and inward reinsurance) (2) - (1)	**367,325**	**1,404**	**368,729**
Insurance transactions relating to investment contracts (without a discretionary participation feature) (3)			**2,498**
INSURANCE CONTRACTS ISSUED – LIABILITIES (2) + (3)			**372,820**
Outstanding coverage	**7,825**	**84**	**7,909**
Contracts valued using the PAA model		**84**	**84**
Contracts valued using the BBA and VFA models	**7,825**		**7,825**
Present value of future cash flows	6,965		6,965
Adjustment for non-financial risk (RA)	100		100
Contractual service margin (CSM)	760		760
Incurred claims	**582**	**223**	**805**
Present value of future cash flows	575	212	788
Adjustment for non-financial risk (RA)	7	10	17
Reinsurance treaties held – Assets (1) (excluding investment contracts without a discretionary participation feature)	**8,407**	**306**	**8,714**
Reinsurance transactions relating to investment contracts (without a discretionary participation feature)			**15**
Reinsurance treaties held – Assets			**8,729**
Outstanding coverage	**104**	**17**	**121**
Contracts valued using the PAA model		**17**	**17**
Contracts valued using the BBA and VFA models	**104**		**104**
Present value of future cash flows	60		60
Adjustment for non-financial risk (RA)	(21)		(21)
Contractual service margin (CSM)	65		65
Incurred claims	**(7)**	**0**	**(7)**
Present value of future cash flows	(7)		(7)
Adjustment for non-financial risk (RA)	(0)		(0)
Reinsurance treaties held – Liabilities (2) (excluding investment contracts without a discretionary participation feature)	**97**	**17**	**114**
REINSURANCE TREATIES HELD, NET (1) - (2)	**8,311**	**289**	**8,600**

(in € millions)	31 Dec. 2022 (a) Contracts valued using the BBA and VFA models	Contracts valued using the PAA model	TOTAL
Outstanding coverage	**1,800**	**97**	**1,897**
Contracts valued using the PAA model		**97**	**97**
Contracts valued using the BBA and VFA models	**1,800**		**1,800**
Present value of future cash flows	2,866		2,866
Adjustment for non-financial risk (RA)	(341)		(341)
Contractual service margin (CSM)	(725)		(725)
Incurred claims	**(457)**	**1**	**(456)**
Present value of future cash flows	(444)	1	(443)
Adjustment for non-financial risk (RA)	(13)		(13)
Cash flows relating to acquisition costs not yet allocated to insurance contracts	**0**	**65**	**66**
Insurance contracts issued – Assets (1)	**1,343**	**163**	**1,506**
Outstanding coverage	**355,240**	**874**	**356,114**
Contracts valued using the PAA model		**874**	**874**
Contracts valued using the BBA and VFA models	**355,240**		**355,240**
Present value of future cash flows	337,674		337,674
Adjustment for non-financial risk (RA)	1,449		1,449
Contractual service margin (CSM)	16,117		16,117
Incurred claims	**5,302**	**710**	**6,012**
Present value of future cash flows	5,240	666	5,906
Adjustment for non-financial risk (RA)	63	44	107
Insurance contracts issued – Liabilities (2) (excluding investment contracts without a discretionary participation feature)	**360,542**	**1,584**	**362,127**
Insurance contracts (direct business and inward reinsurance) (2) - (1)	**359,199**	**1,422**	**360,620**
Insurance transactions relating to investment contracts (without a discretionary participation feature) (3)			**2,453**
INSURANCE CONTRACTS ISSUED – LIABILITIES (2) + (3)			**364,580**
Outstanding coverage	**7,439**	**89**	**7,528**
Contracts valued using the PAA model		**89**	**89**
Contracts valued using the BBA and VFA models	**7,439**		**7,439**
Present value of future cash flows	6,714		6,714
Adjustment for non-financial risk (RA)	102		102
Contractual service margin (CSM)	624		624
Incurred claims	**463**	**215**	**679**
Present value of future cash flows	457	205	662
Adjustment for non-financial risk (RA)	7	10	17
Reinsurance treaties held – Assets (1) (excluding investment contracts without a discretionary participation feature)	**7,903**	**304**	**8,207**
Reinsurance transactions relating to investment contracts (without a discretionary participation feature)			**15**
Reinsurance treaties held – Assets			**8,221**
Outstanding coverage	**35**	**13**	**48**
Contracts valued using the PAA model		**13**	**13**
Contracts valued using the BBA and VFA models	**35**		**35**
Present value of future cash flows	58		58
Adjustment for non-financial risk (RA)	(22)		(22)
Contractual service margin (CSM)	(1)		(1)
Incurred claims	**(15)**	**0**	**(15)**
Present value of future cash flows	(14)		(14)
Adjustment for non-financial risk (RA)	(1)		(1)
Reinsurance treaties held – Liabilities (2) (excluding investment contracts without a discretionary participation feature)	**20**	**13**	**33**
REINSURANCE TREATIES HELD, NET (1) - (2)	**7,883**	**291**	**8,174**

(a) Restated for the first-time application of IFRS 17.

b) *Insurance liabilities by accounting component*

Intra-group margin

La Banque Postale distributes and manages insurance policies on behalf of its subsidiaries. This activity generates distribution and management costs which are included in the group's income statement.

The commission paid by the insurance subsidiaries to La Banque Postale for the distribution and management of insurance policies includes a margin billed by La Banque Postale.

Under IFRS 17, the component representing the insurance company's estimated obligation to policyholders – the present value of future cash flows or Best Estimate – incorporates all the costs associated with insurance activities, including the costs of distributing and managing insurance contracts.

Insurance subsidiaries' Best Estimate includes the insurance contract distribution and management fees, with the margin.

At group level, the margin is not included in the Best Estimate, as it represents a profit and not a cost. It is therefore included in the CSM (representing future profits).

As a result, the group vision of CSM is different from the sum of the insurance subsidiaries' CSMs, i.e., from the insurance vision of CSM. Group CSM includes a component representing the intra-group margin, which is determined by applying an estimated cost/income ratio to distribution and management fees. This margin is included in the CSM at group level.

(in € thousands)	Present value of future cash flows	Adjustment for non-financial risk (RA)	Contractual service margin (CSM)	TOTAL
OPENING NET BALANCE – INSURANCE VISION[(a)] At 31 December 2022[(b)]	**341,814**	**1,863**	**15,522**	**359,199**
Insurance contract distribution and management fees – Intra-group eliminations	(1,320)		1,320	0
OPENING NET BALANCE – GROUP VISION At 31 December 2022[(b)]	**340,494**	**1,863**	**16,842**	**359,199**
CLOSING NET BALANCE – INSURANCE VISION[(a)] At 30 June 2023	**348,260**	**1,881**	**17,184**	**367,325**
Insurance contract distribution and management fees – Intra-group eliminations	(1,381)		1,381	
CLOSING NET BALANCE – GROUP VISION At 30 June 2023	**346,879**	**1,881**	**18,565**	**367,325**

(a) Analysed by accounting component.

(b) Restated for the first-time application of IFRS 17.

(in € thousands)	Present value of future cash flows	Adjustment for non-financial risk (RA)	Contractual service margin (CSM)	TOTAL[(b)]
OPENING NET BALANCE – INSURANCE VISION[(a)] At 1 January 2022	**388,345**	**1,683**	**15,815**	**405,843**
Insurance contract distribution and management fees – Intra-group eliminations	(1,720)		1,720	0
OPENING NET BALANCE – GROUP VISION At 1 January 2022	**386,625**	**1,683**	**17,535**	**405,843**
CLOSING NET BALANCE – INSURANCE VISION[(a)] At 31 December 2022	**341,814**	**1,863**	**15,522**	**359,199**
Insurance contract distribution and management fees – Intra-group eliminations	(1,320)		1,320	0
CLOSING NET BALANCE – GROUP VISION At 31 December 2022	**340,494**	**1,863**	**16,842**	**359,199**

(a) Analysed by accounting component.

(b) Restated for the first-time application of IFRS 17.

Analysis by accounting component – contracts valued using the VFA and BBA models (insurance contracts and reinsurance contracts issued)

(in € millions)	Present value of future cash flows	Adjustment for non-financial risk (RA)	Contractual service margin (CSM)	30 June 2023
Opening balance – Assets	(2,423)	354	725	(1,343)
Opening balance – Liabilities	344,237	1,508	14,797	360,542
OPENING NET BALANCE	**341,814**	**1,863**	**15,522**	**359,199**
Changes related to future services	**(8,508)**	**129**	**8,404**	**25**
Changes in estimates resulting in an adjustment to the contractual service margin	(7,605)	87	7,543	26
Changes in estimates resulting in losses and reversals on groups of onerous contracts	51	(55)		(4)
Effect of contracts recognised during the period	(954)	97	861	4
Changes related to services rendered during the period	**885**	**(123)**	**(1,145)**	**(382)**
Contractual service margin released to profit			(1,145)	(1,145)
Change in non-financial risk adjustment		(123)		(123)
Experience adjustments	885			885
Changes related to past services	**(1,055)**	**(23)**	**0**	**(1,078)**
Adjustments to incurred claims	(1,055)	(23)		(1,078)
Insurance service result	**(8,678)**	**(16)**	**7,259**	**(1,435)**
Insurance finance income or expense	**17,487**	**34**	**(5,595)**	**11,926**
Finance income or expense from insurance contracts issued[(a)]	16,018	24	(5,719)	10,322
Effect of exchange differences	1,469	10	124	1,603
Total change in comprehensive income	**8,809**	**18**	**1,664**	**10,490**
Cash flows received or paid on insurance contracts	(2,350)			(2,350)
Total cash flows	**(2,350)**	**0**	**0**	**(2,350)**
Other consolidation adjustments	**(13)**	**1**	**(2)**	**(15)**
CLOSING NET BALANCE	**348,260**	**1,881**	**17,184**	**367,325**
Closing balance – Assets	(2,667)	376	900	**(1,391)**
Closing balance – Liabilities	350,927	1,505	16,284	**368,716**

(a) Excluding exchange differences.

(in € millions)	Present value of future cash flows	Adjustment for non-financial risk (RA)	Contractual service margin (CSM)	31 Dec. 2022 (a)
Opening balance – Assets	(1,537)	81	199	(1,256)
Opening balance – Liabilities	389,881	1,601	15,616	407,098
OPENING NET BALANCE	**388,345**	**1,683**	**15,815**	**405,843**
Changes related to future services	**(4,980)**	**509**	**4,572**	**100**
Changes in estimates resulting in an adjustment to the contractual service margin	(3,402)	283	3,108	(11)
Changes in estimates resulting in losses and reversals on groups of onerous contracts	41	49		89
Effect of contracts recognised during the period	(1,619)	177	1,464	22
Changes related to services rendered during the period	**1,265**	**(194)**	**(2,279)**	**(1,208)**
Contractual service margin released to profit			(2,279)	(2,279)
Change in non-financial risk adjustment		(194)		(194)
Experience adjustments	1,265			1,265
Changes related to past services	**(1,080)**	**(36)**	**0**	**(1,116)**
Adjustments to incurred claims	(1,080)	(36)		(1,116)
Insurance service result	**(4,796)**	**278**	**2,293**	**(2,225)**
Insurance finance income or expense	**(40,136)**	**(80)**	**(2,570)**	**(42,786)**
Finance income or expense from insurance contracts issued[b]	(41,761)	(99)	(2,661)	(44,521)
Effect of exchange differences	1,625	19	90	1,734
Total change in comprehensive income	**(44,931)**	**198**	**(277)**	**(45,011)**
Cash flows received or paid on insurance contracts	538			538
Total cash flows	**538**	**0**	**0**	**538**
Other consolidation adjustments	**(2,137)**	**(18)**	**(15)**	**(2,171)**
CLOSING NET BALANCE	**341,814**	**1,863**	**15,522**	**359,199**
Closing balance – Assets	(2,423)	354	725	**(1,343)**
Closing balance – Liabilities	344,237	1,508	14,797	**360,542**

(a) Restated for the first-time application of IFRS 17.
(b) Excluding exchange differences.

Analysis by accounting component – Contracts valued using the VFA and BBA models – reinsurance contracts held

(in € millions)	Present value of future cash flows	Adjustment for non-financial risk (RA)	Contractual service margin (CSM)	30 June 2023
Opening balance – Assets	7,171	108	624	**7,903**
Opening balance – Liabilities	(43)	22	1	**(20)**
OPENING NET BALANCE	**7,127**	**131**	**625**	**7,883**
Changes related to future services	**(325)**	**(3)**	**331**	**3**
Changes in estimates resulting in an adjustment to the contractual service margin	(316)	(5)	321	0
Changes in estimates resulting in losses and reversals on underlying onerous contracts	2			2
Effect of contracts recognised during the period	(11)	2	9	0
Changes related to services rendered during the period	**42**	**(3)**	**(97)**	**(58)**
Contractual service margin released to profit			(97)	(97)
Change in non-financial risk adjustment		(3)		(3)
Experience adjustments	42			42
Changes related to past services	**(25)**	**(2)**	**0**	**(27)**
Adjustment of incurred claims	(25)	(2)		(27)
Income and expenses from reinsurance treaties held	**(309)**	**(8)**	**234**	**(83)**
Finance income or expenses from reinsurance treaties held	**671**	**6**	**(151)**	**526**
Finance income or expenses from reinsurance treaties held[(a)]	671	6	(151)	526
Total changes in comprehensive income	**363**	**(2)**	**83**	**444**
Cash flows	(23)			(23)
Total cash flows	**(23)**			**(23)**
Other consolidation adjustments	**20**		**(13)**	**7**
CLOSING NET BALANCE	**7,488**	**129**	**694**	**8,311**
Opening balance – Assets	7,541	107	760	**8,407**
Opening balance – Liabilities	(53)	22	(65)	**(97)**

(a) Excluding effect of changes in fulfilment risk.

(in € millions)	Present value of future cash flows	Adjustment for non-financial risk (RA)	Contractual service margin (CSM)	31 Dec. 2022 (a)
Opening balance – Assets	10,197	119	863	**11,179**
Opening balance – Liabilities	(17)	3	1	**(14)**
OPENING NET BALANCE	**10,180**	**122**	**864**	**11,166**
Changes related to future services	**(54)**	**47**	**10**	**3**
Changes in estimates resulting in an adjustment to the contractual service margin	(45)	45		0
Changes in estimates resulting in losses and reversals on underlying onerous contracts	3			3
Effect of contracts recognised during the period	(12)	2	10	0
Changes related to services rendered during the period	**113**	**3**	**(54)**	**62**
Contractual service margin released to profit			(54)	(54)
Change in non-financial risk adjustment		3		3
Experience adjustments	113			113
Changes related to past services	**11**	**(4)**	**0**	**7**
Adjustment of incurred claims	11	(4)		7
Income and expenses from reinsurance treaties held	**70**	**46**	**(44)**	**71**
Finance income or expenses from reinsurance treaties held	**(2,867)**	**(35)**	**(196)**	**(3,098)**
Finance income or expenses from reinsurance treaties held(b)	(2,867)	(35)	(196)	(3,098)
Total changes in comprehensive income	**(2,798)**	**11**	**(240)**	**(3,027)**
Cash flows	1,491			1,491
Total cash flows	**1,491**			**1,491**
Other consolidation adjustments	**(1,746)**	**(2)**	**1**	**(1,748)**
CLOSING NET BALANCE	**7,127**	**131**	**625**	**7,883**
Opening balance – Assets	7,171	108	624	**7,903**
Opening balance – Liabilities	(43)	22	1	**(20)**

(a) Restated for the first-time application of IFRS 17.

(b) Excluding effect of changes in fulfilment risk.

c) New contracts for the period

Insurance and reinsurance issued

(in € millions)	30 June 2023			
	Contracts initially recognised during the period	of which: acquired contracts (a)	of which: onerous contracts	of which: profitable contracts
Estimated present value of future cash outflows	**12,416**	**0**	**15**	**12,401**
Insurance acquisition cash flows	242		1	241
Incurred claims and other insurance service expenses	12,174		14	12,160
Estimated present value of future cash inflows	**(13,370)**		**(11)**	**(13,359)**
Adjustment for non-financial risk (RA)	**97**		**(0)**	**96**
Contractual service margin (CSM)	**861**			**861**
Loss component	**4**		**4**	**0**

(a) Acquired contracts correspond to transferred contracts or new contracts acquired in business combinations.

(in € millions)	31 Dec. 2022 (a)			
	Contracts initially recognised during the period	of which: acquired contracts (b)	of which: onerous contracts	of which: profitable contracts
Estimated present value of future cash outflows	**21,912**	**0**	**175**	**21,737**
Insurance acquisition cash flows	486		13	473
Incurred claims and other insurance service expenses	21,426		162	21,264
Estimated present value of future cash inflows	**(23,531)**		**(158)**	**(23,373)**
Adjustment for non-financial risk (RA)	**177**		**4**	**173**
Contractual service margin (CSM)	**1,464**			**1,464**
Loss component	**22**		**22**	

(a) Restated for the first-time application of IFRS 17.
(b) Acquired contracts correspond to transferred contracts or new contracts acquired in business combinations.

Reinsurance held

(in € millions)	30 June 2023			
	Contracts initially recognised during the period	of which: acquired contracts (a)	of which: onerous contracts	of which: profitable contracts
Estimated present value of future cash outflows	(34)			(34)
Estimated present value of future cash inflows	23			23
Adjustment for non-financial risk (RA)	2			2
Contractual service margin (CSM)	9			9
Loss recovery component	0	0	0	0

(a) Acquired contracts correspond to transferred contracts or new contracts acquired in business combinations.

(in € millions)	31 Dec. 2022 (a) Contracts initially recognised during the period	of which: acquired contracts (b)	of which: onerous contracts	of which: profitable contracts
Estimated present value of future cash outflows	(32)			(32)
Estimated present value of future cash inflows	20			20
Adjustment for non-financial risk (RA)	2			2
Contractual service margin (CSM)	10			10
Loss recovery component		0	0	0

(a) Restated for the first-time application of IFRS 17.

(b) Acquired contracts correspond to transferred contracts or new contracts acquired in business combinations.

d) *Contractual service margin (CSM)*

Analysis by maturity

(in € millions)	30 June 2023 Less than 5 years	5 to 10 years	Beyond 10 years	TOTAL
Insurance contracts (1)	**7,177**	**5,413**	**4,594**	**17,184**
Reinsurance treaties (2)	**182**	**132**	**381**	**694**
TOTAL (1) - (2)	**6,995**	**5,282**	**4,213**	**16,489**

(in € millions)	31 Dec. 2022 (a) Less than 5 years	5 to 10 years	Beyond 10 years	TOTAL
Insurance contracts (1)	**6,503**	**4,889**	**4,131**	**15,522**
Reinsurance treaties (2)	**204**	**132**	**289**	**625**
TOTAL (1) - (2)	**6,299**	**4,757**	**3,842**	**14,898**

(a) Restated for the first-time application of IFRS 17.

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REPORT OF STATUTORY AUDITORS ON THE INTERIM FINANCIAL STATEMENTS

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La Poste

Statutory Auditors' Review Report on the Half-yearly Financial Information

For the period from January 1 to June 30, 2023
LA POSTE
9 rue du Colonel Pierre Avia 75015 Paris

This is a free translation into English of the statutory auditors' review report on the half-yearly financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the Group's half-year 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 -

9 rue du Colonel Pierre Avia 75015 Paris

Statutory Auditors' Review Report on the Half-yearly Financial Information

For the period from January 1 to June 30, 2023

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 half-yearly consolidated financial statements of La Poste, for the period from January 1st 2023 to June 30th 2023,
- the verification of the information presented in the half-year management report.

These condensed half-yearly consolidated financial statements are 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 the accompanying condensed half-yearly consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34, standard of the IFRSs as adopted by the European Union applicable to interim financial information.

Without qualifying our conclusion, we draw your attention to note 2.3 "First application of IFRS 17" of the condensed half-yearly consolidated financial statements, which describes the impact of the first application on January 1, 2023 of IFRS 17 "Contracts insurance" and its impact on the Group's assets and liabilities as of January 1, 2022 and December 31, 2022, the application of this standard being retrospective.

II. Specific verification

We have also verified the information presented in the half-year management report on the condensed half-yearly consolidated financial statements subject to our review. We have no matters to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

KPMG SA	MAZARS
Paris La Défense, August 4th 2023	Paris La Défense, August 4th 2023

Stéphanie Millet Partner	Xavier de Coninck Partner	Gonzague Senlis Partner	Charles de Boisriou Partner

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RESPONSIBILITY STATEMENTS

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, 1 September 2023
Chairman and Chief Executive Officer
Philippe Wahl

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La Poste - A french limited company (Société anonyme) with
a capital of €5,857,785,892 - 356 000 000 RCS PARIS
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