



2014

REGISTRATION DOCUMENT
AND ANNUAL FINANCIAL
REPORT





BUILDING
LA BANQUE POSTALE
2020
TOGETHER




BANQUE ET CITOYENNE



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Annual Financial Report items are clearly identified in the Contents by the pictogram 

La Banque Postale Group

Registration Document and Annual financial report

2014



Only the French version of the Registration document has been submitted to the AMF. It is therefore the only version that is binding in law.

The original document was filed with the AMF (French Securities Regulator) on 16 March 2015, in accordance with article 212-13 of the AMF's General Regulations. It may be used in support of a financial transaction only if supplemented by a Transaction Note that has received approval from the AMF.

The English language version of this report is a free translation from the original, which was prepared in French. All possible care has been taken to ensure that the translation is an accurate presentation of the original. However, in all matters of interpretation, views or opinion expressed in the original language version of the document in French take precedence over the translation.

Pursuant to Article 28 of EC Regulation 809/2004 of 29 April 2004, the following documents have been incorporated by reference into this Registration Document:

- ▶ the consolidated annual financial statements for the financial year ended 31 December 2013, together with the related Statutory Auditors' report, presented respectively on pages 111 to 175 of Registration Document No. D.14-0128 registered with the AMF on 10 March 2014;
- ▶ the consolidated and annual financial statements for the financial year ended 31 December 2012, together with the related Statutory Auditors' report, presented respectively on pages 104 to 165 of Registration Document No. R. 13-010 registered with the AMF on 28 March 2013.

These documents are available at the Company's registered office at 115, rue de Sèvres, 75275 Paris Cedex 06, as well as on its website at www.labanquepostale.com.

INTRODUCTION

Company name and trading name

The name of the Company is: “La Banque Postale”, herein called La Banque Postale.

Legal form – applicable legislation

Limited Company with Executive and Supervisory Boards.

The Company is governed by current laws and regulations, and specifically by:

- ▶ the provisions of the French Commercial Code regarding commercial companies;
- ▶ the provisions of the French Monetary and Financial Code regarding credit institutions;
- ▶ the provisions of law No. 2005-516 of 20 May 2005 regarding the regularisation of the Post Office business;
- ▶ the provisions of law No. 83-675 of 26 July 1983 regarding the democratisation of the public sector.

Place of registration and registration number – Date of incorporation – Country of origin

The Company was registered with the Paris Trade and Companies Registry under number 421 100 645 on 10 December 1998.

Country of origin – France.

Registered capital amount

The registered capital is set at four billion, forty-six million, four hundred and seven thousand, five hundred and ninety-five euros (**€4,046,407,595**). It is divided into thirty-five million, one hundred and eighty-six thousand, one hundred and fifty-three (35,186,153) fully paid-up shares of a single class.

Duration of the Company

The duration of the Company is 99 years from the date of its registration with the Trade and Companies Registry (i.e. 10 December 1998), except in the event of dissolution, or of an extension decided by the Extraordinary General Meeting.

Registered offices

The Company's registered offices are at 115 rue de Sèvres – 75275 Paris Cedex 06, France.

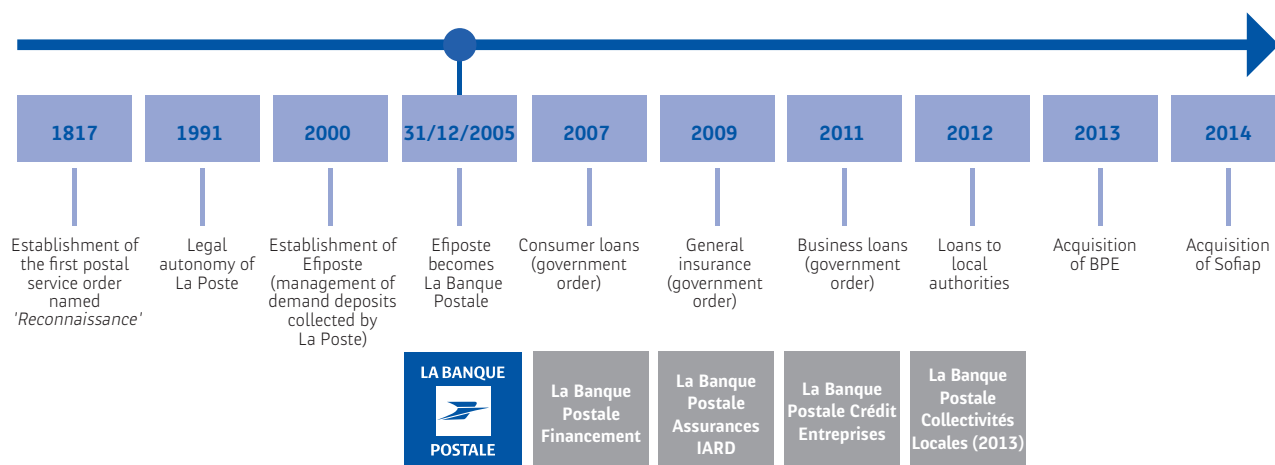
The telephone number for the registered offices is +33 (0)1 57 75 60 00.

OVERVIEW OF LA BANQUE POSTALE GROUP

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1.1 HISTORY



La Poste's Financial Services, which were historically active in the deposits and home loans markets, have continued to be an integral part of La Poste Group's development, since the very first milestones marking the transition of the French Post Office and Telecommunications company towards two independent operators: France Telecom and La Poste.

Following its separation from the French Government's ancillary budget, La Poste became legally autonomous on 1 January 1991. It continued its deposits and home loans activities (the latter for customers with prior savings) through its Financial Services Division, in accordance with the 1990 law on the role of La Poste in the French economy, although it did not yet have the status of credit institution. The overnight deposits gathered from these activities were transferred to the Public Treasury on a daily basis. A similar system also applied to regulated savings deposits, i.e. PEL (home loan savings plans), CEL (home loan savings) and Livret A accounts, for which the deposit balances were transferred to centralised savings funds managed by the Caisse des dépôts et Consignations. Lastly, home loans were granted by Financial Services, subject to the existence of prior savings, but were recorded on the balance sheet of the savings funds' Home Loan Savings segment.

La Poste subsequently suggested retaining demand deposit balances and ensuring their financial management itself. For that, it applied to the Committee for Credit Institutions and Investment Companies (CECEI) for approval to create, in February 2000, an investment company (Efposte) whose objective was to provide for the financial management for these resources.

In 2005, La Poste Group proposed, as part of its Programme Contract, to set up a banking subsidiary with the capacity to carry in its statement of financial position all customer deposits and loans. Law No. 2005-516 of 20 May 2005 regarding the regulation of the Post Office business provided for the establishment by La Poste Group of a subsidiary to which all property, rights and obligations relating to the activities of La Poste's Financial Services would be transferred, including those relating to deposit accounts, savings accounts and generally all types of contracts opened or entered into in this context with La Poste. The CECEI authorised Efposte to take over the rights and obligations of La Poste's Financial Services, in order to become La Banque Postale, on 30 November 2005.

The European Commission recognised, on 21 December 2005, that the founding of La Banque Postale did not damage competition in the banking sector. La Banque Postale was thus established on 31 December 2005, via the legal transformation of Efposte.

The law regulating postal activities also invested La Poste with a public service mission in the banking, financial and insurance sectors

by requiring it to offer products and services to the public at large, in particular Livret A accounts. In this respect, La Banque Postale has an obligation to open a Livret A account free of charge for any person requesting it. A part of its public service mission is to authorise payment transactions on Livret A relating to social security benefits and to civil servants' pensions, as well as direct debits relating to the payment of taxes and duties, of water, gas, and electricity bills, and of subsidised housing rents. Finally, La Banque Postale is the only bank which authorises withdrawals from and deposits to Livret A accounts starting at €1.5.

From its establishment, and in accordance with its licence, La Banque Postale expanded its range to all types of home loans. Previously, La Poste could only offer home loans to customers who had already built up savings, via a PEL or CEL account.

Following the European Commission's decision ordering France to stop reserving the distribution of Livret A accounts to traditional operators, the French Economic Modernisation Act of 4 August 2008 broadened the distribution of Livret A accounts to all banking institutions, on condition that they sign an agreement with the government. On this occasion, La Banque Postale saw its access-to-banking remit in respect of Livret A accounts recognised and defined in law.

La Banque Postale received the Government's authorisation to extend its range of products to consumer credit in 2007, and then to casualty insurance in 2009. These extensions were approved by the competent authorities.

In August 2010, La Banque Postale also obtained authorisation from the Minister of the Economy, Industry and Employment to draw up a range of financial products and services for corporations (SMCs, VSCs, non-profit associations and social housing landlords, etc.) with approval from the French Prudential Authority on 5 September 2011.

Approved by the French Prudential Control Authority (ACP) since 25 May 2012 to provide financing to the local public sector, La Banque Postale has offered local governments short-term loans since June 2012 and medium- and long-term loans at fixed and variable rates, for periods up to 15 years, since November 2012. La Banque Postale thus entered a new stage and offers all the products and services of a retail bank.

La Banque Postale strengthened its positioning with respect to social access to property ownership and in 2012 entered into several partnerships with entities involved in social housing (national federation of low-income housing cooperatives, Maison France Confort). These partnerships aim to increase financing security by implementing borrower protection systems.

1.2 KEY DATA

La Banque Postale, a Limited Company with Executive and Supervisory Boards, is the parent company of La Banque Postale Group.

As the successor to La Poste's Financial Services, it has assumed the Group's values of trust, accessibility and local presence in this respect, which have endowed it with an unusual and unique positioning on the French market since the beginning. This policy is driven by an offer based on low service rates, access for all customers and a simple product range that focuses on customer needs.

La Banque Postale's business is focused on the retail banking business in France, and specifically on retail customers. It is organised around three business segments:

- ▶ retail banking, its core business, mainly focused on individual customers, and was extended to companies in 2011 and to local authorities in 2012;
- ▶ insurance (life, contingency, property and general and health);
- ▶ asset management (asset management and discretionary management).

This organisational structure primarily relies on 22 Financial Centres (18 Financial Centres in Metropolitan France, 4 Financial Centres in the French overseas departments) including 6 national Financial Centres that have specific expertise, and a dedicated IT Department. It is also based on 42 subsidiaries and strategic investments and on the distribution capacity of La Poste Retail Brand.

As at 31 December 2014, La Banque Postale represented:

- ▶ 10.8 million active customers;
- ▶ 11.7 million deposit accounts;
- ▶ 10,217 Advisors and customer service managers;
- ▶ 699 specialist property Advisors, 824 specialist wealth Advisors, and 84 wealth management Advisors;
- ▶ 7.8 million bank cards and 7,353 ATMs;

Consolidated key data

(€ million)	2014	2013*	2012	2011
Net Banking Income	5,673	5,539	5,241	5,231
Gross operating profit	1,001	854	755	708
Net income, Group share	677	579	574	412

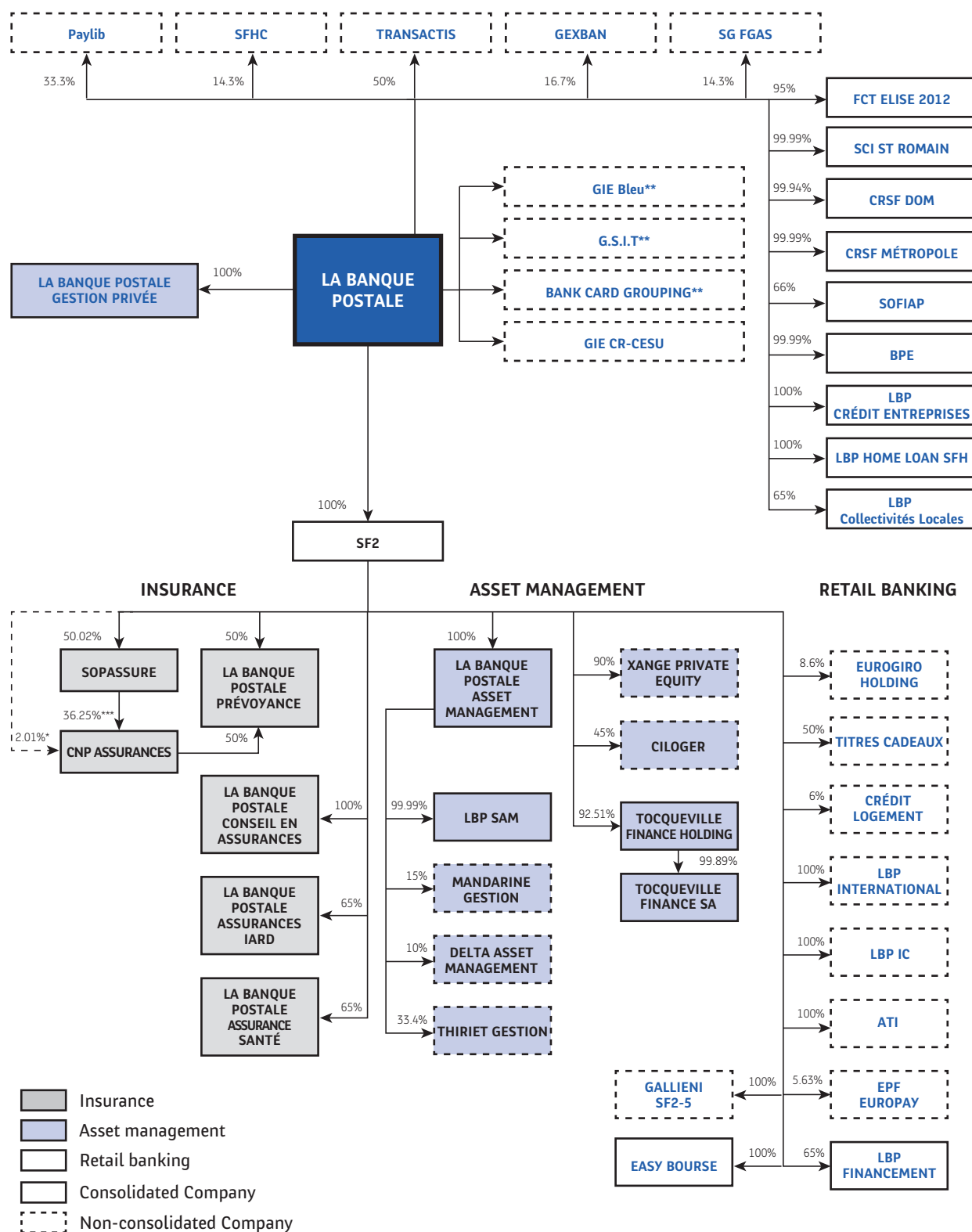
	2014	2013*	2012	2011
Loan to deposit ratio	75%	67%	59%	53%
Balance sheet total (€ billion)	213	200	196	186

* 2013 published data.

At 31 December 2014, La Banque Postale had good credit ratings, reflecting its solid financial metrics and its rigorous risk management:

	Standard & Poor's	Fitch
Long-term rating	A	A
Outlook	Stable	Negative
Date updated	24 October 2014	18 December 2014
Short-term rating	A-1	F1

1.3 GROUP ORGANISATION



* Stock options

** Group without equity capital

*** Following the exercise of the option to pay dividends in CNP shares in May 2013

1.3.1 Capital structure

La Banque Postale's structure is based on the La Poste Financial Services organisational chart. This structure includes:

- ▶ La Banque Postale, the Group's parent company (formerly Efiposte), to which the Financial Services' activities were transferred. This company is also at the heart of the retail banking business;
- ▶ La Banque Postale directly holds the most recent acquisitions or startups, such as BPE or SOFIAP;
- ▶ SF2, the holding company regrouping the subsidiaries and equity investments of La Banque Postale, excluding entities held directly by La Banque Postale. SF2 was transferred to La Banque Postale when the Bank was founded, as it existed prior to La Poste's Financial Services and already included most of the Insurance and Asset Management subsidiaries at the time of the transfer.

1.3.2 Partnerships

In order to broaden its business and skills portfolio, and in order to improve its coverage of customers' requirements, La Banque Postale has implemented a very active partnership policy that focuses primarily on the effective sharing of know-how, and on cost control, in accordance with the values that it embodies.

La Banque Postale's multi-partner policy is based on the pooling of expertise, technology, and tools, and on access to the customer base. Through these partnerships, La Banque Postale has been able to develop new business lines rapidly, relying on the expertise of leaders in the field, which has enabled it to offer its customers a more extensive and innovative product range.

Insurance

This strategy was initiated with the help of CNP Assurances in the field of life insurance, as La Poste Financial Services had distributed a range of life insurance policies since 1989. Moreover, La Banque Postale owns 20.15%⁽¹⁾ of CNP Assurances.

In 1998, CNP Assurances and La Poste Financial Services decided to create a company in which both companies had an equal interest and that was renamed La Banque Postale Prévoyance in 2007, in order to provide a range of contingency insurance products covering the requirements of La Banque Postale's customers.

In 2009, La Banque Postale teamed up with Groupama in the general insurance sector, within the La Banque Postale Assurances IARD subsidiary, which is 65% owned by La Banque Postale.

In 2010, the Bank entered into a partnership with La Mutuelle Générale in the health insurance sector, via the founding of La Banque Postale Assurance Santé, which is also 65% owned by La Banque Postale. In September 2014, as part of this collaboration, La Banque Postale entered into further commercial agreements with La Mutuelle Générale, strengthening its strategic partnership. In anticipation of the extension of supplementary health cover to all employees, the two partners are currently working on a collective health insurance product. On 2 February 2015, Malakoff Médéric, La Mutuelle Générale and La Banque Postale announced that their new collective health insurance product would be offered by La Banque Postale Assurance Santé, owned 49% by Malakoff-Médéric and 51% by La Banque Postale. Subject to approval by the relevant authorities, the final agreements should be concluded at the end of the first quarter of 2015.

Loans

La Banque Postale Financement, owned 65% by La Banque Postale via SF2 and 65% by Franfinance, a subsidiary of Société Générale, is the La Banque Postale subsidiary dedicated to consumer credit. Distribution is provided by Post Offices, electronic communication channels and a dedicated call centre.

Created on 27 March 2013, La Banque Postale Collectivité Locales, 65% owned by La Banque Postale and 35% by Caisse des dépôts, offers services on loans granted by La Banque Postale to local authorities and hospitals. Eligible loans are then refinanced by Cafil (Caisse Française de Financement Local), a company in which La Banque Postale (5%) and Caisse des dépôts (20%) are also shareholders.

In May 2014, La Banque Postale formed a partnership with SNCF following the acquisition from Crédit Immobilier de France and SNCF of a stake in SOFIAP. Now 66% owned by La Banque Postale and 34% by SNCF, SOFIAP manages more than €1.5 billion in outstanding home loans with over 24,000 customers, mainly employed by SNCF. It relies on a team of nearly 120 persons divided between its head office and some 30 branches throughout France. Since November 2014, SOFIAP has also been offering regulated home loans to employees of Gaz de France.

Means of payment

In 2008, La Banque Postale and Société Générale created Transactis, a joint venture to pool the resources of the two partners to develop and operate electronic money systems. Transactis now handles all transactions of La Banque Postale and Société Générale with retailers, as well as all customer cash flows for both institutions (La Banque Postale and Société Générale). At the end of 2012, Crédit du Nord joined La Banque Postale and Société Générale within Transactis, thus demonstrating Transactis's ability to manage several brands.

On 17 September 2013, BNP Paribas, La Banque Postale and Société Générale announced the launch of Paylib, a company offering a new, simple and secure online payment solution. With Paylib, the three banks meet customers' needs for simplicity and security, offering a new way of making online payments from a computer, smartphone or tablet, with no need to enter bank details. La Banque Postale owns a 33.33% stake in the new company. Le Crédit Mutuel Arkéa joined the consortium in July 2014, followed in November 2014 by Le Crédit Agricole.

(1) 18.14% via Sopassure and 2.01% call option.

Other partnerships

La Banque Postale and Natixis founded the Titres Cadeaux (Gift Vouchers) subsidiary in 2006, in which both parties have an equal interest, in order to market multi-retailer gift vouchers and cards to private individuals, professionals, companies, and works councils.

La Banque Postale founded La Banque Postale Gestion Privée with Oddo & Cie in 2007. La Banque Postale holds a majority interest in the company, in order to develop a discretionary management service. In accordance with protocol, it was decided in 2012 not to extend the agreement between La Banque Postale and Oddo et Cie. On 27 June 2012, La Banque Postale Gestion Privée also became wholly owned by La Banque Postale.

In the field of asset management, two agreements are expected to be finalised during the first quarter of 2015. In December 2014,

La Banque Postale entered into exclusive negotiations with Aegon Asset Management with a view to concluding an industry partnership which will allow LBPAM to develop and consolidate its expertise on the French market and give it access to an international distribution network. The transaction also involves Aegon Asset Management taking a 25% stake in La Banque Postale Asset Management (LBPAM). Subject to approval of the project by the competent authorities, the operation is expected to be carried out before the close of the second quarter 2015.

At the same time, in February 2015, La Banque Postale and Malakoff Médéric announced plans to merge their subsidiaries LBPAM and Fédérus Gestion d'actifs in order to develop a major asset management centre providing better customer service with an extended range of products, in particular SRI. Under this agreement, Malakoff Médéric would acquire a 5% equity investment in LBPAM.

1.3.3 Relations between La Banque Postale and La Poste Group

Wholly-owned by La Poste, La Banque Postale is both a customer of (for mail, parcel and network services) and a supplier to (as its principal bank) the Group. La Poste acts as a service provider, supplying staff who act on behalf of La Banque Postale.

The relationship between La Banque Postale and La Poste falls within a framework governed by service agreements specified by the law of 20 May 2005. These agreements cover various services, such as the commercial offer, through a framework agreement and a Marketing Charter, inspection and control systems, procedures to counter money laundering and terrorism, grievance procedures and various service agreements. La Poste staff used by La Banque Postale implement the Bank's policies on its behalf. These employees have been authorised to act on the Bank's behalf, in accordance with specific rules necessary for conducting banking business, and primarily exercise the back

and middle-office functions, IT support and the financial product sales force.

Over-the-counter services are performed by La Poste's post office network and are governed by agreements concerning the type of work to be carried out, its unit tariff in accordance with an economic model, the way it is carried out and quantitative and qualitative service criteria.

Thus, in addition to the 3,765 direct employees of La Banque Postale, who are spread throughout France, 13,738 workers in the Financial Centres are placed under the responsibility of the Chairman of La Banque Postale's Executive Board in his capacity as Deputy CEO of La Poste in charge of Financial Services.

1.4 PRESENTATION OF THE BUSINESS UNITS AND BUSINESS LINES

An unusual model

The activities of La Banque Postale are organised around three business units: retail banking (including retail customers, corporates and local authorities), insurance and asset management.

1.4.1 Retail banking

The retail banking unit covers the businesses of La Banque Postale and the retail banking subsidiaries such as La Banque Postale Financement, La Banque Postale Crédits Entreprises, BPE and SOFIAP.

It markets products to individuals, in the fields of deposits and savings, loans (home and consumer), payment means and insurance products, as well as specific products and services for high-net-worth customers. This unit also comprises the loans and deposits businesses aimed at companies, professionals, non-profit associations and the local public sector.

Retail banking also concerns the non-trading real estate investment companies that own the operating premises for Financial Centres

in metropolitan France and its overseas departments, and the SF2 company, which holds La Banque Postale equity investments and receives dividends from non-consolidated equity investments.

A unique model in the French landscape

La Banque Postale relies on an unusual model in the French banking market. With almost 10.8 million active customers and 423,000 corporate customers (companies and non-profit associations) at the end of 2014, La Banque Postale's development is based on building and maintaining long-term customer relationships by providing innovative solutions. The banking model is local, transparent,

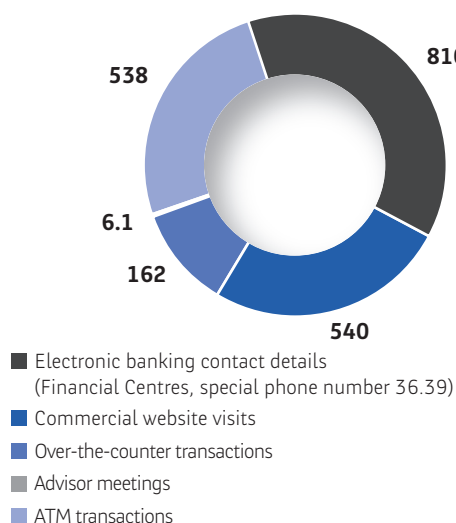
responsive and human. In October 2014, the Posternak/Ifoq quarterly barometer, which assesses the global brand image of retail banks, ranked La Banque Postale third, highlighting La Banque Postale's involvement in the day-to-day life of French people and in financing the real economy. La Banque Postale has maintained its leading position on pricing and geographic proximity, and for its sustainable development activity. In December 2014, La Banque Postale was on the first step of the podium in the "The French, Insurance and Banking" barometer produced by L'Argus de l'Assurance and Opinion Way. This study measures awareness of, brand image and the appeal of insurers and bankers.

This development model focuses on understanding customers' requirements, on the advice given to them, and on supporting the whole customer base, including vulnerable and moderate-income customers. In 2014, over half the bank's customers said they would recommend La Banque Postale to their friends and family⁽¹⁾.

In 2014 La Banque Postale launched the Cap Client 3.0 programme, which aims to substantially overhaul its distribution tool. The new tool will allow more customer interaction, simplify action by Advisors and increase commercial effectiveness. The Cap Client 3.0 programme is a key part of the Group's digital transformation and its development plan up to 2020.

A resolutely multi-channel model

(in millions)



La Banque Postale ensures a close relationship with its customers, using an innovative multichannel relationship system which allows each customer to select the method of initiating contact with the bank. Thus La Banque Postale offers the customer the possibility of staying in contact with the bank wherever the customer is and whatever his or her requirements: internet, telephone, mail, Post Office and/or mobile internet.

This close relationship with customers is built on and relies on the relationship in the post office, staffed by 10,217 Advisors and customer service managers helping customers. It is assisted by Post Offices with welcoming and modern customer-directed service areas. These new areas were rolled out in 1,799 sites by the end of 2014.

La Banque Postale also relies on a network of over 7,353 automatic teller machines (ATMs) throughout France, and which processed over 538 million transactions in 2014.

La Banque Postale and the La Poste Retail Brand set up a single sales management in 2014, allowing rapid decision-making closer to the customer, for improved customer relationships and more extensive banking activities. In order to support employees, bank training courses are provided by the *École de la Banque et du Réseau*, established in 2014.

Financial Centres also play an important role in this multi-channel relationship, with nearly 7,351 employees dedicated to transaction processing and customer relations, and almost 16 million calls received and processed in these centres each year. The National Customer Introduction Centre has been providing a dedicated solution for customers and prospective customers who want to find out about the Bank and its products since 2009. A single telephone number has been introduced⁽²⁾: "3639". The three specialised platforms of the subsidiaries La Banque Postale Financement, La Banque Postale IARD and La Banque Postale Assurance Santé also play a key role in this remote communication.

The internet portal www.labanquepostale.fr allows interactive customer relationships. With nearly 45 million visits per month on average in 2014, the website www.labanquepostale.fr is a major channel for information, data collection and contacting the bank. A new version of the website was launched in June 2014, simplifying access to the range of services and improving clarity for individuals and in particular for prospective customers.

Today, 46% of contacts between customers and La Banque Postale are made via digital communication. The tablet application available to customers since autumn 2014 for access to electronic banking illustrates this expansion in digital use.

Customers of La Banque Postale can now access fully remote banking using the new interactive mode called *La Banque Postale Chez Soi*. This new remote customer relations channel⁽³⁾ allows users to access all products and services of La Banque Postale at the same rate as the other channels, but also enables fully independent money management and guidance by a dedicated team of Advisors.

A model that is still developing for customers who are increasingly connected

With the set-up of Paylib in September 2013, La Banque Postale now offers its customers a more secure method of making online payments from their computer, tablet or smartphone at all partner retailers displaying the Paylib logo on their payment page.

Since 2014, La Banque Postale's Contactless Mobile Payment has been available to customers holding a postal current account and with NFC mobile equipment compatible with the service, obtained from one of the partner operators. The service is presented as a payment application which allows local purchases to be paid for at all sales outlets accepting contactless payments.

In July 2014, with the We Are Social agency, La Banque Postale developed a service on Twitter, *Le Service Après Vine*, allowing users to accompany tweets with small videos of a maximum duration of six seconds to illustrate answers to the most commonly asked questions. A real success, this online service was viewed over 170,000 times in six months.

(1) Benchmark La Voie du client – Vague 2014.

(2) €0.15 inc. tax per minute + any additional charge depending on the operator.

(3) La Banque Postale chez soi has been tested since 2010 and was rolled out nationally in 2012.

Markets

Retail customers

Customer relations are a major driver for the development of La Banque Postale, which makes putting the customer's interests first central to all its businesses, from product design to the advice provided to customers. In 2014, in the retail banking market, La Banque Postale continued to roll out its customer-focused initiatives, such as customer care days which feature a number of promotions highlighting: bank cards, consumer loans, property and general, contingency and health insurance, etc.

Accessibility and innovation are the two major focuses for La Banque Postale, allowing it to be a bank for everyone and to offer a range of simple products and services and to provide tailor-made solutions to customer needs. La Banque Postale offers a product range that is suitable for both young and senior customers, for high-net-worth customers and vulnerable customers, as well as families.

La Banque Postale is developing closer relations with its young customer base by offering day-to-day money management services, special accounts, recommendations for building up capital and a savings account designed for young people (Swing). La Banque Postale also provides higher-education financing solutions with personal student loans and personal apprenticeship loans that can be used to finance all or part of vocational training. Since 2013, La Banque Postale has also offered a health insurance product designed for young people abroad. In 2014, 1.2 million young people had their main bank account at La Banque Postale.

La Banque Postale offers individual customers a comprehensive range of retail banking products and services:

Demand accounts

La Banque Postale offers *Formule de Compte*, an account formula with products and services which can be tailored to each individual's needs and financial situation. With nearly 880,000 accounts opened in 2014, the total number of such accounts reached 6.4 million.

In an uncertain economic environment, where returns on savings products are low, deposit balances reached €50.4 billion for a household deposit account market share of approximately 15% (source: Banque de France).

Cards and cheques

Total bank cards reached 7.86 million by the end of 2014. The stock grew by 3.3% compared with +43% the previous year. For high-added-value bank cards (Visa Premier), cash flow per card at shops and businesses is up, with an increase of over 9% in 2014. The market share of La Banque Postale bank cards out of all French bank cards grew to 12.79%⁽¹⁾ (versus 12.43% at the end of September 2013). Lastly, in order to improve service quality and to reduce clearance times for customer cheque deposits, La Banque Postale introduced a programme to equip Post Offices with automatic cheque deposit machines or cheque scanners in 2011, in order to provide quicker recording. The roll-out of these machines began in February 2011. By the end of 2014, the roll-out plan was complete with 676 automatic cheque deposit machines and more than 3,844 scanners installed at Post Offices.

Furthermore, La Banque Postale is authorised to issue Universal Personal Service Cheques (CESU), which are a system that makes it easier for private individuals to pay their home help's salaries and social security contributions. It also owns 16.66% of the GIE CESU economic interest group, a CESU processing and repayment body founded with five other partners.

Gift Vouchers

In the gift voucher market, La Banque Postale owns 50% of Titres Cadeaux, a non-consolidated joint venture in which the Bank and Natixis own equal shares. The aim of this subsidiary is to create, promote, issue, distribute, process, and reimburse all gift vouchers and other special payment vouchers that are not subject to the banking monopoly and that enable their holders to buy specific items or services from a list of retailers or other companies. In June 2011, the Company began marketing its multi-brand CA DO CARTE gift card, with a distribution network that was expanded in 2012. In 2014, Titres Cadeaux won the prize for "BEST COMPANY GIFT CARD PROGRAMME".

Savings products

Balance-sheet savings products

In 2014, balance-sheet savings products suffered from unappealing interest rates (Livret A accounts at 1%). Livret A accounts and Livret développement durable (LDD) outstandings were slightly down after two years of strong growth following raising of the maximum limit for these products. According to the most recent study by the OPERBAC (*L'Observatoire Permanent de la Banque, de l'Assurance et du Crédit*), Permanent observatory on banking, insurance and credit markets), 26.7% of all Livret A accounts are held with La Banque Postale.

With €78 billion total funds in Livret A, LDD and LEP accounts, La Banque Postale represents nearly 19.2% of the market share for these three products. (Source: Banque de France). The range of home savings products includes the Plan épargne logement or PEL (home savings plan) and the Compte épargne logement or CEL (home savings account). Balances for these two products were slightly up in 2014 at €28.2 billion due to the substantial appeal of the PEL interest rate.

In 2014, La Banque Postale developed a new solidarity product with the launch of the "solidarity interest service", where the saver can transfer all or part of the interest earned on a tax-exempt savings account (Livret A accounts, LDD, Livret d'Épargne Populaire) to a non-profit association that is a partner member of the initiative⁽²⁾.

Financial savings products

As regards financial savings, UCITS funds, penalised by the level of short-term interest rates and the mixed performances of the markets, totalled €12.9 billion, down by €1.8 billion. In 2014, La Banque Postale regularly offered equity, bond and money market funds along with guaranteed and protected products (in life insurance and PEA equity savings plans) allowing customers to take advantage of upside market potential with measured risk-taking. Its discretionary asset management business continued to grow strongly.

La Banque Postale life insurance funds benefited from the positive dynamic in the markets and the good performance of management mandates, with the launch of new products. The market share in outstanding loans is 8.2% for total outstanding loans of €123 billion at the end of 2014.

In May 2014, La Banque Postale marketed its PEA-PME (equity savings plan – small and medium businesses) via its subsidiary Tocqueville Finance. The aim of the plan is to facilitate the financing of small and medium businesses and intermediate-size businesses.

(1) Data at the end of September 2014.

(2) This think tank currently includes Adie, the Salvation Army, ATD Quart Monde, Crésus, the French Red Cross, La Banque Postale, Emmaüs France, Habitat et Humanisme, les Restos du cœur, Secours catholique, Secours populaire and UNCCAS.

Home loans

2014 was marked by the increase in total home loan outstandings (+7.2% at €53.4 billion⁽¹⁾) in spite of the sluggish economic climate (decline in transactions, decrease in the number of home loans granted). La Banque Postale's market share in home loans rose by 0.6 points compared with 2013 to 5.8%⁽²⁾. The expertise and professionalism of the specialist property Advisors resulted in more than 60,000 home loan projects being supported, including nearly 46,000 acquisitions of old and new properties.

La Banque Postale's national centre for home loan referrals (*Centre national de mise en relation du crédit immobilier*) includes approximately 40 customer representatives to answer information requests from current and prospective customers. The centre offers, via specialist property Advisors, totally electronic financing applications for current and prospective customers who so desire.

La Banque Postale also guides its customers in their first purchase of a primary residence with suitable financing eligible for assisted loans (Home Savings, Zero Interest loans, etc.).

For its young customer base, which La Banque Postale has prioritised for commercial development, the Pactys Avenir range provides a home loan at a preferential rate to young people under 36, for the purchase of a main home, without initial contribution.

Consumer credit business (La Banque Postale Financement)

La Banque Postale Financement (LBPF), a subsidiary in which La Banque Postale holds a 65% share, in partnership with Société Générale, specialises in consumer credit. It was licensed by the CECEI in April 2009. By setting up this subsidiary, La Banque Postale Group rounded out its product range, and offered its first instalment consumer loans to the public starting in April 2010. For a year, La Banque Postale provided a national test for revolving credit, which was set up permanently after the Hamon law was voted in March 2014.

This consumer credit product was created in the spirit of the new law No. 2010-737 of 1 July 2010 on the reform of consumer credit, known as the Lagarde law, and is based on the bank's values, especially transparency for customers and focusing on over-indebtedness.

It offers, in particular:

- ▶ responsible practices, to offer customers loans suited to their needs;
- ▶ educational practices, accompanied by clear and transparent documentation;
- ▶ opportunities for guidance (budgeting assistance) throughout the term of the loan;
- ▶ solidarity, thanks to monitoring by a Guidance hub within the Customer Relations Centre and partnerships with the non-profit association CRESUS for customers in vulnerable situations.

At the end of 2014, La Banque Postale Financement had over 488 employees located at two sites in the Paris region.

Total consumer credit outstandings reached €4 billion at the end of 2014.

Online broking

La Banque Postale offers online broking services for customers who want to independently manage their investments on the financial markets through its wholly-owned subsidiary Easybourse. This company provides easy access to foreign stock markets, to a wide range of financial products and instruments, and to deferred settlement services, as well as to information, through articles, topical

files and interviews with market experts. Using a mobile or tablet, the customer can follow the stock market, manage his or her accounts (positions, unrealised gains and losses, committed and available, and order book) and put through orders.

Micro-credit loans

La Banque Postale is one of the benchmark players in the social micro-credit business in France. In May 2007, it was approved by the *Fonds de cohésion sociale* to receive the fund's guarantee. In this context, La Banque Postale has concluded over 95 agreements on micro-credit with regional non-profit associations. The bank also participates in *Espoir Banlieues* [Suburbs Hope], a specialist support plan for young unemployed people in challenging areas, and is a partner of the *Union nationale des centres communaux d'action sociale*. In 2012, La Banque Postale launched business micro-credit with Adie, a recognised public-interest association and key player in micro-credit in France.

Other businesses

The funds-transfer business is also a buoyant area, based on two businesses: first, the money order business, inherited from La Poste and enabling international money transfers through the Universal Postal Union, and second, Western Union transfers, also available from Post Offices. In October 2013, Western Union and La Banque Postale announced the renewal of their long-standing partnership, providing customers with Western Union money-transfer services in France.

La Banque Postale has also developed innovative partnerships to enhance its offer of products and services designed for young people (age 18-29, 1.2 million customers) by working with the project crowd-funding platform KissKissBankBank. In 2014, La Banque Postale also became a partner of *Hellomerci*, a crowd-funding platform supporting French people in entrepreneurial projects.

Lastly, on the international front, La Banque Postale Consultants, a wholly-owned subsidiary, provides advisory services on how to set up a post-office banking service.

Financially vulnerable customers

In addition to its banking accessibility function and its reasonable pricing policy, La Banque Postale plays an essential role in combating banking exclusion through its daily actions to enable access to quality banking services to the greatest number of people and by providing guidance to financially vulnerable customers, notably to prevent over-indebtedness and develop an original comprehensive approach to banking inclusion.

Since 2007, personal micro-credit loans have been offered in partnership with local non-profit associations, responsible for identifying and supporting projects of persons likely to suffer banking exclusion due to low solvency (e.g. partner non-profit associations: Secours Catholique, UDAF, French Red Cross, Les Restos du cœur, etc.). In 2014, the number of micro-credit loans granted increased 40% in comparison with 2013.

Since February 2014, Bank customers who are refused a consumer loan due to low solvency, via the telephone banking platform of its specialised subsidiary La Banque Postale Financement, are presented with the personal micro-credit option, and are directed either to the platform of Crédit Municipal de Paris, a partner of La Banque Postale (for Île-de-France customers), or to the www.france-microcredit.org website for all other customers, in order to identify the partner nearest their place of residence for a micro-credit loan.

(1) i.e. +4.2% excluding SOFIAP scope effect.

(2) Market share including outstanding SOFIAP home loans of €1.5 billion at the end of 2014.

Since June 2012, La Banque Postale has also offered professional micro-loans in partnership with the Association for the Right to Economic Initiative (ADIE). The goal is to help unemployed people who have no access to bank loans to start up a business. Since setting up this partnership, over 600 micro-entrepreneurs have been assisted and over 100 have been able to complete their projects using Adie financing.

Latest major innovation in supporting customers in financially vulnerable situations: in November 2013, La Banque Postale established *L'Appui*, a banking and budget advice and guidance platform which the customer can access using a single toll-free number. The mission of this new service, made up of about 30 employees, is twofold: on the one hand, to support La Banque Postale customers in one-off or recurrent financial difficulty, and, on the other hand, to improve prevention of situations of financial vulnerability. By the end of 2014, nearly 4,000 customers had received this support.

On 25 June 2014, *L'Appui de La Banque Postale* was selected among "15 solidarity involvement initiatives which are changing France". These initiatives are supported by the President of the Republic as part of the programme called *La France s'engage*. In November 2014, La Banque Postale was honoured by the *choisir-ma-banque.com* website, winning its 2015 special prize for *La Banque de tous*, in particular thanks to *L'Appui*.

La Banque Postale, a CRESUS partner since 2010 as part of the business of its subsidiary specialising in consumer credit, has strengthened its ties with this recognised public-interest organisation which specialises in supporting customers in debt. From now on, active customers of La Banque Postale in financial difficulties associated with excess debt, and who cannot be effectively assisted by the *L'Appui* platform, are directed to the non-profit association CRESUS. This association provides them with intermediation support with various creditors in order to obtain sustainable and coordinated arrangements and appropriate support enabling their financial recovery.

The Bank's commitment also involves assistance on several training projects focused on the use of banking services. This assistance is provided in particular by La Banque Postale or La Poste Group employees as part of a skills volunteer programme promoting banking inclusiveness. In addition, La Banque Postale supports the Institut pour l'éducation financière du public (IEFP), a non-profit association accredited by the Ministry of National Education, the purpose of which is to help citizens acquire basic financial knowledge. The Bank is continuing its work in the think tank *L'Initiative contre l'exclusion bancaire*, set up to bring together committed stakeholders from the social welfare and non-profit association field who want to develop new initiatives against banking and financial exclusion. Open, this think tank currently includes Adie, the Salvation Army, ATD Quart Monde, Crésus, the French Red Cross, La Banque Postale, Emmaüs France, Habitat et Humanisme, les Restos du cœur, Secours catholique, le Secours populaire and UNCCAS.

Lastly, La Banque Postale sits, alongside representatives of the government, consumer and family associations, associations combating exclusion, and other lending institution representatives, on the Observatoire de l'Inclusion Bancaire (OIB), chaired by Christian NOYER⁽¹⁾. The creation of this observatory, provided for in the Banking Act of 26 July 2013, is one of the key measures of the multi-year plan adopted in January 2013 to combat poverty and promote social inclusion. Its purpose is to monitor lending institutions' practices with regard to banking inclusion, especially towards populations in financial difficulties.

High-net-worth customers

La Banque Postale currently has more than 600,000 high-net-worth customers to whom it offers a range of products and services, which include the following:

- ▶ investment solutions, in particular the offering for discretionary management offered by La Banque Postale Gestion Privée and estate funds offered by La Banque Postale Asset Management, Tocqueville Finance and La Banque Postale Structured Asset Management;
- ▶ top-of-the-range life insurance (Cachemire, a multi-asset and multi-manager policy, Excelis, a policy with a fund-switching facility, and Toscane Vie);
- ▶ top-of-the-range means of payment (Visa Platinum and Visa Infinite cards);
- ▶ tax optimisation solutions (Sofica, investment capital managed by XAnge Private Equity, property investments with La Banque Postale Immobilier Conseil and Ciloger);
- ▶ individual contingency insurance products: death with Sérénia; disability – in particular following an accident that is not work-related – with Prévialys Accidents de la Vie; dependency with Protectys Autonomie.

To support these customers, La Banque Postale has a team of dedicated specialist wealth Advisors (824 Advisors throughout France) as well as a team of 84 wealth management Advisors for the wealthiest customers.

The specialist wealth Advisors and the wealth management Advisors are able to offer the entire range of La Banque Postale products.

These Advisors collaborate with the Group's specialist property Advisors for property projects.

Since 2 April 2013, property Advisors have been able to rely on BPE, La Banque Postale's subsidiary acquired from Crédit Mutuel Arkéa in 2013. BPE boasts a robust wealth-management platform and a range of financial products and services that combine loans and savings management. With this acquisition, La Banque Postale has enhanced the service offered to its high-net-worth customers with a full range of products and services adapted to their needs, from the simplest to the most complex. Furthermore, BPE has over 60,000 high-net-worth customers.

BPE has a nationwide network of 33 branches operating in major French cities, including 11 in the Paris region, along with a unit and three wealth management offices in Paris, Aix-en-Provence and Lyon. Covering all of France, these agencies and offices are centres of expertise or local platforms serving the La Banque Postale network and its customers.

Lastly, the wholly-owned La Banque Postale Immobilier Conseil subsidiary provides a range of property investment services to expand the range of products and services offered to La Banque Postale's high-net-worth customers.

Corporate customers

Corporates, non-profit associations, mutual insurance companies, hospitals, social housing agencies and local authorities are all customers of La Banque Postale.

At the end of 2014, La Banque Postale had over 423,000 corporate customers, from large companies to very small businesses and sole traders, from small non-government associations to large social housing landlords, who now receive an expanded range of services: accounts, payment systems, investments, advice, financing and insurance.

(1) The composition of the Observatoire was published by order of the Minister of Finances and Public Accounts dated 1 August 2014, in the Journal Officiel (French Government Gazette).

Rolled out in metropolitan France, La Banque Postale's Business Centres are designed to support customers by providing professional advisory services. In addition to these business centres, these corporate and institutional financing offerings can be distributed via a Multi-channel Agency in charge of advising professionals and very small enterprises (VSE) and examining loan applications. Business customers can also consult Advisors in Post Offices to set up contact with the Multi-channel Agency.

The marketing of the first corporate and institutional financing offerings (equipment leasing) was initiated at the end of 2011 and, for social economy customers (subsidy advances, overdraft facilities), in the beginning of 2012.

Since 2012, La Banque Postale has offered financial leases and leases with option to purchase that are available to all corporate customers. Property leasing has been available since July 2012 and factoring since 2013.

La Banque Postale is also able to support its customers in four areas:

- ▶ cash flow management: La Banque Postale is one of the specialists in processing cash flows on a large scale, both fund deposits (bank transfers, direct debits or international money orders), and cash payments (bank transfers and letters of payment by cheque);
- ▶ cash management: the range of collective investment funds (UCITS) offered by La Banque Postale is widening, and covers short-term investment needs. The range meets customer requirements, and enables the handling of the specific needs of some customers, particularly social-housing landlords. Lastly, La Banque Postale also offers its large corporate customers customised product ranges, primarily based on deposit in term accounts, or on the issue of negotiable certificates of deposit;
- ▶ payment systems: Visa business cards reserved for professionals, non-profit associations and businesses allow easier expense management and better separation of personal and work-related expenses. On the investment side, La Banque Postale has also made it possible for its customers to use an additional cash management tool;
- ▶ employee-related financial engineering: this business activity contributes to developing employee savings plans, with specific products for each customer segment. La Banque Postale now covers a comprehensive range of employee-related financial engineering products (luncheon vouchers, personal service vouchers, etc.).

Outstanding loans to non-profit associations and corporate customers (€2.9 billion) were up 64% on 2013.

Using its nationwide network, La Banque Postale is increasing its expertise, at the service of stakeholders in the real and solidarity economy, in order to support their projects and guide them in managing banking for their business. In order to do this, the Department of Businesses and Land Development is working to implement concrete actions for regional development with a sales structure that allows it to work as closely as possible with its customers.

On 14 October 2014, La Poste Group and stakeholders from the Social and Solidarity Economy met at the launch of the *Alliance Dynamique*. Bringing together over 30 partners, this alliance grew from the desire to promote regional and service development for local communities. La Banque Postale intends to play a leading role in this *Alliance Dynamique* by developing a range of services appropriate for the requirements of ESS stakeholders.

Non-profit association customers

La Banque Postale is one of the main players in the non-profit association market, serving 299,000 small organisations, including nearly 10,000 management associations, which account for one-third of the French market. La Banque Postale provides a community website for non-profit associations, www.assoandco.fr, that inventories all information necessary in the daily life of an association. The website is a place of exchange and a services platform for all users.

Since the end of 2013, La Banque Postale has offered property loans to its management association customers. This type of financing allows management associations to acquire new premises, renovate old premises and carry out their building projects.

La Banque Postale rounded out its range of services for non-profit associations and professionals by also launching dedicated insurance products:

- ▶ online comprehensive insurance for non-profit associations, offering a broad range of basic cover and optional cover appropriate for the profile of the association holding the policy;
- ▶ online property and casualty insurance for office activities and local retailers.

In 2014, La Banque Postale will continue developing in this area, particularly on the medical-social services market.

Local authority customers

Since 25 May 2012, La Banque Postale has been authorised to provide loans to the local public sector.

As a result, the Bank has introduced a new model for local financing with the creation on 27 March 2013 of La Banque Postale Collectivités Locales, which is 65% owned by La Banque Postale and 35% owned by Caisse des dépôts.

This subsidiary provides simple and understandable liquidity-backed products that are granted under a transparent pricing policy and a responsible approach to advice and risk.

To meet the short-term financing requirements of local authorities, La Banque Postale offers an overdraft facility that can be drawn on for a maximum of 364 days.

Since November 2012, La Banque Postale has also offered a programme of medium to long-term loans available at fixed or variable rates for terms of up to 15 years to allow local authorities to manage their investment projects.

La Banque Postale provides solutions for local authorities to invest their surplus cash through a comprehensive range of collective management investments including vehicles specifically adapted to the regulatory requirements of local authorities.

In November 2014, La Banque Postale and the European Investment Bank (EIB) announced that they were committing €300 million to three large-scale national programmes launched by the Government: the *Hôpital Avenir* plan, the *Très Haut Débit* programme and the *Collèges et Emplois des Jeunes* programme.

This is the first partnership between La Banque Postale and the EIB in France, enabling support for investments by local authorities and health facilities.

Total outstanding loans for local authorities reached €3.6 billion at the end of 2014.

Professional customers

Self-employed persons, shopkeepers, craft workers, professionals: over 3 million self-employed people already visit Post Offices for their mail and parcel activity. As part of the Group's strategic plan, *La Poste 2020: Conquer the future*, La Banque Postale intends to develop this customer base.

The Bank's ambition by 2020 is to set up a new dedicated banking pathway in Post Offices of 1,000 managers for self-employed customers. The first equipment leasing agreement with a self-employed customer in a Post Office was signed at the start of December 2014.

1.4.2 Insurance

The Insurance Business line groups together nearly 560 employees working to develop products and customer relations. It operates in personal insurance (life insurance/retirement, contingency and health insurance) and property and liability insurance (means of payment, home, vehicle, legal protection). It is aimed at individuals as well as professionals and non-profit associations.

Life insurance (CNP Assurances)

La Banque Postale Group holds a 20.15% share⁽¹⁾ in the CNP Assurances group and markets its life insurance and capitalisation products. In 2014, it accounted for 31.5% of the revenue of the CNP Assurances group. CNP products make up most of the life insurance products offered by La Banque Postale.

La Banque Postale offers segmented life insurance and retirement solutions in order to better meet customer requirements.

- ▶ retail customers: Vivaccio, Solésio vie and PERP Horizon, products accessible to the great majority of people through appropriate and evolving formulas;
- ▶ high-net-worth customers: Cachemire, Cachemire Patrimoine, Satinium, Toscane vie, Solésio PERP Evolution, policies that are flexible and can be customised, specifically designed for the high-net-worth market. The Cachemire and Satinium ranges, multi-asset and multi-manager, also offer discretionary management.

Contingency insurance (La Banque Postale Prévoyance)

The main business activity of La Banque Postale Prévoyance, which was founded in 1998 (under the name Assurposte) and is a subsidiary of La Banque Postale and CNP Assurances, is developing personal and collective contingency insurance products.

La Banque Postale Prévoyance has put together a full range of personal contingency insurance products covering all the protection required against the uncertain turns of life (death, dependency, funerals, personal accident cover, etc.) and offering a broad range of services beyond financial services.

The quality of the range of contingency insurance was again recognised by the profession in 2014. Indeed the entire range received an award from the *Dossiers de l'Épargne: Prévialys Accidents de la Vie* (a policy awarded this label each year since 2004) thus received an Excellence Label. The commercial success of the range was confirmed in 2014: *Avisys Protection famille* (a policy awarded the label each year since 2004), *Protectys Autonomie* (a policy awarded the label each year since 2005), *Résolys Obsèques Prestations* (a policy awarded the label each year since 2004) and *Sérénia* (a policy awarded the label again this year).

With over 360,000 new policies and 2.7 million policies in its portfolio at the end of 2014, La Banque Postale Prévoyance is positioned as the second largest actor on the French market. Its growth has also been boosted by loan insurance policies taken out during a financing operation with La Banque Postale.

La Banque Postale distributes collective loan insurance products that it has taken out to cover its range of home loans and also collective products taken out by its subsidiary, La Banque Postale Financement, with Sogecap and Sogessur to cover its consumer credit range.

La Banque Postale and La Banque Postale Financement have a full range of insurance products for their loans, covering all loan insurance requirements: death, disability, incapacity and loss of employment.

Awarded once again the excellence label of the *Dossiers de l'Épargne*, the quality of the loan insurance for home loans was again recognised by the profession in 2014.

Healthcare (La Banque Postale Assurance Santé)

In 2010, La Banque Postale founded La Banque Postale Assurance Santé, in partnership with La Mutuelle Générale, in which it owns a 65% interest, in order to expand its health insurance business and capitalise on its growth potential.

Since December 2011, La Banque Postale Assurance Santé has offered supplemental health insurance in line with the values and strategic choices of La Banque Postale. Customers can now take out a policy via all the Bank's channels, in person or remotely, including via the 420 business developers in Financial Centres, and since mid-2013 at all Post Offices as a result of a large-scale training programme for the 17,000 Advisors working at Post Offices and Financial Centres.

The rollout of health insurance products by La Banque Postale was a real success, as shown by the sale of over 60,000 policies in 2014.

The standard offering is composed of three targeted formulas, each containing four levels of coverage available to customers depending on their needs:

- ▶ "Formule Solo" health insurance for single people up to age 55;
- ▶ "Formule Familles" for couples or families with children;
- ▶ "Formule Senior" for people over 55.

Property and liability insurance

La Banque Postale offers a range of property and general insurance to individuals through its subsidiary La Banque Postale Assurances IARD (65% owned by La Banque Postale and 35% by Groupama).

The core of the range was focused on Automobile, Home multi-risk and Legal protection, then gradually extended to all distribution channels by the end of 2011.

(1) 18.14% via Sopassure and 2.01% call option.

A multi-channel system (telephone, internet and Post Offices) allows customers to choose how they will interact and to anticipate changing practices.

In order to meet the widely varying expectations of its customers, in particular young people and families, La Banque Postale Assurances IARD has extended its range by launching pocket products. The extension of cover, which covers the main household electrical, audiovisual and information technology appliances in the event of breakdown, is also offered as a building and contents option. Insurance for portable devices (mobile phones, tablets, etc.) protects most portable devices of household members, in the event of theft or accidental damage outside the home. These two policies cover all members of the household.

In a very competitive, low-growth market, La Banque Postale Assurances IARD crossed the million-policy threshold in the middle of 2014 and at end-December 2014 now has a portfolio of over 1,100,000 policies less than four years after its launch.

Illustrating its strong growth in the market and the effectiveness of its search for services rolled out to provide ever more customer support, various awards (*Argus d'Or* 2014 and Selection Prize for Marketing Excellence 2014) continued to be allocated to La Banque Postale Assurances IARD in 2014 for its Digishoot and *Passeport Secours services*.

Furthermore, La Banque Postale Conseil en Assurances, a wholly-owned subsidiary of La Banque Postale, designs and offers turnkey insurance, assistance and service solutions for the various offices and subsidiaries of La Banque Postale and for the La Poste Group generally.

These services are closely tied with current accounts (Alliatys means of payment insurance taken out by 6.7 million customers), bank cards (7.85 million), mobile phones, savings products, and all kinds of loans for individuals, businesses, non-profit associations, companies and social housing landlords.

1.4.3 Asset management

The asset-management businesses include the Group's third-party management companies and offer the expertise that La Banque Postale needs to provide its retail and corporate customers with a full range of savings and investment products covering traditional financial markets as well as more specific asset classes. The third-party management subsidiaries include 274 employees working on product development and customer relations.

Assets under management totalled €158 billion at the end of 2014, up 6% on 2013.

Since August 2013, all asset management subsidiaries are now formally committed to comply with the PRI (principles for responsible investment), showing their intention to implement responsible management in line with the Group's values. Applied to investment management, an SRI Asset Selection Committee, representing the subsidiaries concerned, pools analyses and research for investment managers.

Full-service investments (La Banque Postale Asset Management)

La Banque Postale Asset Management (LBPAM), the fifth-largest investment management firm in France in terms of assets under management and a wholly-owned subsidiary, is the business line's specialist in benchmarked UCITS management and operates on the main markets. LBPAM has developed a comprehensive range of CIU to meet the needs of retail banking customers and a range specially designed for corporate customers (mutual insurance companies, retirement funds, insurance companies, etc.). LBPAM has thus been among the first management companies to launch an infrastructure and real estate debt fund for its institutional customers. With a strong reputation in credit and insurance investment management, LBPAM takes part in a number of institutional tenders for delegated or discretionary asset management services.

LBPAM has developed a wide range of SRI CIU for both retail and corporate customers. Standardisation continued in 2014 to integrate ESG criteria into all classes of assets under management.

La Banque Postale is also active in the employee savings segment with the offer of open-ended, dedicated employee shareholder funds (FCPE) managed by LBPAM.

LBPAM manages a range of savings products covering the main asset classes:

- ▶ euro-denominated money market CIU to manage cash and cash equivalents;
- ▶ bond CIU invested in government and corporate bond issues. Although these CIU are mainly invested in the euro zone, the range also comprises an international bond fund hedged for exchange-rate risk;
- ▶ diversified CIU to benefit from asset allocation by experts as part of benchmarked management or flexible absolute-return management strategies. The range of diversified funds includes CIU invested directly in securities, in-house CIU or multi-management thanks to external fund selection specialists;
- ▶ equity CIU focused on three areas of expertise: fundamental, insurance and quantitative;
- ▶ debt funds with infrastructure and property subfunds;
- ▶ structured CIU with a full or partial capital guarantee managed by La Banque Postale Structured Asset Management, a 99.99% owned subsidiary of LBPAM.

The Supervisory Board of La Banque Postale, meeting on 16 December 2014, and the Board of Directors of La Poste Group, meeting on 18 December 2014, authorised La Banque Postale to enter into exclusive negotiations with Aegon Asset Management to conclude an industry partnership in the field of asset management.

With this agreement, LBPAM and Aegon AM wish to implement an ambitious development project, based on a full range of products, which would include in particular expert advice in the area of international shares and multi-assets.

The agreement is expected to be finalised during the first quarter of 2015 and would include Aegon AM taking a minority stake in the equity capital of LBPAM.

Discretionary management (La Banque Postale Gestion Privée)

To better serve the Group's high-net-worth customers, La Banque Postale offers a range of discretionary management options matching various risk profiles, from the most secure to the most dynamic, and which can be subscribed through life insurance contracts, a PEA (equity savings plan) or a securities account. These management mandates, managed by La Banque Postale Gestion Privée, make it possible to benefit from the expertise of financial market professionals. The latter select investment vehicles from a wide range of financial products: direct equities or CIU managed by Group management companies or leading external management companies.

Equity management (Tocqueville Finance)

La Banque Postale offers its customers CIU from Tocqueville Finance, a 92.5% owned subsidiary. This subsidiary has a highly developed network of financial investment Advisors, independent wealth management Advisors, private banks and institutional investors. Specialised in equity management, the firm invests to foster the long-term growth of companies, by applying management strategies driven by strong convictions that are independent of indices.

Tocqueville Finance also manages wealth management mandates for a specific category of customers that do not necessarily hold a bank account with La Banque Postale.

REITs (SCPIs) and open-ended property funds (OPCI) (Ciloger)

With the range of REITs (SCPIs) and open-ended property funds (OPCI) managed by Ciloger, a subsidiary of La Banque Postale (45%),

Nexity (45%) and CNP Assurances (10%), La Banque Postale offers its customers diversification and tax optimisation solutions.

Continuing its expansion, Ciloger passed the €4 billion mark in managed property loans outstanding. Thus, La Banque Postale's network has distributed in particular the SCPI (REIT) ATOUT PIERRE DIVERSIFICATION [Diversification Bricks & Mortar Asset] – singled out by the magazine *Mieux Vivre Votre Argent*, winning its Grand Prix for diversified REIT, the SCPI [REIT] CILOGER HABITAT 4 – one of two Duflot-type REIT marketed in France – and the OPCI [open-ended property fund] IMMO DIVERSIFICATION, which was opened to subscription as part of life insurance.

Also directed at corporate customers: businesses, institutions (mutual insurance companies, retirement funds, insurance companies, etc.), La Banque Postale offers a range of professional OPCI [open-ended property funds], specially developed to meet the requirements and constraints of these customers.

Private equity (XAnge Private Equity)

La Banque Postale's mutual funds provide a way of investing in innovative, high-growth companies, particularly those specialised in information technology. These funds are managed by the subsidiary XAnge Private Equity, 90% owned by La Banque Postale. Located in France and Germany, it relies on a team of nine experienced investors, responsible for monitoring and guiding their 70 equity investments.

XAnge Private Equity continued its investment strategy in 2014, with over €40 million contributed in financing to 35 companies, divided into 14 new investments and 21 investments supporting companies that are already in the portfolio.

1.5 STRATEGY AND OUTLOOK

As part of the Group's current strategic plan, "La Poste 2020: Conquering the future", La Banque Postale has set out a development plan up to 2020, under the tag "Daring to create the bank of the future", which in particular puts the business development of all its customers at the forefront.

1.5.1 Strengthened Group presence on the retail, corporate and local authorities markets

La Banque Postale must meet the challenges of a constantly changing environment, in terms of economic and financial context, consumer behaviour, and changes in the regulatory landscape and the competitive French banking world, which has strongly refocused on retail banking.

La Banque Postale will strengthen its presence on the retail banking market by focusing on several development areas:

- ▶ by offering vulnerable customers tailored solutions and providing long-term financing for La Banque Postale's role as a public interest organisation;
- ▶ by expanding the range of products and services for high-potential customers (banking and insurance, high net worth);
- ▶ by continuing to improve the performance of the Bank network and of Financial Centres.

Young customers will also be a major development focus which is key for La Banque Postale for the years to come. This segment is a

high-potential market promising a number of growth opportunities. La Banque Postale will focus on offering this demanding customer Group attractive terms on specialised products and services and strong customer relations in order to foster their loyalty.

The corporate customer market is another priority for the years to come. Structural projects will be put in place with targeted and steady development for companies and non-profit associations.

La Banque Postale offers a new model of local financing, founded on simple and understandable liquidity-backed products that are granted under a transparent pricing policy and a responsible approach to advice and risk.

Lastly, launched in 2014, the business with self-employed professionals will continue to be rolled out, by building up a specialised sales force in Post Offices throughout France.

The professionals market is currently dominated by leading banking groups. La Banque Postale will position itself as a challenger. This

market is based on close relations with customers who use Post Office services and who are well represented in the Group's business.

In this context, in 2014 dedicated sales representatives will be deployed in the largest Post Offices. The roll-out of this model will help

improve the commercial coverage of customer contact, bring Advisors closer to their customers and capitalise on the local positioning of Post Offices.

1.5.2 Developing the digital banking

Users of La Banque Postale's online banking services represent a strategic customer segment. Today, 41% of active customers⁽¹⁾ use online services and more than 80% of online banking users have their main bank account at La Banque Postale.

The development focuses of this digital strategy are:

- ▶ promote digital services in the Group's business development;
- ▶ facilitate interoperability between channels;

- ▶ enhance online services with the expertise of La Poste Group;
- ▶ boost the appeal, visibility and preference for the La Banque Postale brand;
- ▶ develop new banking methods by using digital ecosystems.

Developing digital banking over the next few years therefore presents both essential and strategic advantages. La Banque Postale must remain on the cutting edge of this rapidly changing market.

1.5.3 Maintaining a strong relationship between La Banque Postale and La Poste Group

La Poste Group and La Banque Postale maintain close-knit relations. After increasing La Banque Postale's prudential equity capital by over €1 billion in 2013, at the end of October 2014 La Poste's Board of Directors and La Banque Postale's Supervisory Board approved a new capital increase in the form of a contribution in kind of nearly €633 million. This new stage in equity consolidation and solvency strengthens implementation of the Bank's development strategy.

This move will bolster La Poste Group's commercial development of its bank and multi-business-line model. It will contribute significantly to consolidating the Bank's financial structure and solvency, in line with the development strategy of its lending businesses.

The Bank and La Poste will continue to maintain close, strong relations in coming years to create optimal synergies and sustain the Group's growth.

1.5.4 Increasing employee professionalism

The Bank and network training centre, founded in 2014, is responsible for improving the skills of the 70,000 employees of La Banque Postale, the Financial Services and the network. The training centre is at the heart of La Banque Postale priorities, with the development of skills in all markets, in particular the high-net-worth field and around the self-employed professionals' market.

On 6 October 2014, La Banque Postale hosted the first graduation of Professional customer managers. There will be a succession of such graduations in order to reach the Group's objective: 1,000 Professional customer managers by 2020.

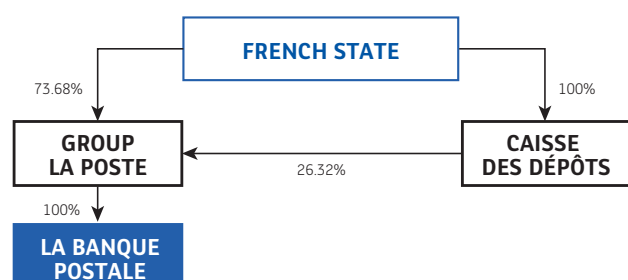
1.6 THE GROUP SHAREHOLDING STRUCTURE

1.6.1 Shareholding

La Poste owns all of La Banque Postale's equity capital and voting rights. There are no employee shareholders.

Article 1 of law No. 2010-123 of 9 February 2010 provides that La Poste's share capital shall be held by the French State and by other Government bodies, except for any shares that may be held under employee ownership schemes.

After several capital increases, La Poste is still controlled by the French State, which directly holds a 73.68% share, and a 26.32% share through La Caisse des dépôts.



(1) 2013 data.

1.6.2 Changes in the share capital

The Extraordinary General Meeting of Shareholders of La Banque Postale, held on 24 October 2014, authorised the Executive Board to raise the Company's share capital by carrying out a cash capital increase reserved for La Poste in a maximum amount of €670 million, and to this effect, authorised the Executive Board to undertake the necessary action for the material realisation of the capital increase,

collect subscriptions and payments, record payments in full and take all measures to ensure the achievement of this capital increase.

At its meeting on 12 November 2014, the Executive Board used this authorisation and decided to increase the share capital by an amount of €632,672,845 to raise the share capital from €3,413,734,750 to €4,046,407,595 through the issue of 5,501,503 new shares with a nominal value of €115 each.

	2010	2011	2012	2013	2014
Number of shares	20,369,166	27,702,042	27,702,042	29,684,650	35,186,153
Share capital (€)	2,342,454,090	3,185,734,830	3,185,734,830	3,413,734,750	4,046,407,595
La Poste holding	100%	100%	100%	100%	100% ⁽¹⁾

(1) Members of the Supervisory Board (except for employee representative members) each own one share, i.e. eight La Banque Postale shares in total, amounting to less than 0.01%.

The shares that make up the equity capital have not been pledged.

1.6.3 Dividend policy

The dividend distribution policy is set by agreement with the shareholder, and is decided by the General Meeting, on the Executive Board's recommendation.

The dividends distributed are as follows:

	2009	2010	2011	2012	2013	2014
Dividend per share	12.98	14.38	6.7	9.32	8.78	8.66
Distribution (€ million)	264	293	186	258	261	305

1.6.4 Shareholder relations

Pursuant to Article 16 of law No. 2005-516 of 20 May 2005, and to its enactment decree of 30 August 2005, La Poste, a Public and Commercial Company transferred all the assets, rights and obligations relating to its Financial Services to La Banque Postale, with effect from 31 December 2005. Equity interests were included in the transfer, with the exception, where appropriate, of those required by La Poste for its directly managed businesses. As a result of these transactions, La Poste holds all the capital of La Banque Postale (except for the shares held by the members of the Supervisory Board, which amount to less than 0.01% of the capital).

The aforementioned Article 16 expressly provides that La Poste must own a majority interest in the Bank's share capital.

The relationship between La Poste and La Banque Postale is very close. It operates both at governance and management body level, and in the companies' industrial and commercial dealings. The Executive Chairman of La Banque Postale is also Deputy Chief Executive Officer of La Poste and a member of the Executive Committee. Seven members of La Banque Postale's Supervisory Board come from Le Groupe La Poste, and the Chairman of La Poste chairs the Bank's Supervisory Board. La Poste is also represented on the Supervisory Board's Committees.

La Poste is La Banque Postale's main service provider, and La Banque Postale uses La Poste's resources to conduct its business. Various agreements have been reached between La Poste and

La Banque Postale in this respect, and pursuant to Article 16 of law No. 2005-516 of 20 May 2005. The main agreements have been authorised by the Supervisory Board of La Banque Postale, in accordance with the provisions of Article L. 225-86 of the French Commercial Code, the members of the La Poste Executive Committee not participating in the vote. These agreements are updated regularly, depending on the trends observed and presented to the Supervisory Board for its approval.

As a subsidiary of La Poste Group, La Banque Postale must obtain prior authorisation from the Board of Directors of La Poste to carry out certain transactions such as acquisitions, investments, disposals of assets, strategic partnership transactions, and other significant investments and divestments. In particular it must request prior authorisation for any borrowing carried out by the Bank that has a significant impact on the consolidated statement of financial position of the La Poste Group (and notably if it involves an amount of more than €1 billion), or any issue of debt securities or hybrid capital by La Banque Postale, for an amount of more than €500 million, and eligible in Tier 1 or Tier 2 (additional equity).

Lastly, La Banque Postale is La Poste's main banker.

Aside from its close relationship with its parent company, La Banque Postale is in frequent contact with the French Government Holdings Agency, which is primarily kept informed of the Bank's strategic direction.

CORPORATE GOVERNANCE AND INTERNAL CONTROL PROCEDURES

2

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2.1 REPORT OF THE CHAIRMAN OF THE SUPERVISORY BOARD ON THE CONDITIONS UNDER WHICH THE WORK OF THE BOARD WAS PREPARED AND ORGANISED AND ON THE INTERNAL CONTROL PROCEDURES

This report has been prepared on the basis of the work performed by the Heads of risk and compliance, the Internal Auditor and the Company Secretary. Regular discussions on the Company's risk and internal control have taken place between the Executive Board, the Chairmen of the Committees concerned (Audit, Financial Statements, Risks) and the Heads of the control functions, primarily within the

Supervisory Board and its committees. This report was sent to the Financial Statements Committee and to the Risks Committee, which have communicated their observations to the Supervisory Board. This report was approved at the Supervisory Board meeting of 20 February 2015.

2.1.1 Corporate governance

La Banque Postale is a Limited Company with Executive and Supervisory Boards wholly-owned by La Poste. The Company began trading on 1 January 2006, after having received authorisation from the *Autorité de contrôle prudentiel et de résolution* (ACPR – French Prudential Control and Resolution Authority) on 2 December 2005.

The choice of a dual corporate governance structure allows a clear division between management and control powers, and guarantees the separation of these powers and the balance between them. Thus, there is a tangible separation between the supervision and management powers owned by the Executive Board and the control and decision-making powers exercised by the Supervisory Board.

La Banque Postale is bound by the French Commercial Code, the French Monetary and Financial Code, the decree of 3 November 2014 on the internal control of companies in the banking, payment services and investment services sectors supervised by the French Prudential Control and Resolution Authority. As a credit institution, it is also bound by the regulations of the French Advisory Committee on Financial Legislation and Regulation (CCLRF). Lastly, as a public sector company, the Bank is bound by the July 1983 law for the democratisation of the public sector.

Corporate Governance Code applied

La Banque Postale has structured its corporate governance rules around the corporate governance principles of listed companies in line with the Code published by the Afep/Medef (*Association française des entreprises privées/Mouvement des entreprises de France*; www.medef.fr) and the working group's report of the Audit Committee of the Financial Markets Authority (AMF).

La Banque Postale complies with most of the recommendations made by these bodies, subject to the distinctive nature of its shareholder base and to the provisions of the law on the democratisation of the public sector and the decree of 15 October 2012, which specifically stipulate:

- ▶ the length of Supervisory Board members' terms of office and the procedures for renewing their terms of office;
- ▶ a large number of employees representatives on the Supervisory Board, e.i. one third of the Board members;
- ▶ a cap on the remuneration of executive directors and the approval by the Minister of the economy of the amount of attendance fees, remuneration for various activities and benefits in kind for corporate officers, as well as remuneration elements, indemnities or benefits due or likely to be due as a result of their cessation of activity, changing activity, or subsequent thereto.

Application of the Afep/Medef Code

The recommendations of the Code are applied, except for the following:

- ▶ 30% of the Board members are independent. However, the threshold recommended by the Afep/Medef Code for controlled companies is 33%. This difference is explained by the Company's specific situation, being held by a single shareholder. The threshold of 33% of independent members is reached if no account is taken of the Government representative, appointed by decree;
- ▶ the term of appointment of members of the Supervisory Board is five years, pursuant to law 83-675 of 26 July 1983 on the democratisation of the public sector.

The Board considers that its current operating conditions enable it and its Committees to fulfil their duties with the effectiveness, objectivity and independence required, particularly concerning the prevention of potential conflicts of interest.

Declarations of convictions, bankruptcy, sanctions, family connections and benefits as a result of service agreements concerning members of the Board and Executive Boards

There are no family ties between the members of the Supervisory Board and the Executive Board. Likewise, over the last five years, no member of either Board has been convicted of fraud or associated, as members of executive or supervisory bodies, with a bankruptcy, receivership or liquidation.

In the last five years, the members of the Supervisory Board and Executive Board have not been subject to any incrimination or official public sanctions, nor have they been prohibited from being Board members.

Members of the Supervisory Board and Executive Board do not enjoy any benefits in respect of service agreements with the Company or one of its subsidiaries.

Conflicts of interest

As far as the Company is aware, there are no conflicts of interest between the duties of the members of the Supervisory and Executive Boards towards the Bank, and their private interests.

Supervisory Board members' Charter of La Banque Postale specifies that "every member of the Board shall inform the Supervisory Board and its Chairman as soon as he/she becomes aware of any situation concerning him/her that is likely to give rise to a conflict of interests,

even potential or temporary, with la Banque Postal's interest or of any of its subsidiaries". The Charter also states that "every Board member shall avoid any conflict that might exist between their material and non-material interests and those of La Banque Postale or of any of its subsidiaries".

In 2014, a strategic case was examined that seemed likely to be the source of conflicts of interest within the Supervisory Board due to the positions held by two independent members in companies outside the Group. As a result, Mr Sylvain de Forges resigned from his duties as a member of the Supervisory Board of the Company and Mr Didier Ribadeau Dumas resigned from his two appointments as an external director, which were the source of a potential conflict of interest.

Regardless of the related party agreements and commitments, there is no arrangement or agreement entered into with customers, suppliers and any other third parties, whereby a member of the Supervisory Board has been appointed.

2.1.1.1 Conditions governing the preparation and structure of the work performed by the Board

Structure and operation of the Board

Composition of the Board

The Board is composed of fifteen members. It is chaired by the Chairman and Chief Executive Officer of La Poste, Mr Philippe Wahl.

In accordance with the provisions of the law on the democratisation of the public sector, Supervisory Board members are appointed for a five-years period. Nine members are appointed by the General Meeting, one member representative of the Government has been appointed by decree and five are appointed through elections by employees.

Among the nine members of the Supervisory Board appointed by General Meeting, six members carry out management functions within the La Poste Group and three are independent.

Board members appointed upon proposal of by La Poste are appointed due to the positions they hold within the Group.

Changes in the composition of the Supervisory Board in 2014 are as follows:

	2014	Comments
Departure	Nathalie Andrieux	Resignation due to a new appointment within the Group
Departure	Didier Brune	Resignation due to a change of post that led him to join La Banque Postale
Departure	Sylvain de Forges	Resignation due to a conflict of interest
Departure	Xavier Girre	Resignation due to a change of post within the Group
Departure	Bernard Haurie	Resignation due to a change of post within the Group
Appointment	Nathalie Dieryckxvisschers	Appointed as Government representative by decree dated 2 October 2014
Appointment	Jean-Paul Forceville	
Co-option	Marie-Pierre de Baillencourt	Independent member
Co-option	Yves Brassart	
Co-option	Catherine Le Floch	

On the date of report was filed, the Supervisory Board consisted of eight men and seven women. The percentage of women, not including the five employee representatives in compliance with recommendations of the Afep/Medef Code, was 40%.

All members of the Board are of French nationality.

The Board tries to have a balanced composition both in the representation of women and men and in the diversity of the expertise of its members. As there is no international business activity, nationality is not a determining factor in their appointment.

The members of the Supervisory Board, the Executive Board, as well as the government commissioner appointed by the French government due to its public interest remit, the secretary of the Works Council and the Finance Director also attend the Supervisory Board meetings.

Vice-Chairman of the Supervisory Board

The Vice-Chairman of the Supervisory Board is responsible, when the Chairman is absent, for convening the Board, directing discussions, making sure laws and regulations as well as the Board's internal regulations are followed and, when necessary, for asking the Executive Board for any information from the members of the Board or the Committees.

Information on the new Supervisory Board members

When a new member of the Supervisory Board assumes duties, they are given a file containing the Bank's Articles of Association, the minutes of recent Supervisory Board meetings, the internal regulations that apply to the Board and its Committees, the Supervisory Board members' Charter and the most recent Registration Document.

Training and experience of the members of the Supervisory Board

The average age of the members of the Board is 55 years old.

Chairman of the Supervisory Board**Philippe Wahl (age 58)**

Chairman of the Supervisory Board since 15 October 2013

Graduate of the IEP, Paris, Research Master's Degree in Monetary and Financial Economics, and former student of the ENA

- ▶ Auditor, then Master of Requests at the French Council of State, between 1984 and 1988.
- ▶ From 1986 to 1988, Project leader for the Chairman of the French Stock Exchange Commission's Office.
- ▶ From 1988 to 1991, Technical Advisor responsible for Monetary, Financial and Tax Affairs at the Prime Minister's Office.
- ▶ Appointed Advisor to the Chairman of Compagnie Bancaire in 1991, then as a member of the Management Committee in 1992 and Deputy Chief Executive Officer in 1994.
- ▶ Appointed Head of Paribas' Specialist Financial Services Division and as a member of the Executive Committee in 1997.
- ▶ Appointed Chief Executive of the Caisse Nationale des Caisses d'Épargne in 1999.
- ▶ Appointed Chief Executive of the Havas group in 2005, and Vice-Chairman of the Bolloré group in 2006.
- ▶ Appointed Chief Executive of RBS' French subsidiary in 2007, as Advisor to the RBS Global Banking and Markets Board in London in 2008, and Chief Executive of RBS' French, Belgian and Luxembourg subsidiaries in 2009.
- ▶ Deputy Chief Executive Officer and member of the Executive Committee of the La Poste Group, and Chairman of the Executive Board of la Banque Postale between January 2011 and October 2013.
- ▶ Vice-Chairman of the French Banking Association between June 2012 and December 2013 and member of the French Banking Federation's Executive Board between July 2012 and December 2013.
- ▶ Director since 1 August 2013 and Chairman and Chief Executive Officer of La Poste since 26 September 2013.

Professional address:

La Poste
44, boulevard Vaugirard
75757 Paris cedex 15

Vice-Chairman of the Supervisory Board**Marc-André Feffer (age 65)**

Vice-Chairman of the Supervisory Board since 12 December 2005

Graduate of the IEP Paris, holder of a Master's Degree in law, and former student of the ENA

- ▶ Public service career: member of the French Council of State, Advisor to the President of the European Commission and Head of the French Prime Minister's Office until 1988.
- ▶ Vice-Chairman and Director General of Canal + until 2003.
- ▶ Chief Operating Officer of La Poste Group since 2004, member of the Executive Committee.
- ▶ Deputy Chief Executive Officer of La Poste since March 2010, responsible for development strategy, international and legal affairs, and regulatory matters, member of the Executive Committee and Chairman of the Board of Directors of Poste Immo.

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75757 Paris cedex 15

Other members of the Supervisory Board occupying management positions at La Poste Group**Nathalie Andrieux (age 49)**

Member of the Supervisory Board from 15 February 2013, to 30 September 2014

Graduate of the École supérieure d'informatique (SUPINFO)

- ▶ Within the Banques Populaires Group, management of information systems development projects.
- ▶ In 1997, Head of La Poste Group's Information Systems Management Department.
- ▶ End 2001, Head of Strategic Marketing within La Poste Group's Strategy Department.
- ▶ In 2003, La Poste Group's Head of Innovation and e-services.
- ▶ In 2004, Chief Executive of Médiapost and Chairwoman in 2009.
- ▶ Since May 2012, member of the Supervisory Board and of the Audit Committee of the Lagardère Group.
- ▶ Since September 2012, Deputy Chief Executive Officer, Director of Digital Technology of the La Poste Group and Chairwoman of Médiapost Communication.
- ▶ Since 17 January 2013, Member of the French Digital Council (Conseil national du numérique).
- ▶ In September 2013, Member of the Institut Mines Telecom Scientific Council.
- ▶ In April 2014, Head of Digital Services for La Poste Group, born as part of the "La Poste 2020 – conquer the future".
- ▶ In November 2014, Member of the Supervisory Board of XAnge Private Equity.

Professional address:

La Poste Group
Digital Services
Cristal Tour
7-11, quai André Citroën
75015 Paris

Yves Brassart (age 54)
Member of the Supervisory Board
since 24 April 2014

Graduate of IEP Paris,
Public Service Section,
ENSPPT and the EDHEC
business school, DECS

- ▶ Has worked within La Poste Group since 1987. From 1987 to 1990, various positions in the Marketing and Sales Area of the La Poste Group's Postal Department. Then Marketing and Sales Director for Post/Packages from 1991 to 1993.
- ▶ From 1994 to 1999, Chief Financial Officer at the La Poste Group for western France.
- ▶ From 1999-2006, Head of La Poste's Financial Services and also Chief Financial Officer for the General Public Network from 2001 to 2003.
- ▶ From 2006 to 2011, Chief Financial Officer of La Banque Postale.
- ▶ From September 2011 to April 2014, Head of Finance and Strategy at La Banque Postale, as well as the supervision of the Financial Operations Department since September 2012.
- ▶ From January 2013 to 7 April 2014, member of the Executive Board of La Banque Postale.
- ▶ From 7 April 2014, Deputy Chief Executive Officer, Chief Financial Officer and member of the Executive Committee of La Poste Group.

Professional address:
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44 boulevard Vaugirard
75757 Paris cedex 15

Didier Brune (age 58)
Member of the Supervisory Board
from 12 December 2005 to
24 April 2014

Graduated from HEC
and the ENSPTT

- ▶ Has pursued a career at the La Poste Group since 1983, including as Head of National and International Operations at Chronopost and Head of Finance and Strategy at the Mail Division.
- ▶ Head of Group Strategy since 2003, with responsibility for corporate strategy, institutional negotiations with the French Government (pensions, La Banque Postale and the legal aspects of La Poste's growth), as well as business monitoring and planning.
- ▶ From 1 October 2010 until May 2014, Head of European and National Regulatory Affairs for La Poste Group.
- ▶ Since 12 May 2014, Head of Strategy and Development at La Banque Postale.

Professional address:
La Banque Postale
115 rue de Sèvres
75275 Paris cedex 06

Jean-Paul Forceville (age 57)
Member of the Supervisory Board
since 25 August 2014

Graduated from the ESC
in Paris and the ENSPTT

- ▶ Has pursued a career within La Poste Group since 1979, particularly in charge of various functions in the areas of sales, communication, and he also worked for the Financial Division.
- ▶ From 1990-1992, Technical Advisor for Budget, Finance and Planning in the Ministry for Posts, Telecommunications and Space.
- ▶ In 1992, Chief Executive of Sofipost, a subsidiary of La Poste.
- ▶ In 1995, Deputy Director of La Poste's Strategic Division and, in 1998, Chief of Staff to the Chairman and Chief Executive Officer of La Poste Group.
- ▶ From 1997 to 1998, Technical Advisor to the Minister for Civil Service, Government Reform and Decentralization.
- ▶ In 2001, Head of External Relations, and since 2004, Director, European and International Affairs of La Poste Group.
- ▶ From May 2014, Head of European and National Regulation, while also retaining his duties as Head of External Relations.

Professional address:
La Poste
44 boulevard Vaugirard
75757 Paris cedex 15

Xavier Girre (age 45)
Member of the Supervisory Board
from 7 March 2012
to 24 April 2014

A graduate of HEC, IEP
Paris, holder of a Master's
degree in business
law, and former student
of the ENA

- ▶ Auditor, then Public Auditor at the Government Audit Office from 1995 to 1999.
- ▶ Appointed project leader by the Chairman of Dalkia in 1999.
- ▶ Appointed Head of Auditing at Vivendi Environnement in 2002, and Head of Risk and Audit from 2004 onwards.
- ▶ Appointed Chief Financial Officer of Veolia Transport in 2007, and subsequently Deputy Chief Executive Officer in charge of finance, information systems, purchasing and risk management.
- ▶ Chief Financial Officer of Veolia Propreté and Executive Director for Central Europe.
- ▶ Director of the RATP since September 2013.
- ▶ From 7 November 2011 to 7 April 2014, Deputy Chief Executive Officer, Chief Financial Officer of La Poste Group and member of the Executive Committee.

Professional address:
XAnge Private Equity
12 rue Tronchet
75008 Paris

Bernard Haurie (age 59) Member of the Supervisory Board from 3 October 2012 to 1 September 2014	Graduate of ENSPTT, MBA graduate from HEC	<ul style="list-style-type: none"> ▶ Held a position at the Royal Bank of Canada (vulnerable customer marketing) then a career in economic development (Industrialisation Commissioner for Datar, Financial Analyst for the Post and Financial Services sector at the World Bank in Washington). ▶ Territorial Head for La Poste by Administrative Department, then by regions (1989-1998). ▶ Head of Mail/Package Sales Marketing at La Poste in 1998. ▶ Head of International Development in 2003 and from mid-2004, Head of Innovation and Development of e-services at La Poste Group and Chairman of the Certinomis subsidiary. ▶ Chairman of the IE-Club since 2011. ▶ From 1 October 2012 to 1 September 2014, La Poste Group's Head of Strategy, Outlook and Innovation.
<i>Professional address:</i> La Poste 44, boulevard Vaugirard 75757 Paris cedex 15		
Georges Lefebvre (age 62) La Poste's representative to the Supervisory Board since 12 December 2005	Holder of a Degree in Mathematics, a graduate of the ENSPTT	<ul style="list-style-type: none"> ▶ Pursued a career in the French Post Office and Telecommunications Service, including appointments as Head of Human Resources, then as a Senior Executive. ▶ Joined La Poste's Overall management team in 1991, with responsibility for the employee relations aspects of the change of status. ▶ Head of Human Resources and Employee Relations at La Poste Group since 1998, and member of the Executive Committee. ▶ Chief Executive of La Poste Group, Director of Human Resources and Employee Relations and member of the Executive Committee between 2002 and 2010. ▶ Managing Director and Director of Human Resources and Employee Relations, and member of the Executive Committee from March 2010 to August 2012. ▶ Managing Director of La Poste Group responsible for Group Cohesion and Unity since September 2012.
<i>Professional address:</i> La Poste 44, boulevard Vaugirard 75757 Paris cedex 15		
Catherine Le Floch (age 38) Member of the Supervisory Board since 22 October 2014	Graduate of the National Higher School of Aeronautics and Space (SUPAERO) Engineering degree and master's degree in business engineering	<ul style="list-style-type: none"> ▶ From 2000 to 2009, senior manager at A.T. Kearney. ▶ From 2009-2014, Head of Strategy and then Head of Strategy and Sustainable Development of Poste Immo. ▶ Since September 2014, Head of Strategy, Outlook and Innovation at La Poste Group.
<i>Professional address:</i> La Poste 44, boulevard Vaugirard 75757 Paris cedex 15		
Member of the Supervisory Board, representing the Government		
Nathalie Dieryckxvisschers (age 40) Appointed member of the Supervisory Board by decree of 2 October 2014	Holder of a DEA (Master of advanced studies) in private wealth law Former student of the École normale supérieure de Cachan Former student of the ENA Certificate of aptitude for the profession of lawyer (CAPA) Associate Professor in economics and management	<ul style="list-style-type: none"> ▶ From 1998 to 1999, Associate Professor in economics and management in a secondary school. ▶ From September 1999 to May 2001, jurist and then lawyer specializing in business law with the cabinet Chaillet Mielliet in Paris. ▶ From May 2001 to August 2004, Project Leader with the Energy Regulatory Commission. ▶ From September 2004 to May 2010, at the Ministry of Economy, Finance and Industry, legal consultant to the Industrial and Financial Law Office of the Legal Affairs Division (September 2004 to October 2005) and Assistant to the Head of the Office of Insurance Companies and Brokers with the French Treasury Department (April 2009 to May 2010). ▶ From September 2010 to August 2014, Assistant Financial Advisor for the CEI and Georgia at the French Embassy in Russia. ▶ Since August 2014, Manager of holdings in the Services and Finances Equity Department of the French Investment Agency (APE).
<i>Professional address:</i> Ministry of Economy and Finance French Investments Agency (APE) 139 rue Bercy Télédéc 228 75772 Paris cedex 12		

Independent members of the Supervisory Board

Marie-Pierre Baillencourt (age 44)

Member of the Supervisory Board since 22 October 2014

Professional address:
DCNS
40-42 rue du Docteur Finlay
75015 Paris

Holder of a doctorate in geopolitics (Paris) PhD in International Affairs and Political Science

- ▶ From 1995 to 1997, Sherpa for the Secretary-General of the United Nations.
- ▶ From 1998 to 2001, Project Leader with the Chairman's Office, responsible for international development at Rexel (Pinault-Printemps-Redoute).
- ▶ From 2001 to 2004, Senior Consultant and then project manager at McKinsey & Company.
- ▶ From 2004 to 2010 at Dassault Systèmes, Director of the Executive Director's office from 2004 to 2007 and Vice-President "Industry" from 2007 to 2010.
- ▶ From 2011 to 2012, creation of a consultancy in strategy and innovation, MPBC Conseil.
- ▶ From 2012 to 2014, Deputy Chief Executive Officer at Bull.
- ▶ Since 2014, Member of the Board of Directors of GTT (Gaztransport and Technigaz).
- ▶ Since January 2015, Deputy Chief Executive Officer of the company DCNS, responsible for the Group's international development.

Sylvain de Forges (age 60)

Member of the Supervisory Board from 12 December 2005 to 1 October 2014

Professional address:
SGAM AG2R La Mondiale
104-110 boulevard Haussmann
75379 Paris cedex 08

Graduate of the École polytechnique, former student of the ENA

- ▶ Pursued a Public Service career, including appointments as Head of Monetary and Financial Affairs at the French Treasury, as an Advisory Financial Affairs Minister at the French Embassy in London, as the Senior French Representative at the EBRD and then as the Head of the Agence France Trésor (AFT) at the French Ministry of the Economy and Finance.
- ▶ Joined the Veolia group in 2003. Head of Risk and Markets at Veolia Environnement between 2007 and 2010.
- ▶ Chief Operating Officer of AG2R La Mondiale since 2010, responsible for the Finance Department, strategy and customer forecasting.

Christiane Marcellier (age 58)

Member of the Supervisory Board since 23 September 2011

Professional address:
Financière de Courcelles
63, avenue Franklin D. Roosevelt
75008 Paris

Holder of a Master's Degree in Applied Economics and in Decisional Mathematics from the Paris IX-Dauphine University, and holder a higher accountancy studies diploma

- ▶ Financial Analyst and Head of Research successively at DAFSA, HSBC then NatWest – from 1982 to 1997.
- ▶ Pursued a career in the Strategy and Development Department within Senior Management of Paribas.
- ▶ Member of the Executive Committee of the Caisse Nationale des Caisses d'Épargne (CNCE) between 2000 and 2004, in charge of the Strategy Department and then of the Insurance Unit.
- ▶ Head of Development, Strategy and Synergies for France and Latin Europe at ABN Amro from 2005 to 2007.
- ▶ Founded JD4C Conseil in 2008, a mergers and acquisitions consultancy company for the banking, insurance and property sectors.
- ▶ Chief Operating Officer at Financière de Courcelles since January 2013.

Didier Ribadeau Dumas (age 68)

Member of the Supervisory Board since 13 February 2006

Law graduate, former student of the ENA

- ▶ Pursued a career at the French Ministry of the Economy and Finance between 1971 and 1984; Deputy Director at the Treasury between 1981 and 1984.
- ▶ Chief Executive of a CIC group bank until 1989.
- ▶ Vice-Chairman, then Senior Vice-Chairman at the Paris office of the Boston Consulting Group until 2006.
- ▶ Managing Partner of DRD Conseil (2006-2012) and partner in Courcelles (2007-2012).

Employee representative members of the Supervisory Board

Jean-Robert Larangé (aged 60)

Member of the Supervisory Board since 27 February 2008

Professional address:
La Banque Postale
115, rue de Sèvres
75275 Paris cedex 06

Graduate of the *Institut supérieur du commerce International* (ISCID-IFCE) and holder of a Master's degree in International Affairs from EDHEC

- ▶ Held sales and marketing positions at a number of companies (including Thomson-CSF, Alliance.com, and Iris Développement).
- ▶ Joined La Poste Group in 2002 as the Head of Business Finance Sales Development in the Paris and Île-de-France Financial Centre, then made responsible for monitoring Internal Audit recommendations at La Banque Postale.
- ▶ Head of Banking Services in the jointly-managed La Poste Network and in non-Post Office entities from 2006 to July 2014.
- ▶ Since July 2014, seconded to the ADIE Sud-Ouest, which manages the partnership between La Banque Postale and ADIE and the professional coaching of entrepreneurs and business creators.

Steeve Maigne (age 45) Member of the Supervisory Board since 27 February 2008	Background in sales and finance	<ul style="list-style-type: none"> ▶ Pursued a career at the La Poste Group, as a Financial Advisor, and then as a Customer Service Manager between 1998 and 2004. ▶ Regional secretary for the Paris/Île-de-France CFE-CGC trade union, member of La Poste's Employee-Relations Committees until 2007. ▶ Employee representative on the Supervisory Board of the La Poste Employee Savings Fund until 2007. ▶ Head of the Internal Synergies Project within La Banque Postale's Social and Local Economy Department since 2008. ▶ Since 2013, Quality Manager at RTB Île-de-France.
<i>Professional address:</i> La Banque Postale 115, rue de Sèvres 75275 Paris cedex 06		
Maryvonne Michelet (age 62) Member of the Supervisory Board since 27 February 2008	Holder of a post-graduate diploma (DESS) in banking and financial law, certified legal practitioner (CAPA) and holder of a bachelor's degree in Applied Foreign Languages	<ul style="list-style-type: none"> ▶ Joined the Personnel Department of the French Post and Telecommunications Ministry in 1979, moving to La Poste International Financial Services in 1986 and then to La Poste Legal Affairs Department in 1997. ▶ Currently a lawyer at La Banque Postale, Risks Correspondent for the Legal Department and Head of Property law. Also project leader for La Banque Postale International.
<i>Professional address:</i> La Banque Postale 115, rue de Sèvres 75275 Paris cedex 06		
Françoise Paget Bitsch (age 58) Member of the Supervisory Board since 11 March 2009	Degree in Fluid Mechanics (University of Aix-Marseille)	<ul style="list-style-type: none"> ▶ Joined La Poste Group in 1979 as a branch management executive. ▶ Held positions as Sales Development Manager, Deputy Branch Manager and then Branch Manager until 1994. ▶ Delegate management auditor until 2001, then more specifically in charge of implementation and supervision of the management cycle for the Management Contracts Division. ▶ Project leader for the switch to the euro in the Vaucluse Department. ▶ Departmental management auditor in the area of mail. ▶ Since 2006, Operations Auditor at RTB Méditerranée.
<i>Professional address:</i> La Banque Postale 115, rue de Sèvres 75275 Paris cedex 06		
Hélène Wolff (age 59) Member of the Supervisory Board since 26 October 2006	DEA (Master of advanced studies) in International Economics DESS (specialised Master) in Financial Markets DEA in Economics and Energy	<ul style="list-style-type: none"> ▶ Marketing Manager at Crédit Mutuel until 1988, then held a number of management positions in financial companies. ▶ Joined La Poste Group in 1993, occupying a number of positions, including Accounting Planner, and Project Manager in the remuneration and banking process units. ▶ AMOA Project Leader in La Banque Postale since 2006, then Head of Project Quality.
<i>Professional address:</i> La Banque Postale 115, rue de Sèvres 75275 Paris cedex 06		

Training and experience of the Government Commissioner

Government Commissioner

Dominique Bocquet (age 57) Appointed by decree on 21 December 2012, which was published in the Official Journal on 11 January 2013	Graduate of IEP Paris Graduate of the ENA (Solidarity class of 1983) Author of several books: <i>Génération Europe</i> (Editions François Bourin, 1989), <i>France-Allemagne</i> <i>un couple en panne</i> <i>d'idées</i> (Fondation Saint-Simon, 1996), <i>Pour une mondialisation</i> <i>raisonnée, Les révolutions</i> <i>discrètes de l'OCDE</i> ("La Documentation Française", 2012)	<ul style="list-style-type: none"> ▶ Project Leader at the Treasury Department, Ministry of Economy and Finance (1987-1990). ▶ General Secretary of the Mouvement européen France between 1991 and 1996. ▶ From 1996 to 2000, Financial advisor for Africa (Treasury Department) and member of the Central African Banking Commission (Bank of Central African States). ▶ Head of Cabinet for the Cooperation and French Language Minister in 2000. ▶ Financial Adviser Minister to the French delegation to the OECD between 2003 and 2008. ▶ Head of the Economic Department of the French Embassy in Morocco between 2008 and 2012. ▶ Since 2013, Economic and Financial Auditor General at the General Directorate of the Treasury, Government Commissioner to La Banque Postale and the Sociétés de financement du cinéma (SOFICA) and the rental unit guarantee fund (CGLLS).
<i>Professional address:</i> Ministry of the Economy, Finance and Industry 139, rue de Bercy 75572 Paris cedex 12		

Assessment of the notion of independent member

Since La Banque Postale was founded, its Supervisory Board has used the general definition in the Afep/Medef Code to assess the independence of its members. Members of the Supervisory Board are therefore considered to be independent as long as they have no relationship of any kind with the Company, its parent Group or its management that is likely to compromise their freedom of judgement.

Independence is reviewed by the Appointments Committee, which conducted the examination on 29 January 2015 and presented its findings to the Supervisory Board on 20 February 2015. At its meeting of 20 February 2015, in accordance with the conclusions submitted by the Appointments Committee, the Supervisory Board confirmed the independence of three of its members: Marie-Pierre de Bailliencourt, Christiane Marcellier and Didier Ribadeau Dumas. Christiane Marcellier and Didier Ribadeau Dumas hold appointments in other companies of the Group, but these mandates have been deemed as non-prejudicial to their independence. These three members do not have any close family connection with any other Company executive officer, have not been Statutory Auditors of the Company and have been members of the Board for less than 12 years.

Role of the Supervisory Board

The Supervisory Board exercises the powers granted to it by the French Commercial Code, the law of 26 July 1983 on the democratisation of the public sector, the French Monetary and Financial Code, the decree of 3 November 2014 on the internal control of companies in the banking, payment services and investment services sectors subject to the control of the French Prudential Control and Resolution Authority, and the Company's Articles of Association, particularly Article 25.

The Supervisory Board deliberates upon major strategic, economic, financial and technological orientations of the Company, prior to the decisions of the Executive Board on these topics.

It reviews the corporate governance plan and evaluates its effectiveness. It approves and regularly reviews the strategies and policies governing the taking, management, monitoring and reducing of risks. It determines the guidelines and monitors the implementation of the supervision systems and reviews the internal control activity and results.

It provides on-going supervision of the way in which the Executive Board manages the Company, and grants prior approval for transactions that the latter cannot carry out without its permission, in accordance with Article 14 of the Articles of Association.

The Supervisory Board checks and audits the financial statements. It appoints the members of the Executive Board, sets their remuneration in accordance with the decree of 9 August 1953 amended on 26 October 2012, and also has the power to dismiss them, in accordance with Article 12 of the Articles of Association.

Internal regulations and Charter

The Supervisory Board has adopted internal regulations, which govern and determine the preparation and organisation of its work. These internal regulations are updated on a regular basis, in order to be compliant with legal and regulatory changes, as well as corporate governance recommendations and best practices. The Board has also adopted the "Supervisory Board members' Charter", which outlines the rights and obligations of Board members. The internal regulations and the Supervisory Board members' Charter are contained in Chapter 9 of this Registration Document.

Conditions governing the preparation and structure of the work performed by the Board

The Supervisory Board meets at least four times a year. Meeting agendas are approved by the Chairman depending on issues the Board is legally required to review or matters reported to the Board concerning the Bank's operations and strategic choices.

The Board members are invited to attend at least ten days before the meeting. At least six days before Board meetings, the agenda, the meeting minutes of the previous meeting and any other documents needed to support the agenda are sent to the Board members.

Supervisory Board meetings last three hours on average.

The items for discussion are presented by a member of the Executive Board or, if applicable, by the person responsible for them. Presentations are followed by an exchange of views, following which the Board issues an opinion as necessary.

The Company Secretary draws up draft minutes of the meeting, and then submits them to the Board members for approval at the beginning of the next meeting.

To support the Board's work, a seminar on strategic topics, gathering persons who attend to the Supervisory Board was organised in 2014.

Activities of the Board in 2014

The Supervisory Board met seven times during the 2014 financial year with an average attendance rate of 84.5%.

In addition to the Board members themselves, the Government Commissioner and the Works Council Secretary and the Finance Director, certain directors of La Banque Postale occasionally participated in the Board meetings depending on points in the agenda. The Statutory Auditors attended those meetings where the annual and half-year financial statements were presented.

During 2014, and until the date this report was filed, the work performed by the Board focused primarily on the following issues:

The Bank's business activity:

- ▶ the Executive Board's quarterly business reports;
- ▶ overview of the individual and consolidated financial statements, together with the proposed net profit allocation and the Executive Board's Management report;
- ▶ overview of the half-year financial statements and the half-year business report;
- ▶ overview of the budget.

Control of the Bank's business activity:

- ▶ internal Control and risk management report (report pursuant to Articles 42 and 43 of Rule 97-02);
- ▶ corporate governance and internal control report prepared by the Chairman of the Supervisory Board;
- ▶ overview of the work performed by the Supervisory Board's Committees;
- ▶ related party agreements;
- ▶ review of business activity and results of internal control procedures;
- ▶ professional and salary equality policy;
- ▶ comments of the Supervisory Board on the report of the Executive Board and on the financial statements.

Strategy:

- ▶ partnership projects;
- ▶ overview of the strategic plan;
- ▶ strategic development of certain subsidiaries;
- ▶ strategy of the La Poste Network;
- ▶ management of the Bank's Equity and capital increase;
- ▶ recovery and resolution plan;
- ▶ opinion of the Works Council on the Bank's strategic direction;
- ▶ approvals for transactions involving subsidiaries and holdings.

Governance:

- ▶ appointment of new members of the Board and Committees;

- ▶ aligning the Board's Committees with the CRD IV provisions and amendment of the internal regulations for the Committees and the Supervisory Board;
- ▶ evaluation of the Board;
- ▶ overview of the independence of the members of the Board.

Remunerations:

- ▶ remuneration of Executive Board members,
- ▶ performance conditions for the variable remuneration component, and determination of their fixed remuneration;
- ▶ the Bank's remuneration policy;
- ▶ report drawn up in respect of Article 43.1 of Rule 97-02.

This work and the ensuing discussions enabled the Supervisory Board to exercise its powers of control over the Bank's management team, together with its decision-making powers.

Attendance of the members at Supervisory Board meetings and those of its subordinate Committees in 2014

	Meeting of the Supervisory Board		Meetings of the committees		All meetings		Individual attendance rate
	Theoretical presences	Actual presences	Theoretical presences	Actual presences	Theoretical presences	Actual presences	
Philippe Wahl	7	7	3	2	10	9	90%
Marc-André Feffer	7	7	5	5	12	12	100%
Nathalie Andrieux	5	1	3	1	8	2	25%
Marie-Pierre de Baillencourt	2	2	3	3	5	5	100%
Yves Brassart	5	5	3	3	8	8	100%
Didier Brune	3	3	0	0	3	3	100%
Nathalie Dieryckxwisschers	2	2	3	3	5	5	100%
Jean-Paul Forceville	2	2			2	2	100%
Sylvain de Forges	5	5	5	5	10	10	100%
Xavier Girre	2	1	3	3	5	4	80%
Bernard Haurie	5	4	0	0	5	4	80%
LA POSTE Georges Lefebvre	7	7	3	3	10	10	100%
Jean-Robert Larangé	7	1	0	0	7	1	14%
Catherine Le Floch	2	2	3	2	5	4	80%
Steeve Maigne	7	7	6	6	13	13	100%
Christiane Marcellier	7	7	14	14	21	21	100%
Maryvonne Michelet	7	6	6	6	13	12	92%
Françoise Paget Bitsch	7	6	5	4	12	10	83%
Didier Ribadeau Dumas	7	7	11	11	18	18	100%
Hélène Wolff	7	5	8	5	15	10	67%
TOTAL	103	87	84	76	187	163	
	Average rate of attendance of members of the Board		Average rate of attendance of members of committees		Average rate of attendance at all meetings		
	84,47%		90,48%		87,17%		

Organisation and operation of the Specialist Committees in 2014

The Supervisory Board has created three committees to work with it on its tasks: an Audit Committee, an Appointment & Remuneration Committee and a Strategy Committee. By doing this, it is following the recommendations of the Afep/Medef Corporate Governance Code and the provisions of Rule 97-02 of 21 February 1997 on internal control of credit institutions and investment firms.

The duties of each of these committees, the criteria for the selection of their members and their rules of procedure are featured in the internal regulations approved by the Supervisory Board.

The appropriate committee must be consulted prior to any Board deliberation relating to the area of expertise of said committee, and resolutions can only be adopted after seeking advice from said committee, whose Chairman shall inform the Board of its recommendations, suggestions or opinions.

Setting up these committees is not intended to delegate powers to them that are assigned to the Executive Board by law or by the Articles of Association, or to reduce or limit the Executive Board's powers.

At each meeting of a Committee, its members will receive from the Executive Board, within a reasonable time period, all the items and documents enabling the Committee to conduct its work and formulate its recommendations, suggestions or opinions.

The length of a committee member's appointment coincides with the length of their term of office as Board member.

Two of the three Supervisory Board Committees are chaired by an independent member.

Audit Committee

Because La Banque Postale has a single public shareholder, and pursuant to the law on the democratisation of the public sector, which provides for the inclusion of employee representatives on the Board, the Committee consists of Board members appointed by the General Meeting and members appointed by employees. Two of the three members appointed by the General Meeting are independent.

Until 22 October 2014, the Audit Committee was composed of five members appointed by the Supervisory Board from among its members:

- ▶ two independent members, Didier Ribadeau Dumas (Committee Chairman) and Christiane Marcellier;
- ▶ the Financial Director of La Poste Group, Xavier Girre, then Yves Brassart as of 24 April 2014;
- ▶ two employee representative members, Maryvonne Michelet and Steeve Maigne.

The Audit Committee has been joined since 22 October, by:

- ▶ Marie-Pierre de Baillencourt as an independent member;
- ▶ Nathalie Dieryckxvischers as representative of the Government;
- ▶ Catherine Le Floch, Head of Strategy for La Poste Group.

The Government Commissioner also attends Audit Committee meetings.

The Committee's internal regulations are updated on a regular basis, in order to ensure that they remain compliant with legal and regulatory changes, as well as with corporate governance recommendations and best practices.

Most members of the Committee have financial and accounting experience, primarily from former tenure in positions that they have held or hold (as a head of finance, with the French Ministry of the Economy and Finance, or as member of the senior management team of a bank).

The scope of the Committee's responsibilities primarily extends to:

- ▶ checking that the financial information supplied by the Executive Board is clear, and assessing the appropriateness of the accounting methods adopted;
- ▶ managing the selection process for the Statutory Auditors;
- ▶ assessing the quality of the internal control procedures, especially the principles and procedures for managing risk.

The Audit Committee meets at least six times per year and in particular prior to any meeting of the Supervisory Board where one or more questions relating to its area of expertise is on the agenda. The Chairman of this Committee reports on its work to the Supervisory Board after every meeting. It may seek the assistance of any person whose skills and expertise seem necessary to carry out its mission.

The Committee listens to the opinions of the Statutory Auditors, the Bank's Finance Director, the Heads of Compliance and Risk and the Internal Auditor on issues that concern them, in particular on the Company's risks and significant off-balance sheet commitments, the main points of the results of the legal audit and the accounting options used.

The Committee met six times in 2014 with an average attendance rate of 100%.

During 2014, and until the date this report was filed, the work performed by the Committee focused primarily on the following issues:

- a) financial data and accounting methods:
 - ▶ account-closing options,
 - ▶ changes to IFRS 9,
 - ▶ overview of La Banque Postale's equity and planned development 2015-2020,
 - ▶ overview of the half-year financial statements and the half-year business report,
 - ▶ information on the accounting options and panorama of accounting standards,
 - ▶ overview of the annual financial statements and the Registration Document;
- (b) legal and regulatory reports:
 - ▶ recovery and resolution plan (RRP),
 - ▶ report of the Chairman of the Supervisory Board on the conditions under which the work of the Board was prepared and organised and on the internal control procedures,
 - ▶ internal Control and risk management report (report pursuant to Articles 42 and 43 of Rule 97-02),
 - ▶ review of business activity and results of internal control procedures: Article 39 of regulation 97-02, main lessons from the risk measures,
 - ▶ ACPR (Prudential Control and Resolution Authority) "Customer protection" questionnaire;
- c) risk and internal control procedures:
 - ▶ main disputes and provisions,
 - ▶ result of the work of the Internal Auditor Division and work programme for 2015; work of the Audit Committee in 2014 and assessment of its operation,
 - ▶ Audit Committee (financial statements) and Risk Committee work programme; 5-year liquidity forecast,
 - ▶ adoption of internal models,
 - ▶ Internal Auditor's business report for 2014 and audit programme for 2015,
 - ▶ measures against money laundering, the financing of terrorism, and fraud;
- d) Statutory Auditors:
 - ▶ assessment of the interim work 2014 work programme for the Statutory Auditors,
 - ▶ update on the renewal and remuneration of the Statutory Auditors,
 - ▶ detailed summary of the Statutory Auditors' certification tasks and follow-up to their previous recommendations,
 - ▶ preparation of the call for tender for the renewal of the Statutory Auditors of La Banque Postale and La Poste.

Appointments & Remuneration Committee

The Appointments & Remuneration Committee was created on 16 December 2005 and had six members in 2014:

- ▶ three independent members, Didier Ribadeau Dumas (Chairman of the Committee), Christiane Marcellier and Sylvain de Forges, who was replaced after his resignation from the Supervisory Board on 22 October 2014 by Marie-Pierre de Baillencourt;
- ▶ two members belonging to La Poste Group, Philippe Wahl and Georges Lefebvre;
- ▶ a member representing the employees, Hélène Wolff.

The Government Commissioner also attends the Appointments & Remuneration Committee meetings.

Its members are selected on the basis of their skills and professional experience.

The Committee's internal regulations are updated on a regular basis, to ensure that they remain compliant with legal and regulatory changes, as well as with corporate governance recommendations and best practices.

The scope of the Committee's responsibilities primarily extends to:

- ▶ screening the profiles of the individuals short-listed for appointment to the Supervisory Board on the basis of their independence from the Company and La Poste Group, or the individuals short-listed for appointment to the Executive Board, as well as their proposed remuneration, if applicable;
- ▶ attendance fee policy;
- ▶ examining pension and benefits schemes;
- ▶ examining the opportunity for introducing share-based or other profit-sharing and incentive schemes for Company directors and/or employees;
- ▶ the annual assessment:
 - ▶ the principles of the Company/Group remuneration policy,
 - ▶ the remuneration, payments and benefits of all types awarded to the Company's corporate officers,
 - ▶ the remuneration policy for employees who manage collective investment undertakings and for employees who are financial market professionals, whose activities are likely to have a material impact on the Company's risk exposure,
 - ▶ the report prepared by the Executive Board pursuant to Article 43-1 of Rule 97-02, which is forwarded to the Prudential Control and Resolution Authority.

This assessment concerns the policy applied by the Company and extends to its subsidiaries, when they expressly make such a request to the Committee Chairman.

As part of this annual assessment, the Committee makes sure that the remuneration policy complies with the provisions of Rule 97-02, and that it is consistent with professional standards, regardless of whether the remuneration is fixed or variable, paid in cash or shares, or consists of benefits in kind, and of whether it is deferred or not. The Appointments & Remuneration Committee reviews the remuneration of the Chief Risk Officer, the Head of Compliance, and of the Internal Auditor.

The Appointments & Remuneration Committee met three times in 2014 with an 87% attendance rate.

During 2014, and up until the date this report was filed, the work performed by the Committee focused primarily on the following issues:

- ▶ principles of the remuneration policy, and the report drawn up pursuant to Article 43.1 of Rule 97-02;
- ▶ remuneration of Executive Board members;

- ▶ review of the remuneration for the Chief Risk Officer, the Head of Compliance and the Internal Auditor;
- ▶ review of the Supervisory Board members' independence;
- ▶ attendance fees paid for 2013;
- ▶ the examination of nominations for an independent member of the Supervisory Board;
- ▶ the report on the work of the Committee.

Strategy Committee

Created on 16 December 2005, the Strategy Committee consists of eight members since 22 October 2014:

- ▶ three independent members, Christiane Marcellier, Sylvain de Forges until his resignation on 22 October 2014 and his replacement by Marie-Pierre de Baillencourt and Didier Ribadeau-Dumas, appointed on 22 October 2014;
- ▶ two members of La Poste Group, Marc-André Feffer (Chairman of the Committee) and Nathalie Andrieux until her resignation on 22 October 2014, replaced by Catherine Le Floch;
- ▶ two members who are employee representatives, Hélène Wolff and Françoise Paget Bitsch;
- ▶ one member representing the Government: Mrs Nathalie Dieryckxvisschers.

The Government Commissioner also attends the meetings of the Strategy Committee.

The Strategy Committee examines and monitors the implementation of the Company's multi-year strategic plan, together with the strategic plans and operations of the Company and its subsidiaries.

To address strategic issues that should be presented for consideration by the Supervisory Board, the Strategy Committee met five times in 2014 with an attendance rate of 85%.

Throughout 2014, its work involved the strategic plan, and the improvement of the Bank's equity and partnership projects.

Changes in the Supervisory Board's Committees

In order to comply with the decree of 3 November 2014 on internal control implemented pursuant to CRD directive IV, the Supervisory Board, at its meeting of 16 December 2014, decided to replace the Audit Committee by an Financial Statements Committee and a Risk Committee, and to replace the Appointments & Remuneration Committee by an Appointments Committee and a Remuneration Committee.

The Supervisory Board replaced Mr Georges Lefebvre, who resigned, by Ms Nathalie Dieryckxvisschers on the Appointments Committee and the Remuneration Committee.

Assessment of the work performed by the Board and the committees

In May 2014, the Supervisory Board devoted a point of its agenda to the evaluation of its operation.

The evaluation work was conducted by an independent member of the Board by means of questionnaires sent to all members of the Board and the Committees, the compiled and anonymous results of which were transmitted to senior management. The Board was informed of the results of this assessment, which was positive overall, in particular with regard to its organisation and operation, the allocation of time between information being provided and consideration, the quality of the documents sent, the availability and responsiveness of the Executive Board to issues and the manner in which meetings are conducted. The changes in the way the Board operates over time was also deemed positive.

This evaluation also identified some avenues for improvement, including improvement of the functioning of the Strategy Committee and a longer time for studying the issues.

2.1.1.2 Conditions governing shareholder participation at the Annual General Meeting

The conditions governing shareholder participation in the General Meeting of La Banque Postale are defined in Article 31 of the Articles of Association, which are contained in Chapter 8 of this Registration Document.

2.1.1.3 Principles and rules for setting the remuneration of Company officers

La Banque Postale used, with assistance from the Remuneration Committee, principles and rules to set fees and pay corporate officers in accordance with the main recommendations of the Afep/Medef Code and with the provisions of Rule 97-02 of 21 February 1997 on internal control of credit institutions and investment companies, replaced by the decree of 3 November 2014 on the internal control of companies in the banking, payment services and investment services sectors, subject to the control of the French Prudential Control and Resolution Authority.

Remunerations have been reviewed following the order of 15 October 2012 subjecting La Banque Postale to the provisions of Article 3 of the decree of 9 August 1953, as amended by the decree of 26 July 2012 on government control over the remuneration of the directors of public companies. The individual remuneration of Executive Directors and the total sum allocated to accountable directors and market professionals during the financial year are subject to an advisory vote of the shareholders during the Annual General Meeting.

The standardised overview of the remunerations of the corporate officers established in compliance with the Afep/Medef Code and the recommendations of the French Financial Markets Authority is shown in the "Information on the members of the Supervisory and Executive Boards" section of the Registration Document.

Rules for determining the remuneration of Executive Board members

Fixed and variable remuneration

On the proposal of the Remuneration Committee, the Supervisory Board determines the remuneration of the Executive Board.

Since 26 October 2012, in accordance with Article 3, as amended, of the decree of 9 August 1953, the Minister of the Economy must be consulted before any decisions are made relating to the remuneration components for the activities of Executive Board members and its Chairman and must approve them. These remunerations must not exceed a gross amount set by decree; this amount is currently €450,000.

Consequently, the Chairman of the Executive Board now exclusively receives a fixed activity remuneration, equal to the limit, one part of which is paid by La Poste pursuant to an employment contract made necessary by the postal model of La Banque Postale that appointed him Head of the La Poste Financial Services Department (Financial Centres).

The second member of the Executive Board enjoys an annual variable remuneration equal, for 2014, to a maximum of 35% of his fixed remuneration. It is determined on the basis of achievement by the Executive Board of qualitative objectives as well as on the basis of

business performance and financial performance criteria. The financial performance is analysed through five indicators: consolidated net banking income, excluding the home-savings provision, the operating ratio, excluding the home-savings provision, operating income after risks and excluding the home-savings provision, the economic contribution from subsidiaries and the net profit/equity ratio. Sales performance is analysed using confidential indicators and qualitative objectives are focused on adherence to the Bank's values, as described in its strategic plan, and on social performance that incorporates efficient training programmes, support for employees transferring between business lines and the quality of working life. They do not receive any remuneration from La Banque Postale other than that paid in respect of their appointment as Company officers nor any remuneration for their terms exercised in the subsidiaries of La Banque Postale.

Other benefits or allowances

The members of the Executive Board benefit from the health and contingency insurance subscribed by La Banque Postale for all its employees. They also receive the contingency insurance coverage common to all of the Group's managing executive officers and a Company car.

Members of the Executive Board do not receive non-compete allowances and are not awarded equity or debt options on the Company's share capital or performance-based share allocations.

Lastly, Executive Directors do not benefit from any complementary retirement scheme.

Severance payments

In accordance with Article 3 of the decree of 9 August 1953 amended on 26 July 2012, remuneration, indemnity or benefit payments due or likely to fall due to members of the Executive Board or its Chairman, due to the discontinuation of activity or a change in position or subsequent to these, must also be approved by the Minister of the Economy.

Following decisions of the Supervisory Board on 27 February, 31 July and 15 October 2013, the end of the officer terms of the members of the Executive Board, in the case of revocation during a term or at the time of a merger, a change of control or strategy leading to the departure of a member of the Executive Board and when there is no gross misconduct or serious misconduct and without deficiency seriously affecting the financial situation of the Company, can give entitlement to an additional payment.

For the Chairman of the Executive Board, this allowance would be equal to two times the amount of remuneration set on the day of termination of office. For the second member of the Executive Board, the severance payment would be equal to the aggregate amount of his last annualised fixed remuneration component on the day of termination of his office, and to the average annualised variable component of his remuneration over the last three years.

The severance payment is subject to compliance with a performance condition, i.e. the Executive Board must have a success rate of 80% or higher in meeting the annual targets for two out of the last three financial years ended. These objectives are identical to those determining the variable portion of the members of the Executive Board.

Following exchanges between the French Investments Agency (APE) and La Poste, the members of the Executive Board cannot receive compensation in cases when their terms are not renewed.

In the event that an Executive Board member rejoins the Public Sector within two years of his/her forced departure from the Company, the amount of the severance payment shall be reduced in proportion to the remuneration (including bonuses) payable to a civil servant at

the level where the Executive Board member concerned rejoins the Public Sector.

One member of the Executive Board, Mr Marc Batave has opted for unemployment insurance subscribed for by La Banque Postale entitling him to a limited severance payment equal to one year of remuneration in any case, over the selected benefit period. This insurance policy will replace the severance payment listed above on completion of the waiting period.

Rules for determining the remuneration of Supervisory Board members

Members of the Supervisory Board receive attendance fees which, in compliance with the order of 15 October 2012 making La Banque Postale subject to Article 3 of the decree of 9 August 1953 as amended, must be approved by the French Minister of the Economy.

The attendance fee policy is proposed to the Supervisory Board by the Remuneration Committee. This policy, which is set using benchmark analysis performed by a panel of banks, insurance companies and a sample of companies in which the Government has a stake, is detailed below.

Attendance fees are allocated to all members of the Supervisory Board with the exception of members representing the employees.

A yearly lump sum of attendance fees is allocated to the Chairman of the Supervisory Board.

The amount of attendance fees paid to the other Board members is calculated on the basis of their actual attendance at meetings of the Supervisory Board and the Committees, with the Chairman of each Committee receiving an additional annual fixed amount.

Since financial year 2013, attendance fees are paid twice yearly:

- ▶ a first payment, in the form of an advance calculated using the above-mentioned method, according to the number of Board and Committee meetings held during the first half of the year in progress;
- ▶ a second paid following the approval of the financial statements for the relevant financial year by the Supervisory Board.

Pursuant to the internal regulations of La Poste Group, the attendance fees allocated to the members of the Supervisory Board from La Poste Group are paid to La Poste. In addition, these members do not receive any attendance fees in respect of their positions in companies in La Banque Postale Group.

The total sum allocated for this purpose by the General Meeting of 23 May 2006 was €450,000. The General Meeting of 28 May 2014 renewed this same total amount at the same level for the attendance fees allocated for the year 2014.

Attendance fees due for the 2014 financial year

The Chairman of the Supervisory Board received an annual lump sum in attendance fees for the 2014 financial year of €90,000. The amount allocated to each member of the Supervisory Board was calculated on a pro rata basis of their actual attendance up to €15,000 per year.

In addition, the Chairman of the Audit Committee received €12,000 in recognition of his position, while the Chairmen of the Appointments & Remuneration and Strategy Committees each received €8,000. Finally, the members of the Committees received €1,500 per meeting attended.

Members of the Supervisory Board from La Poste Group did not receive their attendance fees, which were directly paid to La Poste.

Information in Article L. 225-100-3 of the French Commercial Code

In accordance with the provisions of Article L. 225-100-3 of the French Commercial Code, the following items should be disclosed and explained, where appropriate, when they are likely to have an impact in the event of a public offer.

The current capital structure of La Banque Postale makes it impossible for a takeover bid to be made on Company shares which are not admitted for trading on a regulated market. However, reference is made below to the items listed in Article L. 225-100-3 of the French Commercial Code to the extent that this information is contained in the Registration Document for other obligations or is directly addressed below:

1. structure of the share capital of the Company: this information appears in Chapter 1 "Overview of La Banque Postale Group";
2. statutory restrictions on the exercise of voting rights and the transfer of shares, or clauses in the agreements brought to the knowledge of the Company pursuant to Article L. 233-11: none (see chapter 8: Articles of Association);
3. direct or indirect investments in the Company's share capital, of which it is aware pursuant to Articles L. 233-7 and L. 233-12: none (see Chapter 1 "Overview of La Banque Postale Group");
4. list of the holders of any securities conferring special control rights and a description of these rights: none. No security confers special control rights;
5. control mechanisms stipulated under any employee-shareholding scheme, where control rights are not exercised by the latter: none. There is no employee-shareholding scheme;
6. shareholder agreements of which the Company is aware and which may result in restrictions on the transfer of shares and the exercise of voting rights: none. La Banque Postale has a single shareholder;
7. rules applicable to the appointment and replacement of members of the Executive Board as well as to the amendment of the Company's Articles of Association: This information is contained in Chapter 8 "Articles of Association";
8. powers of the Executive Board, in particular issuing and buying-back shares: this information is contained in Chapter 8 "Articles of Association" (Article 14);
9. agreements entered into by the Company that would be altered or terminated in the event of a change in the Company's control, except where this disclosure would seriously jeopardise its interests, aside from the legal disclosure obligation: none;
10. agreements stipulating allowances for the members of the Executive Board or employees, if they resign or are made redundant without just cause or if their employment is terminated due to a public offering: a very limited number of employees (fewer than 10) is guaranteed an end-of-contract payment by their employment contract.

2.1.2 Internal control

2.1.2.1 Internal control benchmarks

La Banque Postale's internal control system is governed by:

- ▶ the decree of 3 November 2014 on the additional monitoring of financial conglomerates;
- ▶ the decree of 3 November 2014 on internal control;
- ▶ the decree of 3 November 2014 on prudential supervision on a consolidated basis.

The "size" of the institution is embodied in the prudential regulations to regulate the level of obligations to be met in relation to governance, the risk management and control system and capital requirements.

To ensure compliance at all times with the regulatory ratios (solvency, liquidity and leverage), institutions must integrate systems to measure risks taken and potential risks, as well as capital and liquidity management systems. The support for large establishments to develop an internal capacity to evaluate their risks is to be noted within this text.

The role of the supervisory body has been significantly reinforced and it is now responsible for examining the bank's governance system and evaluating its efficiency, for approving and regularly reviewing the strategies governing the taking, management, monitoring and reduction of identified and potential risks. The decree on internal control specifies this role in the definition of the supervision guidelines and policy, approval of the overall limits (in particular liquidity), in establishing a strategy for business continuity and remuneration policy.

As of 1 January 2015, the Supervisory Board of institutions deemed "large" must create three *ad hoc* committees under the terms of the French Monetary and Financial Code, including a Risk Committee.

To support this new role, members of the Supervisory Board shall have the necessary knowledge, skills and expertise to understand and monitor the Group's strategy and appetite for risk. Accordingly, the powers of the ACPR regarding directors, as well as the actual corporate officers, are reinforced regarding appointments and the assessment of expertise in particular.

Implementation of Basel 3 and current methodology used for the calculation of equity requirements:

La Banque Postale has implemented the Basel 3 requirements since 01.01.2014, namely:

- ▶ new calculations for solvency ratios with:
- new weighting rules covering credit institutions (including application of weighting based on the external rating of the institution, rather than on the State where it is based),

- a change to the application of the Conglomerates Directive for calculating equity;
- ▶ implementing the LCR (short-term liquidity ratio) calculations produced for the regulator, and for which a limit should be applied as at 01.01.2015;
- ▶ the production of information on the NSFR and leverage to regulators for the calibration of the future indicators and associated limits.

The solvency ratio is calculated on a consolidated perimeter; insurance holdings are consolidated by the equity method.

The standard approach is used to quantify the total equity capital requirement under pillar I for:

- ▶ credit risk;
- ▶ market risk;
- ▶ operational risks.

The general approach is employed, with use of the regulatory settings, to apply risk reduction techniques.

For operational risk, the equity requirement is independent of the level of loss under this risk. The amount is calculated based on the NBI generated by each banking activity (including the bank's main business of retail banking). Each business activity is weighted (from 12% to 18% for the most risky).

2.1.2.2 Guiding principles

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

- ▶ the "Risk Management Policy of La Banque Postale for risk management and the "Risk Charter" (documents prepared by the Group Risk Department (DRG) and validated on 17.10.2013 by the Executive Board);
- ▶ the Permanent Control Charter;
- ▶ the "Audit Charter" for periodic audit.

Besides the customer segments that were already managed by means of risk control systems already in place since the Bank's creation (Sovereign, Banking and Insurance, Retail Banking) and after receiving successive approvals for the financing of companies and local public sector entities, the Bank has added its own risk control systems.

Furthermore, the Bank takes a socially responsible investor approach and is committed to taking into account, in addition to financial criteria, criteria related to the environment, social factors and governance.

System supporting the application of the risk management policy (RMP):

Type of risk	Market	Segment	Date of 1 st CPRG approval	Recent updates made by the DRG
Operational	All markets	All Segments	February 2014	
Market	All Markets	All Segments	December 2014	
Credit	Retail banking	Individuals	2006	December 2014 (CI) January 2015 (CCP)
		Local communities	June 2013	September 2014
		Social Housing Landlords – PSLA	June 2013	December 2014
		Public Health Institutions	June 2013	June 2014
		EPLA	February 2014	-
	Public Sector Local	Social Housing Promoters	May 2014	
		Financial institutions	March 2014	December 2014
	FI & Sovereigns	Management companies	February 2014	-
		Companies	June 2013	June 2014
		Associations	March 2014	-
		CBI	November 2012	
	Corporates	Factoring business	January 2013	October 2014

And Registration Documents distributed to the Bank's departments in order to implement the mechanisms, in particular:

- ▶ standards issued by the Group Standards Validation Committee;
- ▶ "key elements of internal control procedures";
- ▶ procedures implementing the "Product Review Committee";
- ▶ methodology guides for the application of standards, etc.

The Executive Board sets the fundamental principles (strategic orientations, values, appetite for risk, governance) around which each business line arranges its priorities and the associated risk management system under the supervision of the Group Risk Department. These fundamentals are reflected in the Risk Management Policy.

The risk management system has three lines of defence that constitute the general framework of internal control:

- ▶ a first line within the operational business lines responsible for applying the risk management procedures, which they will have defined in advance in liaison with the DRG;
- ▶ a second line consisting of the Group Risk Department, which ensures the existence of an appropriate, uniform framework to define and improve the risk management procedures;
- ▶ a final line via internal controls designed to give an independent idea of the effectiveness of the risk management system in place.

The internal control system of La Banque Postale includes permanent and periodic controls. This is based on:

- ▶ the existence of a **Risk Management Policy and a Permanent Control Charter and Risk Charter** created by the Group Risk Department of La Banque Postale Group for all departments. It establishes a series of principles for risk management and control that must be implemented by each management entity in charge of processes. Each department defines, documents and maintains a booklet of its procedures. These include the audit point or points necessary to ensure quality operations;
- ▶ **the responsibility of all the players**, which constitutes the basis of effective management and control procedures. All employees must ensure that the work that they perform and the transactions that they handle are executed in accordance with the expected procedures and the level of quality required. They must be in a

position to account for the effective management of the work that they perform and the inherent risks of that work at any time. This principle relies on the close involvement of managers;

- ▶ **the proportionality between the controls in place and the level of risk to be managed.** Each manager shall analyse their own risk and implement an appropriate control framework in order to achieve a reasonable level of confidence that their business activities are properly managed, and that they comply with the Company's internal and external standards and regulations;
- ▶ **thoroughness of the scope of the control procedures.** It covers all the activities of La Banque Postale. These procedures apply to all kinds of risk, to all those employed directly by the Bank and all those acting in its name and on its behalf, and to all the entities of La Banque Postale Group. The internal control procedures also extend to essential services that have been outsourced.

2.1.2.3 Main parties responsible

For risk control, management and monitoring procedures, La Banque Postale's internal control and risk management system is structured around:

- ▶ control procedures that are as close as possible to business activities;
- ▶ internal control functions covering permanent control, risk monitoring and management as well as periodic audit;
- ▶ governance committees for internal control.

Controls that are as close as possible to the business activities

La Banque Postale has established a specific system for transactions performed within its network. The aim of this system is to audit the transactions performed in Post Offices, in co-ordination with the La Poste Network.

Senior Management of the La Poste Network is in charge, concerning banking business activities in Post Offices, of the design and performance of Level 1 audits conducted by the Branch Managers (DET). To do this, it relies on the mapping of banking risks created in liaison with the Group Risk Department (DRG) and relies on the

expertise of the Permanent Control Department (DCP) of La Banque Postale. Branch Managers (DET) have a Control Handbook that includes audit checklists for relevant issues or transactions, as well as a form for tracking all corrective measures taken by Branch Managers following the identification of dysfunctions.

The application of the Control Handbook by Branch Managers is continuously supervised, which allows managers, in particular the Heads of the La Poste Network, to be certain that high quality audits have been performed.

Second-level banking controls are conducted by controllers dedicated to the core banking business. In particular, Banking controllers, employees of La Banque Postale, perform Level 2 audits on the banking business conducted in Post Offices, under the responsibility of the Bank's Regional Representatives and the leadership of the Compliance and Permanent Control Department.

Internal control functions

The Compliance and Permanent Control Department manages the permanent control procedures

The Compliance and Permanent Control Department is directly attached to the Executive Board. Its mission is as follows:

- ▶ manage the risk of non-compliance as defined in Article 10 of the decree of 3 November 2014⁽¹⁾;
- ▶ the coordination of all Level 2 audits.

To do this, the Compliance and Permanent Control Department is organised in two departments and two divisions:

- ▶ Financial Operations Security Department;
- ▶ Permanent Control Department;
- ▶ Business Ethics and Investment Services Compliance Division;
- ▶ Expert – Compliance Division.

The Group Risk Department (DRG) is in charge of the necessary and fundamental missions of the risk function:

consistency, uniformity, effectiveness and completeness of risk measurements,

risk monitoring and management.

It is also responsible for managing the Group's consolidated risks.

The DRG's mission is to develop a coordinated policy for managing the Group's risks, subject to the decision of LBP's Executive Board.

Each entity is responsible for its risk management policy and regular risk audits upon validation by the DRG. The DRG ensures that subsidiaries' risk management policies are in line with those of the parent company and that they are properly applied.

Among of the missions and responsibilities of the risk management function, the Group Risk Department is responsible for the following:

- a) regulatory and operational monitoring (monitoring of best professional practices) of risk management procedures;
- b) supervision of the department's activities (training, advice, information for the Group's entities);
- c) the creation of a common risk reference standard for the Group's entities, with identification of risk factors, i.e. explanations of sources of potential or known loss that the Group can

incur (insolvency of borrowers, volatility of market prices, macroeconomic deterioration, fraudulent behaviour, etc.). This identification is based on the creation of risk maps according to different types of risk (credit risk, market risk and operating risk);

- d) the creation of consistent and exhaustive standards subject to validation by the Group Standards Validation Committee;
- e) the creation of systems for measuring risks (market VaR, credit risk grading, listing of operating risks, etc.) that must be validated by the Group's Risk Model Validation Committee;
- f) development of worst-case scenarios (stress scenarios);
- g) checking the validity of risk measurement systems (back-testing);
- h) contribution to the creation of Level 1 Permanent control standards applicable to credit risk and financial risks, the implementation of which is the responsibility of operating lines;
- i) development of Level 2 permanent control standards of credit and financial risks;
- j) definition of mandatory risk reporting at each level of the Group;
- k) control of the proper application of these procedures by the Group's entities based on the reports, memos and minutes provided to the Group Risk Department.

The Group Risk Department must measure, monitor and manage the consolidated risks.

Accordingly, the DRG is operationally responsible for:

- a) investigating individual, global or operational limits concerning the consolidated risks submitted to the Group Risk Committee;
- b) defining reporting standards specifying the nature and content of the reports that the Group's entities send it; standards, the validation of which is the responsibility of the Group Standards Validation Committee;
- c) reporting the consolidated exposures and risks to the Group Risk Committee and LBP's Executive Board, accompanied by analyses covering:
 - the scope and reliability of consolidated risk measurement systems,
 - changes in risks with respect to the general focus of the activity implemented and the management policies of operating activities,
 - detecting any concentrations of abnormal risks,
 - the vulnerability of the Group to worst-case scenarios (stress scenarios);
- d) alerting LBP's Executive Board if overall limits are breached and then monitoring the action plan for dealing with this breach;
- e) warning the Executive Board and the Group's Internal Audit Division if the action plan has not been executed within the allotted time limits;
- f) reporting incidents related to Article 98 to the ACPR.

The DRG is the priority contact with the Supervisory Authority for non-compliance risks. It manages the items relating to the Risks unit for regulatory disclosures prepared on a consolidated basis. When questioned, it shall inform LBP's Executive Board, the managements of the entities concerned, the Group's Internal Auditor and, if applicable, the Group Compliance Director.

(1) This is the risk of non-compliance with legal and regulatory provisions, professional standards, business ethics, as well as the guidelines from the Supervisory Board and instructions from the Executive Board.

Additional information is provided on the La Banque Postale risk management system. This information can be found in Part 4 "Risk Management".

The Internal Audit Division is dedicated to periodic audits

The Internal Audit Division is responsible for periodic audits as defined in the decree of 3 November 2014 on the internal control of companies in the banking, payment services and investment services sectors under the supervision of the French Prudential Control and Resolution Authority. It assesses risk management, together with the quality of internal control.

The Internal Audit Division's main mission is to ensure, with regard to all the activities of La Banque Postale Group, and in accordance with Article 17 of the aforementioned decree:

- ▶ the compliance of transactions;
- ▶ the level of risk actually incurred;
- ▶ the compliance with procedures;
- ▶ the effectiveness and appropriateness of permanent control procedures.

To this end, the Internal Audit Division assesses:

- ▶ operations and internal procedures;
- ▶ the principles used in accounting and information processing;
- ▶ the risk and results measurement systems;
- ▶ the monitoring and risk management procedures.

The Internal Audit Division is organised around 5 Business units in charge of carrying out missions, and two support units.

The Business units:

- ▶ the **"Banking Process" unit**'s main objective is to ensure that the permanent control procedures implemented by each of the Group's entities are effective and facilitate the management of the main financial loss and regulatory risks;
- ▶ the **"Commercial Processes" unit** handles thematic audits and cross-departmental projects relating to marketing processes and marketing offers for all of La Banque Postale's markets, whether they are designed, developed and deployed by the Bank, or with a subsidiary or partner;
- ▶ the **Bank/Finance/Risks unit** operates in areas related to market activities, management on behalf of third parties and financial activities (accounting, management control, taxation, etc.);
- ▶ the **Insurance/Finance/Risks unit** operates in fields related to insurance activities and to financial activities (accounting, management control, taxation, etc.);
- ▶ the **"Information Technology" unit** deals with audits covering governance and the organisation and management of the information systems of each of the entities for which the Internal Audit Division is responsible;
- ▶ the **"Project" unit** manages missions bearing on projects that are strategic or where there are serious financial imperatives, on the launch of new business activities, new products or the creation of significant subsidiaries.

The Support units:

- ▶ the **External Audits Coordination Department** coordinates on-site audits and audit missions conducted by external bodies (supervisory authorities, La Poste Group audits, etc.);
- ▶ the **Resources and Prospection unit**'s main responsibilities are to follow up on recommendations made by the Internal Audit Division, the analysis and production of reports, the performance of audit activities at the highest level of professional and banking standards and practices, the development and operation of the information system, as well as responding to requests from the auditors.

Top-level management structures dedicated to control procedures

La Banque Postale has established an Audit Committee and has set up several committees to address internal control issues, which are attended by at least one member of the Bank's Executive Board. Therefore:

- ▶ **The Audit Committee** is attached to the Supervisory Board and includes two independent directors. The Committee checks the clarity of the information supplied, and assesses the appropriateness of the accounting measures adopted by the Bank and assesses the quality of its internal control procedures.

Pursuant to the decree of 3 November 2014 on internal control procedures implemented pursuant to CRD directive IV, the Supervisory Board, at its meeting of 16 December 2014, decided to replace the Audit Committee by an Financial Statements Committee and a Risk Committee.

▶ The Group Risk Committee, as it was in 2014, became the Group Risk Management Committee in 2015 with the following organisation:

- chaired by the member of the Executive Board in charge of internal control;
- supervised by the Chief Risk Officer;
- from an examination of the changes to the risk measurement indicators and lessons learned from risk control, the Group Risk Committee:
- approves La Banque Postale Group's Risk Management Policy,
- validates the Risk Management Procedures (credit, market, operational) and the operational limits.

In addition, the Group Risk Committee:

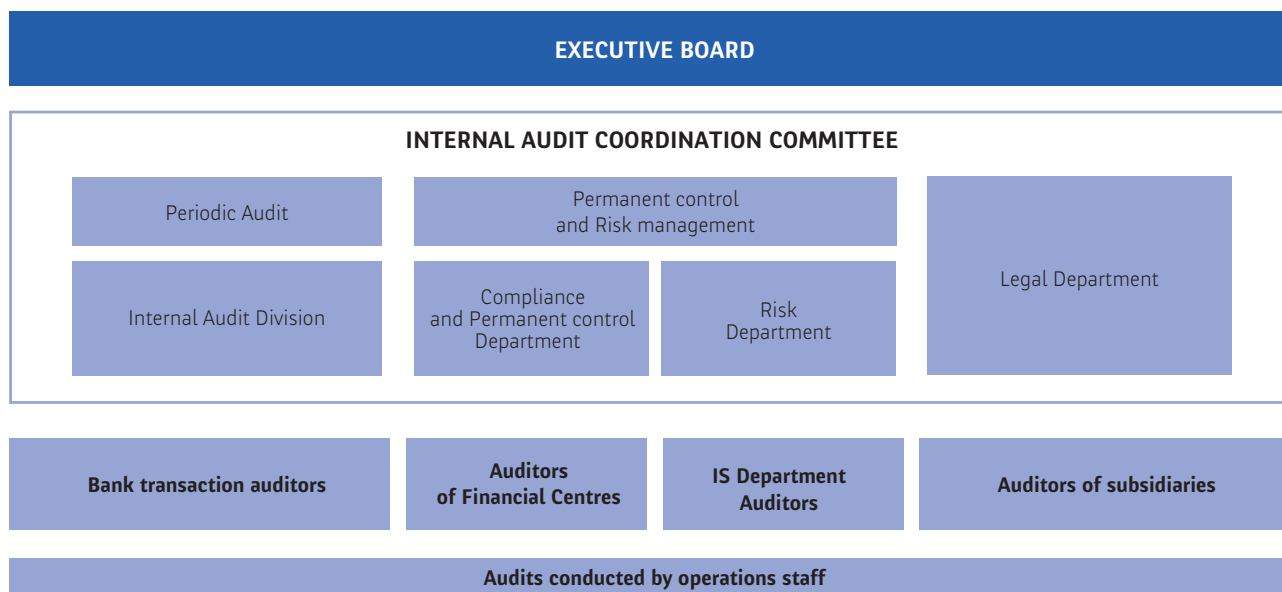
- approves key commitments beyond the delegation of authority procedures in force;
- reviews the most sensitive risk areas (including loans on the watch-list, special and contentious affairs) and monitors their hedging level (including provisioning);
- reviews threats that can affect the structure of the balance sheet, results or management ratios (solvency, liquidity, etc.) and informs the Executive Board;
- dedicated body operating at a national level;
- frequency: monthly.

- ▶ **Both the Standards Validation Committee and the Model Validation Committee**, chaired by the LBP Group Chief Risk Officer, validate group standards and the models used for measuring and controlling risks. At the time of the Basel II Internal Models Program, a Strategic Orientation Committee (COS) was formed in 2013, chaired by a member of the Executive Board, to assess in advance the issues and impacts associated with changes to standards and models.

- ▶ **The Internal Control Coordination and Ethics Committee** assembles the heads of the central departments responsible for internal control around the Executive Board member responsible for internal control, so that this Board member can ensure its consistency and effectiveness. The Committee consists of the Internal Auditor, the Heads of the Compliance and Permanent Control Department and Risk Departments, and the Head of the Legal Department.

- ▶ **The Product Review Committee**'s positioning has been revised in light of changes in the organisation of La Banque Postale's supervisory bodies. It is now positioned after the Strategic Marketing Committee in order to authorise or refuse the implementation of a pilot and/or the generalisation of a new product or service.

Organisational chart



Control function staff

Central departments that make up the Internal Control Coordination Committee:

Risk Department	205
Compliance and Permanent Control Department	63
Legal Department	38
Internal Audit Division	85

Supervision by the Permanent control Department

Audit supervision entities:

D.O. Risk and control Department	14
ISD Risks Management Department	7

Control of banking activities in Post Offices, Financial Centres and subsidiaries:

RCOB and adjuncts	19
Operational banking controllers	191
Risks and Banking control Directors	27
Internal auditors of Financial Centres	59
Auditors of subsidiaries	31

2.1.2.4 Missions of the Group Risk Department, the Compliance and Permanent Control Department and the Internal Audit Division and accomplishments in 2014

Risk Department

The DRG is in charge of the necessary and fundamental missions of the risk function:

- consistency, uniformity, effectiveness and completeness of risk measurements;
- risk monitoring and management.

It is also responsible for managing the Group's consolidated risks.

The DRG's mission is to develop a coordinated policy for managing the Group's risks, subject to the decision of LBP's Executive Board.

Each entity is responsible for its risk management policy and regular risk audits upon validation by the DRG. The DRG ensures that subsidiaries' risk management policies are in line with those of the parent company and that they are properly applied.

Among of the missions and responsibilities of the risk management function, the Group Risk Department is responsible for the following:

- regulatory and operational monitoring (monitoring of best professional practices) of risk management procedure;
- supervision of department activities (training, advising, and information for Group entities);
- the creation of common risk guidelines for the Group's entities, including the identification of risk factors, *i.e.* explanations of sources of potential or known loss that the Group can incur (insolvency of borrowers, volatility of market prices, macroeconomic deterioration, fraudulent behaviour, etc.). This identification is based on the creation of risk maps according to different types of risk (credit risk, market risk and operating risk);
- the creation of consistent and exhaustive standards subject to validation by the Group Standards Validation Committee;
- the creation of systems for measuring risks (market VaR, credit risk grading, listing of operating risks, etc.) that must be validated by the Group's Risk Model Validation Committee;
- the creation of worst-case scenarios (stress scenarios) to test the Group's resiliency in deteriorated situations;
- controlling the validity of risk measurement systems (back-testing);
- the contribution to the creation of Level 1 Permanent control standards applicable to credit risk and financial risks, the implementation of which is the responsibility of the operating lines;

- i) the creation of Level 2 Permanent control standards applicable to credit risk and financial risks;
- j) the definition of mandatory risk reporting at each level of the Group;
- k) control of the proper application of these procedures by the Group's entities based on the reports, memos and minutes provided to the Group Risk Department.

The DRG is the head of the risk management function and, faced with the missions and responsibilities mentioned above, it was organised in the first half year of 2013 into **six permanent departments and one department managing the "Internal Models" Programme**.

It is composed of the following:

- ▶ the Retail Credit Risk Department (DRCP);
- ▶ the Enterprise and Institutional Credit Risk Department (DRCEI);
- ▶ the Financial Risk Department (DRF);
- ▶ the Operational Risk Department (DRO);
- ▶ the Cross-functional Risk Management Department (DPTR);
- ▶ and the "Basel 2 Internal Models (BA2MI)" Programme Department.

Supervision and coordination of risk management

The missions of the Group's risk management function are the following:

- ▶ to create the risk policy integrated with the management policy for operational activities;
- ▶ to assess and prevent risks;
- ▶ to continuously monitor and manage consolidated risk.

The guiding principles of risk management as set out in the Charter of the Risk Management unit are the following:

Principle 1: The Chief Risk Officer of La Banque Postale is responsible for risk management for the whole Group pursuant to Article 7-5 of Rule 97-02 as amended.

Principle 2: The Group Risk Department of La Banque Postale is the sole representative to official prudential authorities for the entire Group, on all topics concerning risk management. In particular:

- ▶ the Group Risk Department must be capable of producing all management ratios (as defined by Rule 90-02) of the banking subsidiaries in the procedures and deadlines to be defined with the subsidiary concerned;
- ▶ the Group Risk Department is informed of all formal communications of the subsidiaries concerned with the official prudential authorities;
- ▶ the Group Risk Department validates all statements, regulatory and non-regulatory, sent by the subsidiary to the official prudential authorities.

Principle 3: The Group Risk Department by virtue of its consolidated risk management mission takes part, directly or indirectly via a representative of risk management, in all dedicated Risk Committees of the subsidiaries. It thus has a right to review any decision of the Committees when any decision impacts the risk profile of the entity or the Group with respect to the governance of the entity concerned.

Principle 4: The persons working in risk management are at least functionally attached to the Chief Risk Officer or to any other worker he designates.

The functional attachment includes the following:

- ▶ validation of appointments, in collaboration with higher-level managers;
- ▶ participation in:
 - setting objectives,

- creating the development plan, including training,
- evaluating performance,
- in decisions regarding retributions or sanctions.

By virtue of these principles, risk management of La Banque Postale Group is composed of the following:

- ▶ the DRG, the Department responsible for managing all procedures;
- ▶ all entities and workers involved in risk management for the Group.

Each entity has a duty to communicate to the DRG: any significant event from the point of view of risk management, as part of its warning function. In addition, each entity reports any risk controls and analyses to the DRG to enable it to monitor and manage the risks.

The subsidiaries prepare their own Risk Management Policy that is validated by the DGR that will ensure its consistency with respect to the overall system. Likewise, the subsidiaries will inform the DRG of any changes that have been made prior to their implementation.

Validation of the principles for monitoring and managing the tracking of risks, validated by the results of the AQR Stress test:

Both the Group Risk Department and the Financial Department have contributed greatly to the AQR (Asset Quality Review) Stress test exercises carried out in 2014 under the Sole Supervision Mechanism (the BCE becoming La Banque Postale's Control and Supervision Authority). These AQR and Stress test exercises showed that La Banque Postale, European Bank No. 26 in balance sheet terms, has a sound structure, with the BCE requiring no provision adjustment with regard to the quality of the assets shown on the balance sheet. La Banque Postale was also rated first among the 26 largest European banks in the AQR exercises.

Credit risk

Economic and geographic concentration risk

La Banque Postale is mainly exposed with respect to the individuals residing in France and the public sector through the recentralisation of deposits with the Caisse des dépôts et consignations and the refinancing of French administrations.

Review of the internal model ratings to adapt to the new Basel 3 requirements

In connection with the arrangements for granting loans and controlling credit risk, credit rating models for individuals and institutions have been changed significantly since the launch of the Basel II Internal Models project in 2013. In particular, the project has brought about better documentation of the use of these models and the establishment of a process for validating models, including the separation, as of 2013, of the modelling and validation functions.

The granting system was adapted both in terms of the granting process and the decision-making support tools.

Improvement of the organisation and management of credit risk

The Risk Management Policy and the Risk Charter have been implemented with the establishment of a robust and permanent risk structure taking into account all the changes to La Banque Postale since its inception in order to secure the Group's future results, and also taking into account the best practices to measure and manage risk through the use of internal models for the determination of internal capital.

A risk unit was created and regional officers were appointed reporting directly to the Group Risk Department to ensure an improvement in the granting and control processes covering all markets.

This unit has regionalised dashboards to monitor and control its risks while being close to the ground.

Risk relating to the retail credit business

For retail credit, the Group Risk Department defines, for La Banque Postale Group, the rules and tools governing risk-taking and management of inherent risk, and monitors the effective application of these rules and the proper use of the rules and the functioning of the tools at the level of La Banque Postale SA, La Banque Postale Financement and BPE and SOFIAP.

It develops the rules for granting and committing to loans.

The Retail Credit Risk Department supervises the LBP Retail Credit Risk Committee that is the highest appointed body within the La Banque Postale Group for making loans to individuals.

For management of inherent risk, the Group Risk Department is responsible for the rules on covering risk, working with the Legal Department, the Operations Department and the departments governing provisions for accounts receivable in liaison with the Accounts Department.

Beyond the scope of its own authority, it has these “rules of the game” approved by the Group Risk Committee (chaired by a member of the Executive Board) or by the Executive Board, if requested by the Chairman of the Group Risk Committee.

After validation, the Retail Credit Risk Department ensures implementation and monitors the proper application of these rules throughout the loan process.

As part of the deployment of the risk unit, BPE and LBPF’s Risk Officers were placed under the supervision of the Group Chief Risk Officer in January 2015 and July 2014 respectively.

In compliance with applicable regulations, the Retail Credit Risk Department guarantees implementation of audit and risk monitoring procedures and coordinates all necessary related steps.

Monitoring is provided by the Group Risk Committee over the consolidated scope with specific monitoring of each of the subsidiaries.

Risk relating to the corporate and institutional credit business

From 2006 to 2011, La Banque Postale’s Credit and Counterparty risks were generated by:

- ▶ investment transactions, mainly with Financial and Sovereign Institutions and, to a lesser extent, on bond issues by large French or foreign companies;
- ▶ hedging transactions (Financial Institution risks);
- ▶ cash facilities granted selectively to some major corporate accounts.

In September 2011, La Banque Postale obtained authorisation from the French Prudential Control Authority to offer financing to corporate and institutional customers (PMO). Beyond the historically targeted customer segments, La Banque Postale Group focuses on small/medium sized businesses and self-employed customers.

The range of financing options offered currently includes: overdraft facility, advance on grants, equipment leasing, medium-term credit, bilateral or syndicated loans for large corporate customers, property leasing and asset financing.

In addition, starting June 2012, La Banque Postale developed a financing offer restricted to local authorities, management

organisations, local non-profit associations, before extending it in 2013 to social housing landlords and public health institutions. The range of financing consists of cash lines and medium and long term loans for the more conventional forms.

During the 2013 financial year, La Banque Postale’s financing offer to businesses was complemented by factoring and asset financing.

In 2014, the CT and MLT financing offer was expanded to HLM promoters and semi-public corporations.

La Banque Postale Group’s factoring offer consists of simple products relying on the expertise of a very experienced business specialist, through a service agreement signed with CM-CIC Factor.

These risks also take the form of both on- and off-balance sheet commitments (guarantees, collateral, undrawn part of loans granted, etc.) Furthermore, La Banque Postale is required to monitor exposure incurred under the Conglomerate’s insurance business.

La Banque Postale’s granting and commitment rules are drawn up in accordance with Articles 111 and 112 of the decree of 3 November 2014 on the internal control of companies in the banking, payment and investment services sector subject to the French Prudential Control and Resolution Authority.

The investigation and decision-making process is based on: eligibility conditions, analysis and the determination of a financial score, and in some cases the collection of guarantees.

Cases presented to the National Counterparty Risk Committee must be accompanied by a financial analysis (performed by the sales teams) and are subjected to a counter-analysis carried out by the Group Risk Department.

Transactions greater than or equal to €10 million must be approved by a member of the Executive Board. The same applies where individual limits are exceeded.

The aim of the risk management system applied to corporate and institutional financing is to detect risks at every level in each of the business processes (granting, management, recovery and provisioning). It is based on the following elements:

- ▶ creating a complete Loan Committee system at different levels of the Bank;
- ▶ setting up individual risk monitoring procedures and a management platform for global risk;
- ▶ introducing control procedure for delegations of authority;
- ▶ creating a national Special and Contentious Affairs Committee relating to finance activities for these non-individual customer segments.

Specific rating models were developed in 2012-2013 for Local Authorities, Social Landlords and Hospitals.

The rating model for Banks is inserted operationally in the context of an IRBA approval and forms part of the granting and risk management process.

La Banque Postale’s operations are generally limited to investment grade counterparties and issuers.

The minimum rating is lowered to BB- ⁽¹⁾, in some specific cases, particularly for loans to Large Corporate Customers, provided that the bank has an on-going business relationship.

(1) According to the ACP correspondence tables, BB- corresponds to quality level 4 (BB- to BB+ with Fitch Standard & Poors; Ba1 to Ba3 with Moody’s; 4 to 5 with COFACE 4 to 5+ with FIBEN).

Internal limits are calibrated so as to comply with banking regulations and in particular “high risk” limits, the threshold for which is set at 25% of statutory equity.

Each group has an overall group cap.

The limits are defined by maturity when discussed at the National Counterparty Risk Committee. The DRCEI may amend maturity terms at any time, upon approval of the Group Risks Director or the DRCEI Director. In this case, this amendment will be declared to the next meeting of the National Counterparty Risks Committee.

The limits are set by internal entities (DOF, DFS, DEDT and subsidiaries). The DRCEI is responsible for administering the limits in the systems.

The limits concern risk types, i.e. the balance sheet risk generated by positions on securities held and loans granted, and the risk of replacement related to repo transactions and financial futures.

La Banque Postale’s only deals in asset classes previously approved by the Executive Board, on a proposal from the Group Risk Department.

Furthermore, the lists of authorised countries and authorised currencies are approved by the Group Risk Committee.

The Group Risk Committee is informed of counterparties on the Watch List and of changes in this list.

Before it can carry out any repurchases, securities lending or futures transactions exposing it to a counterparty risk, La Banque Postale must first ensure that there is an ISDA (International Swaps and Derivatives Association) or FBF (French Banking Federation) framework agreement with clauses concerning collateral.

Interest rate and liquidity risk

The Asset and Liability Management (ALM) Committee is primarily responsible for monitoring liquidity and interest rate risks. Chaired by the Finance Director, it is composed, in addition to the Head of Financial Operations, who runs it, of the Head of Retail Banking, the Chief Risk Officer and the Head of Management Control.

The ALM Committee reviews customer deposit models on a regular basis, and formally validates the outflow assumptions produced.

It monitors the interest rate and liquidity risk performance indicators, and anticipates their future development, in light of the Bank’s sales policy, and observations on customer behaviour. It also monitors the sensitivity of future margins.

Lastly, it decides on the financial asset investment and hedging policies to be implemented.

The Group Risk Committee, which is also chaired by a member of the Executive Board, validates the ALM risk control procedures, especially the limits applicable to ALM.

Operational application of the guidelines set out by these committees is defined partly by the Balance Sheet Management Operational Committee, chaired by the Head of Financial Operations, who is responsible for the ALM portfolios and Cash, and partly by the Investment Committee, chaired by the Head of Finance and Strategy, who is responsible for benchmarked portfolios. The Trading Room, acting on behalf of La Banque Postale’s ALM Department, is responsible for implementing the guidelines in all circumstances.

Pursuant to IFRS 7 regarding disclosure of risk, a detailed presentation of financial management risk is provided in Part 4 of the Registration Document “Risk Management”.

Market risk

La Banque Postale has no significant trading activity, strictly speaking. It is however exposed to market risks because of its cash flow and

balance sheet management activities (portfolio of assets available for sale and hedging transactions).

The market portfolio, which combines all transactions exposed to market risks, includes not only the trading portfolio, defined in Articles 102 to 104 of the Regulation (EU) No. 575/2013 of the European Parliament and Council of 26 June 2013 pertaining to equity requirements for credit establishments, but also banking portfolio transactions, including securities held for sale and some lending and borrowing transactions.

As a precautionary measure, the Bank decided to apply a Value at Risk indicator (one-day, 99%) to all its marked-to-market positions. The limit of the indicator is reviewed by the Risk Committee.

The validity of the VaR model is regularly tested on an ex post basis. The behaviour of the VaR model was satisfactory in 2014, even if the recent past showed its limits, particularly during the periods of credit market volatility.

The guaranteed capital funds offered to customers (which the Group Risk Management controls on an on-going basis) are included in the scope of the Bank’s risk management policy; only approved issuers are therefore eligible for those funds.

Operational risk

Operational risk management procedures

The definition of operating risk used by La Banque Postale, validated by the Risk Committee on 17 January 2006, covers the “risk of losses resulting from unsuitability or failure attributable to internal procedures, persons and systems, or to external events. This definition includes reputation risk, but excludes strategic risks”.

This definition includes in particular human errors, malicious acts, faulty IT systems, problems linked to personnel management, commercial disputes and damage to property, plant and equipment.

It applies to all activities:

- ▶ of La Banque Postale and its subsidiaries;
- ▶ of La Poste in all sectors performing transactions on behalf of La Banque Postale;
- ▶ of companies in which La Banque Postale, through investment, plays a direct and effective role in management.

Missions of the Operational Risk Department

The Group Risk Department is responsible, with respect to the Executive Board, for the procedures for managing and monitoring the Group’s operating risks.

As such, the Operational Risk Department, under the responsibility of the Group Risk Department, reports to the Group Risk Management Committee for the creation and implementation of procedures for managing and monitoring operational risks.

As part of monitoring any type of risks associated with operations (volume V of the decree of 3 November 2014), the main missions of the Operational Risk Department are:

- ▶ to define the policy for managing operational risks;
- ▶ to provide methods and tools for identifying, rating, and managing operational risks for all players;
- ▶ to ensure that La Banque Postale Group has an operational risk map, to provide the necessary analyses to the appropriate bodies;
- ▶ to monitor and report on the effectiveness of the operational risk management procedures;

- ▶ to coordinate and functionally supervise the persons working in the Operational Risks function;
- ▶ to ensure that La Banque Postale has properly defined and documented its objectives concerning Information System security and mapped its main points of vulnerability. The Manager of Information Systems Security (RSSI) of La Banque Postale, attached to the Department of Operational Risks, ensures the proper implementation of these objectives as part of its monitoring mission;
- ▶ to ensure that La Banque Postale Group has Emergency and Business Continuity Plans and supervises tests to perform and carries out needed improvements.

Players and functional line

The Operational Risks Department relies on networks of correspondents whether dedicated or exercising operational activities, the principal of which are the delegated risk managers in charge of risk management procedures (risk mapping, risk hedging procedures, indicators and limits) of their respective scopes.

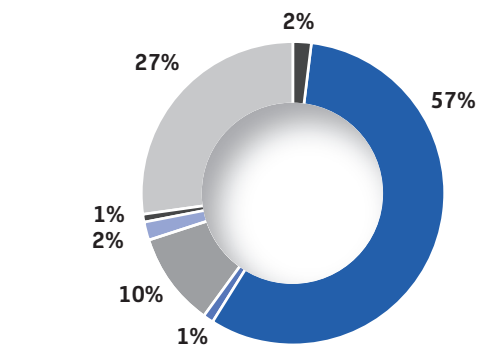
In the areas of Information Systems security, business continuity and safety of goods and people, the Operating Risk Department also has identified correspondents.

Exposure to the Group's operational risks

In 2014, there was no significant incident as defined in Section 98 of the decree of 3 November 2014.

Since 2007, the "external fraud" family represents the Group's main exposure. These are frequent cases of fraud, mainly linked to means of payment and new distribution channels.

BREAKDOWN BY BASEL FAMILIES



- Internal fraud
- External fraud
- Employment and occupational safety practices
- Customers, products and sales practices
- Damage caused to physical assets
- Work interruptions and system failures
- Execution, delivery and process management

Incidents related to operational risk in value – (average from 2010 to 2014)

BREAKDOWN BY BUSINESS LINE

Retail banking	96.1%
Commercial banking	2.9%
Asset management	1.0%
Retail brokering	0.1%

Information System security

An Information system security approach based on the risks

Information System security is defined as a comprehensive risk coverage system that ensures an appropriate level of protection of such information and related assets with the aim of ensuring:

- ▶ its *availability*: guarantee that authorised users have access to the necessary resources when required;
- ▶ its *integrity*: guarantee the accuracy and faithfulness of the information and the data processing methods;
- ▶ its *confidentiality*: guarantee that only authorized users can access the information;
- ▶ its *traceability*: be aware of those persons who have accessed the information and when.

The process of securing Information Systems is the responsibility of the business lines under the leadership of the Group RSSI (Manager of Information Systems Security). Information security is provided across all divisions in all business activities of La Banque Postale Group by the RSSI.

The process has four primary focuses:

- ▶ the definition of the ISS Strategy of La Banque Postale, taken from the Risk Management Policy. It is composed of the General Information Systems Security Policy, thematic policies, Technical Security Guidelines, operational procedures and IT charters;
- ▶ monitoring of the operational forms of this ISS strategy and issuing alerts when problems arise;
- ▶ support to business lines, in accordance with the ISS strategy, in their approach to covering IS-related risks through:
 - challenging their risk analyses on the IS aspect,
 - briefing employees on changing IS security risks;
- ▶ summarising La Banque Postale Group's exposures to ISS risks in order to assist the Group Risk Department in making Overall Management Bodies aware of risk exposure.

Emergency and Business Continuity Plans

The aim of the General Policy and Governance of the Business Continuity Plan (PPA) is to establish a frame of reference defining the organisation, missions and responsibilities in relation to the PPA, as well as the principles and rules to follow within La Banque Postale Group. This policy forms part of La Banque Postale Group's Risk Management Policy. This policy aims to:

- ▶ control the impacts of major events:
 - by implementing and managing developed solutions,
 - by mobilising each stakeholder in the La Banque Postale Group;
- ▶ the implementation of governance and a uniform business continuity management system in which actions are formalised, tracked and shared with management, the Group Risk Department and the Executive Board.

In line with the "General Policy and Governance of the Business continuity Plan", a "La Banque Postale Group Crisis Management Policy" defines the organisation, process and resources that will ensure the handling and control of crisis and emergency situations affecting or involving all or some of the Group's entities.

Scenarios adopted

The Business Continuity Plan of La Banque Postale is based on several technical emergency Information System solutions and a complete organisational procedure including an organisational plan, response modes and communication actions, etc.

It aims to cover situations of extreme shocks and is designed to minimally confront the crisis scenarios used by La Banque Postale.

The scenarios used by La Banque Postale have been segmented into four categories:

- ▶ damage to buildings;
- ▶ information system and/or technical system failures;
- ▶ missing workers;
- ▶ unavailable service providers.

Adding also the eight market place scenarios proposed by the Place Robustesse group:

- ▶ general transport strike;
- ▶ one-hundred-year flood;
- ▶ pandemic;
- ▶ multiple attacks involving explosives;
- ▶ electrical blackout;
- ▶ NRBC (Nuclear, Radiological, Biological, or Chemical) accident or attack;
- ▶ failure of an essential market service provider;
- ▶ cyber-attack.

Organisation

The organisation plan led by the Group RPCA for the Operational Risk Department, and adopted by La Banque Postale Group to implement its Business Continuity Plan (PPA) and maintain it in operating condition, is based on a network of correspondents in liaison with the Group Risk Managers and the Bank's Business lines:

- ▶ the Correspondents of the Business Continuity Plans (C-PPA) ensure the operational deployment of the General Policy and Governance of the Business continuity Plan, managed by the RPCA Group of La Banque Postale in the business lines and subsidiaries.

They are responsible, within their respective scopes, for defining and implementing the organisation and resources necessary for managing business continuity with regard to the vital and major processes placed under their responsibility, which must be covered by a PPA, for organising exercises, and conveying the bank's business continuity culture and disseminating it in their business lines;

- ▶ the Business Continuity Relays (RLCA), C-PPA correspondents in the entities and departments, collect information on critical activities within the essential and major processes and ensure that the PPA is implemented in each entity.

The PPA Division, under the responsibility of the Group RPCA, remains on alert 24/7 to manage major incidents that should be managed by the Bank's managing bodies.

Activities covered by the PPA

To maintain consistency with the other banks operating in Paris, La Banque Postale has combined its critical business activities in a "Banque de France" macro process.

Updated list of the Banque de France macro-processes and processes:

- ▶ Market Liquidity:
 - interbank credit,

- daily liquidity management,
- foreign exchange transactions;
- ▶ Cash and cash equivalents:
 - refinancing by the Central Bank,
 - access to accounts on the Central Bank's books and management of mandatory reserves;
- ▶ Non-cash means of payment:
 - bank card transactions,
 - settlement of cross-border transactions,
 - exchange of transactions between participants in the central system platforms,
 - management of transfers (excluding large amounts),
 - management of cheque transactions,
 - management of international means of payment;
- ▶ Management of financial instruments:
 - order reception/transmission,
 - negotiation of OTC transactions,
 - settlement and delivery;
- ▶ Fiduciary system;
- cash management.

Internal Audit Division

As in previous years, at the end of 2013, the Internal Audit Division created its programme of missions for 2014 based on the audit universe, the risk map, requests from the Audit Committee, the Executive Committee and the subsidiaries, as well as the proposals of the Management Committee of the Internal Audit Division. This schedule complies with the regulatory obligation to conduct a full cycle of investigations on all business activities over the smallest possible number of financial years, set at four by La Banque Postale.

Approximately 62 missions were conducted in 2014, addressing the points deemed most sensitive with respect to the Bank's business activities and its organisation, while continuing to cover all the Bank's activities and entities, and those of its subsidiaries that grew consistently with the Group in 2014.

The missions covered the following main areas:

- ▶ sales offers and customer relations;
- ▶ finance;
- ▶ financial centres;
- ▶ subsidiaries;
- ▶ providers of outsourced essential services (PSEE);
- ▶ information systems;
- ▶ projects.

A mission covering the security of persons and assets was conducted.

Particular attention was paid to the principal subsidiaries in 2014, for which La Banque Postale's Internal Audit Division now provides regular audits, given the significant growth in their activities. Providers of outsourced essential services have also been subjected to more audits, in accordance with regulatory requirements.

The main project audited in 2014 by the Internal Audit Division was the project relating to the internal models based on changes to the Basel regulations.

The rate of implementation of recommendations was 83% as at 31 December 2014. The total number of recommendations pursued by the Internal Audit Division at the end of December 2014 was 4,123 (compared to 4,956 at the end of 2013). The decrease in the number of recommendations followed is the combined result of the decline in the number of audit assignments conducted since 2013 by the Internal Audit Division, and the change in the method applied to the listing of the recommendations initiated since 2013, with the least sensitive findings no longer being directly monitored by the Internal Audit Division, but rather falling under the responsibility of the management of the business lines concerned.

Compliance and Permanent Control Division

The Compliance and Permanent Control Department manages the permanent control procedures. It reports directly to the Executive Board and its missions are to:

- ▶ manage the risk of non-compliance as defined in Article 10 of the decree of 3 November 2014⁽¹⁾ via:
 - the development, dissemination and respect for ethics rules,
 - complying with the rules set forth by the French Financial Markets Authority (AMF) for investment services,
 - coordinating measures to combat money laundering and the financing of terrorism, defining procedures, managing TRACFIN (intelligence and action aimed at combating illicit financial circuits) tools and declarations,
 - supporting marketing communications for the creation of marketing communication materials and the investigation of new products;
- ▶ the coordination of all Level 2 audits, via:
 - the responsibility for the functional management of banking controllers working in the Post Office Network and the enterprise business centres, as well as management of Level 2 audits in the Financial Centres, via the dedicated department within the Operations Department, the Department of Risk and Internal Control (DRC),
 - supporting and monitoring the departments of the Head Office and subsidiaries in the implementation of their internal control procedures, and ensuring that the monitoring rules concerning essential service providers adhere to regulations.

In addition, it provides the operational coordination for combating fraud, which involves identifying and managing fraud risks, ensuring the security and dissemination of fraud management processes, informing the people concerned and using appropriate tools.

To do this, the Compliance and Permanent Control Department is organised in two departments and two divisions:

- ▶ Financial Operations Security Department;
- ▶ Permanent control Department;
- ▶ Business Ethics and Investment Services Compliance Division;
- ▶ Expert – Compliance Division?

In **compliance** matters, pursuant to Article 35 of the decree of 3 November 2014, new products or products that have been affected by significant changes, whether these products are of a purely banking nature or not, have been expertly assessed by the Product Review Committee, chaired by the Permanent Control and Compliance Director. These committees resulted in the drafting

of a “written opinion” signed by the Head of the Compliance and Permanent Control Department. In 2014, there were 45 Product Review Committee meetings.

The organisation of this Committee has seen a major change in the second half of the year, which has facilitated reactivity and support for the business lines. This Committee is now at the end of the process of preparing and approving planned new product launches, and is planning to obtain labels to ensure the compliance of the marketing process.

The Bank has also set up a systematic review plan for all the materials issued by the Retail Banking Department. More than 2,500 documents were approved in 2014, either for the Advisory Line, customers or other departments within La Banque Postale or Group entities providing services in the name of, or on behalf of La Banque Postale.

The fight against money laundering and the financing of terrorism (AML-CFT) is handled within the Financial Transactions Security Department, which reports to the Compliance and Permanent Control Department.

The whole of the “AML-CFT” sector, and in particular all employees of the AML-CFT units in the Financial Centres, report functionally to the Financial Transactions Security Department (DSOF).

La Banque Postale’s system for combatting money laundering and the financing of terrorism is articulated on three levels (national, regional, local), enabling it to assume its responsibilities both on the transactions that it performs independently and on those made in its name and on its behalf by the La Poste Network, which is responsible for implementing the resources necessary for the proper completion of transactions that it performs in the name of, and on behalf of the Bank.

- ▶ The local system:

Locally, the system relies on the Branch Managers of the Post Offices, as well as the Directors of Risk and Banking Control (DRCB) at the Financial Centres.

- ▶ The Branch Managers are the AML-CFT managers in the Post Offices:

They are in charge of the Level 1 controls on procedures in Post Offices relating to the fight against money laundering and the financing of terrorism. They must ensure that their employees receive proper training on how to combat money laundering, whether they are new staff or employees undergoing refresher training. Level 2 checks are performed by the banking supervisors.

Branch Managers are also responsible for establishing alerts to spot abnormalities observed in the business activities of the Post Offices that may constitute a risk of money laundering or financing of terrorism. These alert systems feed into the AML-CFT unit’s tools for combating money laundering.

- ▶ Directors of Risk and Banking Control (DRCB) in the 22 regional Financial Centres and the 6 National Centres are responsible for managing and controlling risks, including the risk of money laundering and financing of terrorism. They are responsible for:
 - monitoring specific risk relating to sensitive customers and terminating business relationships,
 - Level 2 control over the entire Financial Centre,
 - making sure that the various departments at the Financial Centre monitor the alert systems,
 - raising the awareness of, and training the Financial Centre staff;

(1) This is the risk of non-compliance with legal and regulatory provisions, professional standards, business ethics, as well as the guidelines from the Supervisory Board and instructions from the Executive Board.

- The AML-CFT unit, dedicated on two levels:

The first level of the “AML-CFT” unit consists of seven regional units, attached operationally to the DSOF. They are responsible for analysing all alerts issued from Post Offices and Financial Centres, as well as alerts generated by a dedicated software package.

One of the units is responsible for all first-level filtering of financial sanctions lists using the Fircosoft tool and vigilance on countries at risk, including fiscally non-cooperative countries.

The TRACFIN informants and officers who have a regional authority, and the employees of the Bank’s Financial Operations Security Department (DSOF) represent the second level of the anti-money laundering arm.

Alerts not lifted by filtering the lists of financial sanctions are forwarded to the DSOF’s dedicated operational section, which controls the entire system.

When it was founded, La Banque Postale chose to create a **“Business Ethics Division”**, in addition to the **regulatory position of “Head of Compliance for Investment Services”**.

This decision gives more meaning and visibility to ethics and thus creates a kind of “point of reference” in matters of “rules of good conduct”, which is totally consistent with the “right to alert” procedures in the regulations.

This department has two distinct and complementary functions:

- The function of Compliance Officer for Investment Services (RCSI) is responsible for assessing and controlling the risk of non-compliance with professional obligations designed to preserve the integrity of markets and the primacy of the interests of the clients. It participates in investment services projects.

The RCSI chairs La Banque Postale Group’s RCCI/CCSN Committee, which is a quarterly forum for exchanges of experiences and expertise to those Heads of Compliance and Internal Control with subsidiaries providing investment services.

- The Business Ethics Division embodies the importance afforded by La Banque Postale to the respect of its values: “Performance”, “Difference”, “Cohesion”, “Responsibility” and “Accessibility”. It defines the rules on individual and collective behaviour and ensures their communication to all persons concerned. Rules of good conduct are incorporated in the internal rules of procedure of La Banque Postale and La Poste. The Business Ethics rules are appended to the internal rules of procedure.

In 2014, 212 new hires and SOFIAP employees were trained by the Bank’s Business Ethics Division, in coordination with the Business Ethics Division of the La Poste Network, with the audit entities of the Bank and the Network. In the same manner, 342 employees in the IT Department of Financial Services and the Network Direction were trained via e-learning, as were the agents of La Banque Postale Chez Soi in the Financial Centres. Furthermore, the Network’s Business Ethics Division provided several awareness raising sessions on ethics to the managerial communities, the Support and Territorial Support Departments, and surveyors (620 persons).

Specific work was done in order to update the rules on gifts and invitations. Under the guidelines agreed at the seminar of January 2014, the Ethics area in La Banque Postale’s intranet has been completely redesigned and now allows more complete access to different communication systems (small briefing-collection booklets), to information about the sector, and direct access to the Ethics area of La Poste Group. In addition, a FAQ has been developed and will be integrated into this space.

The MES-DES ethical signalling system shares the information necessary for handling and processing warnings issued by the investigation and audit bodies. There was a very appreciable increase in the number of warnings issued, nearly 600 issued in 2014. As in previous years, professional shortcomings form the significant majority (non-compliance with banking procedures – failure in the treatment of records – inadequate advice given to customers), while those referring to suspicions of embezzlement and improper use correspond to approximately 10% of issued alerts. Other kinds of breaches are reported, referring to detections of supposed situations of status and/or abuse of client weakness, non-compliance with the rules on confidentiality or professional secrecy, of conflicts of interest.

All alerts sent were transmitted to the managers involved and are subject to follow-up of their handling and the measures taken.

The Business Ethics Division of La Banque Postale takes part in the La Poste Ethics Committee, a body that combines the Business Ethics Departments of the four business lines of La Poste. The 2014 BVA barometer of the ethics environment conducted among large French companies and agents of La Poste Group was presented to the Committee. It was noted that 97% of La Banque Postale’s employees said they were concerned by the Company’s ethical actions and 86% of employees said they had been informed of actions on ethics within the Bank.

The Permanent control Department’s task is to provide an independent measurement of the effectiveness of risk management. This fits into the bank’s three lines of defence. It is responsible for coordinating all Level 2 controls, and helps to improve the link between risk and control.

It coordinates all Level 2 controls via:

- responsibility:
 - for the functional management of banking controllers (COB) working in the Post Office Network and the enterprise business centres,
 - management of Level 2 audits in the Financial Centres, via the dedicated department within the Operations Department, the Department of Operational Risk and Internal Control (DO/DRC),
 - directing Level 2 audits for the Information Systems Department (DSI) with the intermediation of the DSI’s Risk Management Department;
- responsibility for setting up the system for directing the Level 2 audits of the Headquarters divisions, the subsidiaries and of the essential activities outsourced within the LBP Group.

Permanent Level 2 control is the control that is made, retrospectively, by people dedicated to this permanent control function.

Regarding the internal control framework, several changes are to be noted this year, particularly in the dynamics of setting up the DCP at the end of 2013. Creation of this new division has formalized an audit plan incorporating all the audit programmes in a single document for the first time: Network, Financial Centres, Information Technology, Investment Services, Headquarters, Subsidiaries and PSE. It has also achieved functional direction of the permanent control activities of the various subsidiaries of La Banque Postale Group.

Control activity also expanded in 2014 to covering activities related to legal entities, with the setting up of new controls on Regional

Authorities and Major Accounts, and a strengthening of those existing on Business Centres and SGE. Finally, over the second half of the year, the DCP supported the establishment of Single Commercial Management within the Network, in order to adapt its control systems.

2.1.2.5 Controls applied to the preparation and processing of financial information

The accounting function

La Banque Postale Accounting Department is responsible for the preparation and processing of accounting information. The Department's key tasks are to produce and disseminate high-quality accounting information, supported by the managers of La Banque Postale's accounting function and using the accounting project management resources of the Finance Project Management (MOA) Department, which combines the MOAs of the Finance Department. The Accounting Department stipulates and implements the organisational and IT processes and structures used to produce the financial statements.

In addition to the Accounting Department, La Banque Postale's accounting function includes the banking back-office *accounting* teams, who report to the Financial Centre Directors, or, in some cases, to the Directors of the business lines. The Bank's Accounting Department sends these teams the instructions and control programmes necessary to ensure the consistency and quality of the information produced. The accounting function also includes a centre specialising in the accounting-based processing of the Bank's general resources, together with the Financial Transactions Department's accounting team, which is responsible for recording market transactions in the accounts.

The Accounting Department coordinates and defines the Level 1 justification and control programmes that must be implemented by the Bank's operating Accounting Departments, which are located in the Financial Centres, in the national centres, in the Financial Transactions Department and in the general resources Accounting Departments. These control programmes are reviewed according to the periodic risk analyses that are carried out during control and account preparation tasks.

The Accounting Department finalises the Level 1 controls by performing a series of Level 2 controls. Those controls consist of recurring cross-functional checks, which are designed to ensure the quality and thoroughness of the Level 1 controls performed in the operating entities. The control process is set out formally in control manuals and is also based on procedures for justifying the accounts and approving the account closing records scheduled in the work programmes. The Level 2 controls are performed by a dedicated team of accounting supervisors.

The Level 2 controls are organised around four areas (Retail Banking, Loans and Other Specialised Activities, General Resources – Consolidation and Market Activities). The business areas are subdivided into audit cycles, and each one can produce an evaluation summary setting out significant events in the cycle, audits and an analytical review of the business activity.

The accounting supervisors' work programmes are periodically updated, in order to:

- ▶ adapt them to changes in business activities and the regulatory environment;
- ▶ incorporate project developments;
- ▶ take account of newly identified risk factors, or conversely, of risks that no longer apply;

- ▶ optimise the effectiveness of the control process as part of the shortening of end-of-period accounting lead-times.

The controls on Retail Banking activities are organised on a declarative basis in the Financial Centres and are finalised by control cycles that are based on the sampling of complete records. In this way, all the centres and cycles are tested several times a year. The work is also incorporated into an accounting quality dashboard, which gives a monthly overview of the results of the controls and the quality of the Level 1 system.

These recurrent checks are reinforced by tightened control periods known as "pre-close periods", which begin one month before the closing date for the half-year and annual financial statements and allow the contributors (centres, and Head Office Departments) to perform a "dress rehearsal". These procedures secure timetables and processes; moreover, they provide interim information on the status of the financial statements to the Statutory Auditors before they begin their work.

Regarding the scope of financial transactions, the Accounting Department has tightened the coordination process for the parties involved (Financial Transactions Department and Risk Departments). The aim of this system, which takes the form of monitoring meetings and setting down feedback channels, is to:

- ▶ circulate the expected schedules for control deliverables in advance;
- ▶ provide feedback on the control bodies' observations (Internal Audit and Statutory Auditors);
- ▶ draw up action plans that enable areas for improvement to be monitored.

The entire accounts production system is supplemented by meetings with the Statutory Auditors' panel, which enable the highlights to be reviewed and the account-closing options to be examined before they are implemented (impacts from new regulations, processing of new products, changes in the scope of consolidation of subsidiaries).

The Accounting Department also co-ordinates the consolidation of the companies that make up the La Banque Postale Group, according to specific instructions.

The process for producing the consolidated financial statements now includes:

- ▶ a process triggered by consolidation instructions sent to all subsidiaries in the scope of consolidation;
- ▶ meetings outlining the Group's news, standards and processes allowing for discussion within the subsidiaries' Accounting Departments;
- ▶ a Level 2 control organised based on a control schedule, the composition of summaries and a system of questionnaires sent to the subsidiaries so that risks can be dealt with and standards application can be coordinated at the Group level;
- ▶ a comparison of the management results with the accounting result;
- ▶ an analytical review procedure presented by the subsidiaries to the Group's Financial Department in the presence of the Statutory Auditors of the subsidiary and the Group.

The subsidiaries have their own structure that enables them to perform Level 1 and 2 accounting controls on individual accounts.

Finally, the Accounting Department has identified, inside a dedicated function, responsibility for the definition of accounting standards applicable to the Group (an international standard) and La Banque Postale (French standards). This Department writes the standards manual, interprets new standards and applies them to the Group's accounts. It helps define accounting principles when new business activities or products are launched and responds to business line and Accounting Division requests on the implementation and application of standards. A Standards Committee is also implemented to coordinate and inform the business lines of forthcoming changes in terms of accounting practices and methods.

Management control function

The Management Control Department is responsible for collating management information.

Management Control consolidates, constructs and quantifies the Bank's budget and medium and long term plans, handles reporting and monitors the budget. It analyses the performance of the Group, its business lines and its entities.

The financial communication function

All financial communication is compiled by **the Balance Sheet Management Department**, attached to the Financial Department, which ensures their compliance with the general principles and good practices of financial communication as they appear in the "Financial Communication Framework and Practices" (written by the Financial Communication Observatory under the supervision of the French Financial Markets Authority). This department is responsible for information published through financial press releases and for presentations made to institutional investors, financial analysts, rating agencies and for information that is included in documents submitted for approval by the French Financial Markets Authority, including the Registration Document.

2.2 STATUTORY AUDITORS' REPORT PREPARED PURSUANT TO ARTICLE L. 225-235 OF THE FRENCH COMMERCIAL CODE ON THE REPORT OF THE CHAIRMAN OF LA BANQUE POSTALE'S SUPERVISORY BOARD

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

For the financial year ended 31 December 2014

La Banque Postale SA

Registered offices: 115, rue de Sèvres – 75275 Paris Cedex 06

Share capital: €4,046,407,595

Ladies and Gentlemen,

In our capacity as the Statutory Auditors of La Banque Postale SA and pursuant to the provisions of Article L. 225-235 of the French Commercial Code, we hereby submit our report on the report prepared by the Chairman of your Company in accordance with the provisions of Article L. 225-68 of the French Commercial Code in respect of the financial year ending 31 December 2014.

It is the Chairman's responsibility to draw up a report on the internal control and risk management procedures implemented at the Company and other information required by Article L. 225-68 of the French Commercial Code, including information on corporate governance procedures, and to submit that report to the Supervisory Board for approval.

Our role is to:

- ▶ inform you of our observations on the information in the Chairman's report on internal audit and risk management procedures relating to the production and processing of accounting and financial information; and
- ▶ certify that the report includes the other information required by Article L. 225-68 of the French Commercial Code. It is not our responsibility to check the accuracy of this other information.

We have performed our work in accordance with the professional standards applicable in France.

Information regarding internal control and risk management procedures in respect of the preparation and processing of accounting and financial information

Professional standards require us to implement procedures to assess the accuracy of the internal control and risk management procedure information when preparing and processing the accounting and financial information contained in the Chairman's report. These procedures primarily consist in:

- ▶ familiarising ourselves with the internal control and risk management procedures in respect of the preparation and processing of the accounting and financial information supporting the information presented in the Chairman's report, together with the existing documentation;
- ▶ familiarising ourselves with the work that enabled the information and the existing documentation to be prepared;
- ▶ determining whether any major internal control failings in respect of the preparation and processing of accounting and financial information that we may have identified during our assignment are discussed appropriately in the Chairman's report.

Based on that work, we have no comment to make on the information regarding the Company's internal control and risk management procedures in respect of the preparation and processing of the accounting and financial information in the report prepared by the Chairman of the Supervisory Board pursuant to the provisions of Article L. 225-68 of the French Commercial Code.

Additional information

We hereby certify that the report prepared by the Chairman of the Supervisory Board contains the additional information required by Article L. 225-68 of the French Commercial Code.

Paris La Défense, 6 March 2015

KPMG Audit

A division of KPMG SA

Isabelle Goalec

Partner

Neuilly-sur-Seine, 6 March 2015

PricewaterhouseCoopers Audit

Agnès Husherr

Partner

2.3 INFORMATION ON THE MEMBERS OF THE SUPERVISORY AND EXECUTIVE BOARDS

2.3.1 Composition of the Executive Board and biographies of its members

La Banque Postale is a Limited Company with an Executive Board and a Supervisory Board.

Overall management of the Company is provided by the Executive Board, which has the broadest powers to act on behalf of the Company in all circumstances, within the limits of its corporate purpose and subject to the powers expressly conferred on Supervisory Boards and Shareholders' Meetings by French law and the Company's Articles of Association, in particular its Article 25.

The Executive Board comprises two members:

- ▶ Mr Rémy Weber, Chairman;
- ▶ Mr Marc Batave, Secretary General of La Banque Postale.

The Executive Board comprised three members until the resignation on 7 April 2014 of Mr Yves Brassart from his functions as a member of the Executive Board owing to his appointment as Deputy Chief Executive Officer and Finance Director of La Poste Group.

Mr Rémy Weber and Mr Marc Batave are corporate officers within the meaning of Article L. 511-13 of the French Monetary and Financial Code.

As previously authorised by the Supervisory Board, members of the Executive Board have divided management duties between themselves. They have also set the amounts in excess of which certain actions committing the Company require prior approval from the Executive Board. Failure to secure that approval may result in the individual concerned being personally liable to the Company and its shareholders.

Profile of the Executive Board members

Rémy Weber (age 57)

**Chairman of the Executive Board
since 15 October 2013**

Graduate of
IEP Paris
and HEC

- ▶ Beginning in 1983, various positions in La Banque Française's foreign trade department.
- ▶ From 1987 to 1989, senior consultant to the Treasury Department's International Affairs office.
- ▶ In 1990, Deputy Director of Investment and Mergers & Acquisitions at Financière B.F.C.E.
- ▶ In 1993, Regional Director at the Lyonnaise de Banque; subsequently, General Secretary and Director of Operations (1995-1996), Deputy Chief Executive Officer from 1996 to 1999 and Executive Director from 1999 to 2002.
- ▶ From 2002 to 2013, Chairman and Chief Executive Officer of CIC Lyonnaise de Banque, member of the Executive Board and then of the Executive Committee of the CIC group.
- ▶ Since 15 October 2013, Chairman of the Executive Board of La Banque Postale, Deputy Chief Executive Officer and Head of Financial Services of La Poste.

Professional address:
La Banque Postale
115, rue de Sèvres
75275 Paris cedex 06

Marc Batave (age 57)**Member of the Executive Board
since 9 January 2013**

Graduate of the ESSEC

- ▶ Crédit du Nord Group from 1983 to 2011:
 - Deputy Head of the Labour Relations Section of the Human Resources Department of Crédit du Nord from 1983 to 1985.
 - Financial Negotiating Department from 1985 to 1986.
 - Head of “Financial Savings and Insurance” Products Department, Head of Individual Banking then Head of Marketing at Crédit du Nord from 1986 to 1993.
 - From 1993 to January 2000, Vice-Chairman, then Chairman of the Executive Board of the Banque Courtois.
 - From January 2000 to July 2011, Head of Customer Relations, Deputy Chief Executive Officer and then Chief Operating Officer at Crédit du Nord.
- ▶ La Banque Postale:
 - From 1 November 2012 to 9 January 2013, Head of Business and Professional Activities with La Banque Postale and member of its Executive Committee.
 - General Secretary and member of the Executive Board of La Banque Postale since 9 January 2013.

Professional address:
La Banque Postale
115, rue de Sèvres
75275 Paris cedex 06

Biographical information on Mr Yves Brassart, member of the Executive Board from 9 January 2013 to 7 April 2014, is presented in the paragraph entitled “Training and Experience of the members of the Supervisory Board”.

2.3.2 List of terms of office of the members of the Supervisory and Executive Boards

Nota bene: Terms of office and positions held in companies whose shares are traded on regulated markets are identified by an asterisk.*

The information below on the terms of office and positions held by members of the Supervisory Board and of Overall Management is required pursuant to Article L. 225-102-1, Paragraph 4, of the French Commercial Code.

2.3.2.1 Members of the Executive Board

Mr Yves Brassart, member of La Banque Postale’s Executive Board between 9 January 2013 and 7 April 2014.

A list of terms of office and positions held by Mr Yves Brassart is presented in Paragraph 2.3.2.2, Members of the Supervisory Board.

Mr Rémy Weber, Chairman of La Banque Postale’s Executive Board, appointed on 15 October 2013 until the renewal of the Executive Board in 2018.

Current appointments

La Poste Group companies

- ▶ Deputy Chief Executive Officer and Chief Financial Officer of La Poste (a Limited Company).
- ▶ Chairman of the Board of Directors of SF2 (a Limited Company).
- ▶ Member and then Chairman of the Supervisory Board since 28 May 2014 and Chairman of the Remunerations Committee of La Banque Postale Asset Management (a Limited Company with Executive and Supervisory Boards).
- ▶ Director of La Banque Postale Assurance Santé (a Limited Company).
- ▶ Director, Chairman of the Board of Directors and Chairman of the Remunerations Committee of La Banque Postale Assurances IARD (a Limited Company).
- ▶ Chairman of the Board of Directors and Chairman of the Appointment and Remuneration Committee of La Banque Postale Prévoyance (a Limited Company).
- ▶ Director, then Chairman and Chief Executive Officer since 5 March 2014 of Sopassure (a Limited Company).

- ▶ Representative of La Banque Postale, Manager of the Limited Property Investment Partnerships CRSF Dom and CRSF Métropole and, since 1 January 2014, Tertiaire Saint Romain.
- ▶ Director and Vice-Chairman of the Board of Directors of L’Envol, le Campus de La Banque Postale (a non-profit association).
- ▶ Director and, since 12 November 2014, member of the Audit, Risks and Internal Control Committee and member of the Financial Statements Committee of the Société de financement local (a Limited Company).
- ▶ Director of Poste Immo (a Limited Company), since 14 February 2014.

Companies outside of the La Poste Group

- ▶ Vice-Chairman of the Association française de banques (French Banking Association).
- ▶ The AFB’s permanent representative, member of the Executive Committee of the Fédération bancaire française (French Banking Federation).
- ▶ Director and member of the Audit Committee of CNP Assurances* (a Limited Company).
- ▶ Member of the Board of Directors of Paris Europlace (a non-profit association) since 24 April 2014.

Appointments that expired during the last five years

- ▶ Member of the Executive Board of CIC (a Limited Company).
- ▶ Chairman of the Supervisory Board of CIC Banque de Vizille (a Simplified Joint-Stock Company).
- ▶ Member of the Supervisory Board of CIC Production (an Economic Interest Grouping).
- ▶ Gesteurop’s permanent representative on the Board of Directors of Factocic (a Limited Company).
- ▶ Vice-Chairman of CIC Banque Pasche (a Swiss company).
- ▶ Chairman and Chief Executive Officer of CIC Lyonnaise de Banque (a Limited Company).

- ▶ Chairman of Gesteurop (a Simplified Joint-Stock Company).
- ▶ Director of Euro P3C (a Limited Company).
- ▶ Member of the Management Committee of Euro Information (a Simplified Joint-Stock Company).
- ▶ CIC's permanent representative on the Board of Directors of Sofemo (a Limited Company).
- ▶ CIC Lyonnaise de Banque's permanent representative on the Board of Directors of CM – CIC Asset Management (a Limited Company).
- ▶ CIC Lyonnaise de Banque's permanent representative on the Board of Directors of CM – CIC Factor (a Limited Company).
- ▶ CIC Lyonnaise de Banque's permanent representative on the Board of Directors of UVP (a Mutual Insurance Company).
- ▶ Permanent representative of the Crédit Mutuel Assurances Group on the Board of Directors of ACM IARD (a Limited Company).
- ▶ CIC Lyonnaise de Banque's permanent representative, Chairman of the Executive Committee of Danifos (a Simplified Joint-Stock Company).
- ▶ CM-CIC Investissement's permanent representative on the Board of Directors of Descours et Cabaud (a Limited Company).
- ▶ Chief Executive of SF2 (a Limited Company) until 27 June 2014.
- ▶ Member of the Supervisory Board of Fonds de garantie des dépôts until 1 April 2014.
- ▶ Chairman of the Board of Directors of La Banque Postale Assurance Santé (a Limited Company) until 7 January 2015.

Mr Marc Batave, General Secretary and member of the Executive Board of La Banque Postale, who was appointed on 9 January 2013 and renewed on 27 February 2013 for a five-year term ending in 2018.

Current appointments

La Poste Group companies

- ▶ SF2's permanent representative on the Board of Directors of Tocqueville Finance SA (a Limited Company) and Tocqueville Finance Holding.
- ▶ Chairman of the Directors Committee and, until 20 February 2015, Chairman of the Audit and Risk Committee of La Banque Postale Crédit Entreprises (a Simplified Joint-Stock Company).
- ▶ Director and Chairman of the Finance Committee of La Banque Postale Assurances IARD (a Limited Company).
- ▶ Member of the Supervisory Board and member of the Remunerations Committee of La Banque Postale Gestion Privée (a Limited Company with Executive and Supervisory Boards) since 13 March 2014.
- ▶ Chairman of the Board of Directors of Titres Cadeaux (a Simplified Joint-Stock Company).
- ▶ Vice-Chairman of the Board of Transactis (a Simplified Joint-Stock Company).
- ▶ La Banque Postale's permanent representative on the Supervisory Board of XAnge Private Equity (a Limited Company with Executive and Supervisory Boards).
- ▶ La Banque Postale's permanent representative on the Board of Directors of La Banque Postale Home Loan SFH (a Limited Company).
- ▶ Chairman of the Supervisory Board and of the Appointments and Remuneration Committee of BPE (a Limited Company) since 27 January 2015.
- ▶ Director of La Banque Postale Collectivités Locales (a Limited Company).
- ▶ Member of the Supervisory Board of La Banque Postale Financement (a Limited Company with Executive and Supervisory Boards).

- ▶ La Banque Postale's permanent representative on the Policy Committee of Adresse Musée de La Poste (a non-profit association).
- ▶ Member of the Supervisory Board of Fonds de Garantie des Dépôts since 1 April 2014.
- ▶ Chairman of the Supervisory Board and member of the Remuneration Committee of Société Financière pour l'Accession à la Propriété (SOFIAP) (a Limited Company with Executive and Supervisory Boards) since 20 May 2014.

Companies outside the La Poste Group

- ▶ La Banque Postale's permanent representative on the Board of Directors of the OCBF (a non-profit association).

Appointments that expired during the last five years

- ▶ Executive Chairman of La Banque Postale Crédit Entreprises (a Simplified Joint-Stock Company).
- ▶ Chief Operating Officer of Crédit du Nord (a Limited Company).
- ▶ Chairman of the Supervisory Board of La Banque Courtois (a Limited Company with Executive and Supervisory Boards).
- ▶ Director, then Chairman of the Supervisory Board of La Banque Laydernier (a Limited Company with Executive and Supervisory Boards).
- ▶ Chairman of the Supervisory Board of La Banque Kolb (a Limited Company with Executive and Supervisory Boards).
- ▶ Director, then Vice-Chairman of the Supervisory Board of La Société Marseillaise de Crédit (a Limited Company with Executive and Supervisory Boards).
- ▶ Member of the Supervisory Committee of SNC Norfinance Gilbert Dupont (a general Partnership).
- ▶ Director of Norbail Immobilier (a Limited Company).
- ▶ Director of Antarius (a Limited Company).
- ▶ Director, then Vice-Chairman of the Supervisory Board of La Banque Tarneaud (a Limited Company with Executive and Supervisory Boards).
- ▶ Director of Étoile ID (a Limited Company).
- ▶ Director of Star Lease (a Limited Company).
- ▶ Chairman of the Supervisory Committee, then Director of Étoile Gestion (a Limited Company).
- ▶ Director, then member of the Supervisory Board of La Banque Rhône Alpes (a Limited Company with Executive and Supervisory Boards).
- ▶ La Banque Postale's permanent representative on the Board of Directors, Chairman of the Audit and Risk Committee and member of the Appointments & Remunerations Committee of BPE (a Limited Company), since 27 January 2015.

2.3.2.2 Members of the Supervisory Board

Mr Philippe Wahl, Chairman of the Supervisory Board of La Banque Postale, appointed on 15 October 2013 for the remainder of his predecessor's term of office, or until 26 February 2018. Member of the Appointments & Remuneration Committee of La Banque Postale until 16 December 2014. Member of La Banque Postale's Appointment & Remuneration Committees since 16 December 2014.

Current appointments

La Poste Group companies

- ▶ Chairman and Chief Executive Officer of La Poste (a Limited Company).
- ▶ Director of Sopassure (a Limited Company).

- ▶ Director of *L'Envol, le Campus de La Banque Postale* (a non-profit association).
- ▶ La Poste's permanent representative on the Board of Directors of Poste Immo (a Limited Company).
- ▶ La Poste's permanent representative on the Board of Directors of GeoPost (a Limited Company).

Companies outside the La Poste Group

- ▶ Director and member of the Appointment and Remuneration Committee of CNP Assurances* (a Limited Company).
- ▶ Member of the Institut Montaigne Management Committee.

Appointments that expired during the last five years

- ▶ Managing Director of the Paris branch of The Royal Bank of Scotland plc and of the Royal Bank of Scotland NV.
- ▶ Chairman of the Supervisory Board and member of the Supervisory Board of La Banque Postale Financement (a Limited Company with Executive and Supervisory Boards).
- ▶ Chairman of the Supervisory Board of XAnge Private Equity (a Limited Company with Executive and Supervisory Boards).
- ▶ Member of the Finance Committee, Chairman of the Board of Directors, member of the Appointments and Remunerations Committee of La Banque Postale Prévoyance (a Limited Company).
- ▶ SF2's representative on the Board of Directors and Chairman and Chief Executive Officer of Sopassure (a Limited Company).
- ▶ Vice-Chairman of the Supervisory Board of Société Financière de Paiements (a Simplified Joint-Stock Company).
- ▶ Chairman of the Board of Directors, Chief Executive Officer and Vice-Chairman of the Board of Directors of *L'Envol, le Campus de La Banque Postale* (a non-profit association).
- ▶ Member of the Audit Committee of CNP Assurances* (a Limited Company).
- ▶ Chairman and Chief Executive Officer of SF2 (a Limited Company).
- ▶ Chairman of the Supervisory Board of La Banque Postale Gestion Privée (a Limited Company with Executive and Supervisory Boards).
- ▶ Chairman of the Board of Directors of La Banque Postale Assurance Santé (a Limited Company).
- ▶ Chairman of the Supervisory Board, member of the Supervisory Board and Chairman of the Remuneration Committee of La Banque Postale Asset Management, (a Limited Company with Executive and Supervisory Boards).
- ▶ Chairman of the Board of Directors and Chairman of the Appointment & Remuneration Committee of La Banque Postale Assurance IARD (a Limited Company).
- ▶ Representative of La Banque Postale, manager of the Limited Property Investment Partnerships CRSF Dom and CRSF Métropole.
- ▶ Director and member of the Audit Committee of Société de Financement Local (a Limited Company).
- ▶ Member of the Supervisory Board of the Fonds de garantie des dépôts.
- ▶ Vice-Chairman of the Association française des banques (French Banking Association).
- ▶ Member of the Executive Committee of the Fédération bancaire française (French Banking Federation).
- ▶ Chairman of the Executive Board of La Banque Postale Asset Management (a Limited Company with Executive and Supervisory Boards).
- ▶ Member of the Board of Directors of *Paris Europlace* (a non-profit association) until 24 April 2014.
- ▶ La Poste's permanent representative on the Board of Directors of Sofipost (a Limited Company) until 1 July 2014.

Ms Nathalie Andrieux, member of the Supervisory Board from 15 December 2013 to 30 September 2014 Member of La Banque Postale's Strategy Committee from 27 February 2013 to 30 September 2014.

Current appointments until 30 September 2014

La Poste Group companies

- ▶ Deputy Chief Executive Officer for Digital Development at La Poste Group (a Limited Company).
- ▶ Member of the Policy Committee of Médiapost (a Limited Company).
- ▶ Chairwoman of Médiapost Holding (a Simplified Joint-Stock Company).
- ▶ Member of the Policy Committee of Médiapost Publicité (a Simplified Joint-Stock Company).
- ▶ Director of Maileva (a Limited Company).
- ▶ Member of the Policy Committee of SMP (a Simplified Joint-Stock Company).
- ▶ Director of Médiapost Hit Mail (a Romanian Limited Company).
- ▶ Director of Médiapost SGPS (a Portuguese Limited Company).
- ▶ Director of Médiapost Spain (a Spanish Limited Company).
- ▶ Director of Mix Commerce (a Limited Company).
- ▶ Member of the Policy Committee of Média Prisme (a Simplified Joint-Stock Company).
- ▶ Member of the Policy Committee of Matching (a Simplified Joint-Stock Company).
- ▶ Member of the Policy Committee of Cabestan (a Simplified Joint-Stock Company).
- ▶ Member of the Idenum (a Simplified Joint-Stock Company) Strategy Committee.
- ▶ Member of the French Digital Council (Conseil national du numérique).
- ▶ Members of the Scientific Board of the Institut Mines-Telecom.

Companies outside the La Poste Group

- ▶ Member of the Supervisory Board and Audit Committee of Lagardère (a Limited Share Partnership).

Appointments that expired during the last five years

- ▶ Chairwoman and member of the Committee of Médiapost Multicanal (a Simplified Joint-Stock Company).
- ▶ Chairwoman and Chief Executive Officer, Chair of the Board of Directors and Chair of Médiapost (a Limited Company).
- ▶ Member of the Policy Committee of Neopress (a Simplified Joint-Stock Company).
- ▶ Chairwoman of the Board of Directors of Médiapost Hit Mail (a Romanian Limited Company).
- ▶ Chairwoman of the Board of Directors of Médiapost SGPS (a Portuguese Limited Company).
- ▶ Chairwoman of the Board of Directors of Médiapost Spain (a Spanish Limited Company).
- ▶ Chairwoman of the Board of Directors and permanent representative of Financière Adverline, Chairwoman of Adverline (a Limited Company).
- ▶ Chairwoman of Financière Adverline (a Simplified Joint-Stock Company).
- ▶ Permanent representative of SMP, Chairwoman of Financière Soceg Marketing (a Simplified Joint-Stock Company).

- ▶ Chairwoman of Médiapost Publicité (a Simplified Joint-Stock Company).
- ▶ Chairwoman of SMP (a Simplified Joint-Stock Company).
- ▶ Chairwoman of the Board of Directors of Mix Commerce (a Limited Company).
- ▶ Chairwoman of Cabestan (a Simplified Joint-Stock Company).
- ▶ Chairwoman of MDP 1 (a Simplified Joint-Stock Company).
- ▶ Chairwoman of Média Prisme (a Simplified Joint-Stock Company) until 7 January 2014.
- ▶ Chairwoman of Matching (a Simplified Joint-Stock Company) until 7 January 2014.

Mrs Marie-Pierre de Bailliencourt, member of the Supervisory Board of La Banque Postale, appointed on 22 October 2014 for the remainder of her predecessor's term of office, i.e. until 26 February 2018. Member of the Audit and Appointments & Remuneration Committees of La Banque Postale from 22 October 2014 to 16 December 2014. Member of the Strategy Committee since 22 October 2014 and member of the Accounts, Risks and Appointment & Remuneration Committees of La Banque Postale since 16 December 2014.

Current appointments

Companies outside the La Poste Group

- ▶ Director, Chairman of the Audit and Risk Committee and member of the Appointment & Remuneration Committee of BPE (a Limited Company) since 10 February 2014.
- ▶ Managing Director of MPBC Conseil (a Private Limited Company).
- ▶ Deputy Chief Executive Officer of DCNS (a Limited Company) since 19 January 2015.

Appointments that expired during the last five years

None.

Mr Yves Brassart, member of the Supervisory Board of La Banque Postale, appointed on 24 October 2014 for the remainder of his predecessor's term of office, i.e. until 26 February 2018. Member of the Audit Committee of La Banque Postale from 24 April to 16 December 2014. Member of La Banque Postale's Accounts and Risks Committees since 16 December 2014.

Current appointments

La Poste Group companies

- ▶ Deputy Chief Executive Officer and Chief Financial Officer of La Poste (a Limited Company).
- ▶ Director and member of the Audit Committee of La Poste Immo (a Limited Company) since 1 July 2014.
- ▶ Director and member of the Audit and Accounts Committee of GeoPost (a Limited Company) since 8 April 2014.
- ▶ Member of the Supervisory Committee of Vehiposte (a Simplified Joint-Stock Company) since 22 April 2014.
- ▶ Member of the LP/SFR Strategy Committee of La Poste Telecom (a Simplified Joint-Stock Company) since April 2014.

Appointments that expired during the last five years

- ▶ Sole Chief Executive of La Banque Postale Financement (a Limited Company).

- ▶ Chairman of the Directors Committee of La Banque Postale Immobilier Conseil (a Simplified Joint-Stock Company).
- ▶ Director of La Banque Postale Assurance Santé (a Limited Company).
- ▶ Chairman of Galliéni SF2-2, Galliéni SF2-3 and Galliéni SF2-4 (Simplified Joint Stock Companies).
- ▶ SF2's permanent representative on the Board of Directors of La Banque Postale Conseil en Assurances (a Limited Company).
- ▶ Member of the Executive Board until 7 April 2014 and member of the Audit Committee until 16 December 2014 of La Banque Postale (a Limited Company with Executive and Supervisory Boards).
- ▶ Director of SF2 (a Limited Company) until 28 May 2014.
- ▶ Member of the Supervisory Board and member of the Audit Committee of La Banque Postale Asset Management (a Limited Company with Executive and Supervisory Boards) until 28 May 2014.
- ▶ Director of Préviposte (a Limited Company) until 8 April 2014.
- ▶ SF2's permanent representative on the Board of Directors, Chairman of the Audit Committee, member of the Finance Committee and Independence Committee of La Banque Postale Prévoyance (a Limited Company) until 7 May 2014.
- ▶ SF2's permanent representative on the Supervisory Board, member of the Audit Committee and Chairman of the Appointment & Remuneration Committee of La Banque Postale Financement (a Limited Company with Executive and Supervisory Boards) until 9 May 2014.
- ▶ Director and member of the Audit Committee of La Banque Postale Assurances IARD (a Limited Company) until 7 May 2014.
- ▶ Chairman of the Board of Directors of La Banque Postale Home Loan SFH (a Limited Company) until 12 May 2014.
- ▶ Chairman of Issy La Banque Postale (a Simplified Joint-Stock Company) until 24 June 2014.
- ▶ Chairman of Auxiliaire Transactions Immobilières (a Simplified Joint-Stock Company) until 10 June 2014.
- ▶ Chairman of Galliéni SF2-5 and Galliéni SF2-6 (Simplified Joint Stock Companies) until 17 April 2014.
- ▶ Member of the Board of Directors and of the Audit and Risks Committee of La Banque Postale Crédit Entreprises (a Simplified Joint-Stock Company) until 27 May 2014.
- ▶ Chairman of the "LBPAM Obli Monde" Mutual Fund until 21 May 2014.

Mr Didier Brune, La Banque Postale's Head of Strategy and Development, member of the Supervisory Board of La Banque Postale from 12 December 2005 to 24 April 2014.

Current appointments until 24 April 2014

None.

Appointments that expired during the last five years

- ▶ Director of Sofipost and Somepost (Limited Companies).

Mrs Nathalie Dieryckxvisschers, member of the Supervisory Board representing the Government, appointed by decree on 2 October 2014. Member of the Audit Committee of La Banque Postale between 22 October 2014 and 16 December 2014. Member of the Strategy Committee since 22 October 2014 and member of the Accounts and Risks Committee of La Banque Postale since 16 December 2014. Member of the Appointment & Remuneration Committees since 20 February 2015.

Current appointments

Companies outside the La Poste Group

- ▶ Head of Holdings with the Department of Holdings in the Services and Finance Section of the Government Holdings Agency.

Appointments that expired during the last five years

None.

Mr Marc-André Feffer, Vice-Chairman of the Supervisory Board, who was appointed on 12 December 2005 and reappointed for further five-year terms on 27 February 2008 and on 27 February 2013. Chairman of La Banque Postale's Strategy Committee.

Current appointments

La Poste Group companies

- ▶ Deputy Chief Executive Officer, responsible for strategy and for international, legal and regulatory business development for La Poste (a Limited Company).
- ▶ Director of Sopassure (a Limited Company).
- ▶ Director of GeoPost (a Limited Company).
- ▶ Chairman of the Board of Directors of Poste Immo (a Limited Company).
- ▶ Chairman of the Supervisory Board of XAnge Capital (a Limited Company with Executive and Supervisory Boards).
- ▶ Member of the Supervisory Committee of Vehiposte (a Simplified Joint-Stock Company).

Companies outside the La Poste Group

- ▶ Permanent representative of Sopassure on the Board of Directors and member of the Strategy Committee of CNP Assurances* (a Limited Company).

Appointments that expired during the last five years

- ▶ Member of the Supervisory Board of GeoPost Intercontinental (a Simplified Joint-Stock Company).
- ▶ Chairman and Chief Executive Officer of Sopassure (a Limited Company).
- ▶ Non-voting Director of Xelian (a Limited Company).
- ▶ Member of the Board of Directors of Hypios (a Simplified Joint-Stock Company).
- ▶ Non-voting Director of Sofipost (a Limited Company) until 1 July 2014.

Mr Jean-Paul Forceville, member of the Supervisory Board, appointed on 25 August 2014 for the remainder of his predecessor's term of office, i.e. until 26 February 2018.

Current appointments

La Poste Group companies

- ▶ Director of European and National Regulation and Director of External Relations of La Poste (a Limited Company).
- ▶ Director of Sofrepost (a Limited Company).
- ▶ Director of La Poste Global Mail (a Simplified Joint-Stock Company).
- ▶ Chairman of the Board of Directors of Posteurop (a non-profit association).
- ▶ Chairman of the Board of Directors of Médiapost Vietnam (a Vietnamese company).
- ▶ Director of Asienda Management (a Simplified Joint-Stock Company) since 27 May 2014.
- ▶ Director of Asendia Holding (a Swiss company) since 27 May 2014.

Companies outside the La Poste Group

None.

Appointments that expired during the last five years

- ▶ Chairman of the Board of Directors and then Chairman and Chief Executive Officer until 23 October 2014 of Sofrepost (a Limited Company).

Mr Sylvain de Forges, member of the Supervisory Board and member of the Strategy Committee and of the Appointments & Remuneration Committee of La Banque Postale from 12 December 2005 to 1 October 2014.

Current appointments until 1 October 2014

Companies outside the La Poste Group

- ▶ Chief Operating Officer of SGAM AG2R La Mondiale.
- ▶ Chief Operating Officer of La Mondiale (a medical insurance company).
- ▶ Permanent representative of La Mondiale, Chairman of APREP Diffusion (a Simplified Joint-Stock Company).
- ▶ Permanent representative of La Mondiale on the Board of Directors of La Mondiale Europartner (a Limited Company).
- ▶ Director and Chief Operating Officer of La Mondiale Participations (a Limited Company).
- ▶ Permanent representative of La Mondiale on the Supervisory Board of Arial Assurance (a Limited Company).
- ▶ Permanent representative of La Mondiale on the Board of Directors of La Mondiale Direct (a Limited Company).
- ▶ Chairman of La Mondiale Partenaire (a Limited Company).
- ▶ Director and member of the Strategy Committee of La Monnaie de Paris (a Public Industrial and Commercial Company).
- ▶ Chairman of La Mondiale Cash (an Economic Interests Grouping).

- ▶ Director of La Mondiale Groupe (an Economic Interests Grouping).
- ▶ Director of the Fondation d'entreprise La Mondiale (a Foundation).
- ▶ Chairman of the Supervisory Board of Agicam (a Limited Company).
- ▶ Vice-Chairman of the Supervisory Board of Prado Épargne (a Limited Company with an Executive Board and Supervisory Board).
- ▶ Director of AG2R La Mondiale Cash (an Economic Interests Grouping) since 25 March 2014.

Appointments that expired during the last five years

- ▶ Chairman and Chief Executive Officer of Veolia PPP Finance (a Limited Company).
- ▶ Director of Veolia Environnement Services (a Limited Company).
- ▶ Director of La Mondiale Accidents (a Limited Company).
- ▶ Managing Director of SCI Fondvert (a Limited Property Investment Partnership).
- ▶ Chairman of the Supervisory Board of La Mondiale Gestion d'Actifs (a Limited Company).

Mr Xavier Girre, member of the Supervisory Board and member of the Audit Committee of La Banque Postale from 7 March 2012 to 24 April 2014.

Current appointments until 29 April 2014

La Poste Group companies

- ▶ Director of Asendia Holding (a Swiss company).
- ▶ Director of Asendia Management (a Simplified Joint-Stock Company).

Companies outside the La Poste Group

- ▶ Director of RATP (a Public Industrial and Commercial Company).

Appointments that expired during the last five years

- ▶ Director of Veolia Environnement Airport, Veolia Environnement Services-Re, Veolia Environnement Transport RATP Asia, and Veolia Environnement Veolia Transport Maroc.
- ▶ Member of the Board of Directors of Veolia Transportation Israel, Veolia Environmental Services Asia, Veolia Transport Northern Europe, Comgen Australia, Veolia Environmental Services Australia, Veolia Transport, Australia Pty Ltd, Veolia Transportation, Marius Pedersen Nedmark, Marius Pedersen Veolia Miljo, and Veolia Transport Sverige.
- ▶ Managing Director of Fnm 2.
- ▶ Chairman of Ary, Immobilière des Fontaines, Veolia Propreté Ukraine and Vigie 13 As.
- ▶ Permanent representative of Veolia Transport on the Board of Directors of Compagnie Française de Transport Interurbain, Chief Executive Officer of Connex LCB and member of the Supervisory Board at SNCM.
- ▶ Director of Sofipost (a Limited Company) and a member of its Audit and Strategy Committees (a Limited Company) until 4 April 2014.
- ▶ Director and member of the Audit Committee of La Poste Immo (a Limited Company) until 28 April 2014.

- ▶ Director and member of the Audit Committee of GeoPost (a Limited Company) until 8 April 2014.
- ▶ Member of the Supervisory Committee of Véhiposte (a Simplified Joint-Stock Company) until 22 April 2014.
- ▶ Member of the LP/SFR Strategy Committee of La Poste Telecom (a Simplified Joint-Stock Company) until April 2014.

Mr Bernard Haurie, member of the Supervisory Board of La Banque Postale from 3 October 2012 to 1 September 2014.

Current appointments

La Poste Group companies

- ▶ Member of the Supervisory Board of XAnge Capital (a Limited Company).
- ▶ Chairman of the Board of Directors of Certinomis (a Limited Company).
- ▶ Director of Maileva (a Limited Company).

Companies outside the La Poste Group

- ▶ Chairman of IE-Club (a non-profit association).

Appointments that expired during the last five years

- ▶ Director of Sofipost (a Limited Company) until 1 July 2014.

Mr Jean-Robert Larangé, seconded from Adie Sud-Ouest, member of the Supervisory Board elected by the employees since 27 February 2008, re-elected on 11 February 2013 for a five-year term.

Mr Jean-Robert Larangé has not held any other offices over the past five years.

Mr Georges Lefebvre, Permanent representative of La Poste (a Limited Company) on the Supervisory Board since 12 December 2005 and renewed for five-year terms on 27 February 2008 and 27 February 2013. Member of the Appointment & Remuneration Committee of La Banque Postale until 16 December 2014. Member of La Banque Postale's Appointment & Remuneration Committee from 16 December 2014 until 20 February 2015.

Current appointments

La Poste Group companies

- ▶ Director General of La Poste Group (a Limited Company).
- ▶ Director and member of the Appointments & Remuneration Committee of GeoPost (a Limited Company).
- ▶ Director and member of the Appointments & Remuneration Committee of Poste Immo (a Limited Company).
- ▶ Chairman of the Supervisory Committee of Véhiposte (a Simplified Joint-Stock Company).

Appointments that expired during the last five years

- ▶ Chairman of the Board of Directors of Xelian (a Limited Company).
- ▶ Director and member of the Appointments & Remuneration Committee of Sofipost (a Limited Company) until 1 July 2014.
- ▶ Chairman of the following UCITS: "LBPAM Actions Europe Monde", "LBPAM Profil 50", "LBPAM Actions 80", and "LBPAM Profil 15" until 16 December 2014.

Mrs Catherine Le Floch, Director of Strategy, Planning and Innovation of La Poste (a Limited Company), member of the Supervisory Board of La Banque Postale, appointed on 22 October 2014 for the remainder of her predecessor's term of office, i.e. until 26 February 2018. Member of the Audit Committee of La Banque Postale from 22 October to 16 December 2014. Member of the Strategy Committee since 22 October 2014 and member of the Accounts and Risks Committees of La Banque Postale since 16 December 2014.

Mrs Catherine Le Floch has not held any other offices over the past five years.

Mr Steeve Maigne, Head of Quality Control (RTB Île-de-France), member of the Supervisory Board elected by the employees since 27 February 2008, re-elected on 11 February 2013 for a five-year term. Member of the Audit Committee of La Banque Postale until 16 December 2014. Member of La Banque Postale's Accounts and Risks Committees since 16 December 2014.

Companies outside the La Poste Group

- Director of Logipostel (a cooperative company for public housing development).

Mrs Christiane Marcellier, Member of the Supervisory Board, appointed on 23 September 2011, and reappointed for a five-year term on 27 February 2013. Member of the Audit and Appointments & Remuneration Committees of La Banque Postale until 16 December 2014. Member of La Banque Postale's Strategy Committee since 5 October 2011. Member of La Banque Postale's Accounts and Risks Committees and Chairperson of the Appointments & Remuneration Committee since 16 December 2014.

Current appointments

La Poste Group companies

- Member of the Supervisory Board, Chairman of the Audit Committee and member of the Appointment & Remuneration Committee of La Banque Postale Asset Management (a Limited Company with Executive and Supervisory Boards).

Companies outside the La Poste Group

- Managing Partner of JD4C Conseil (a Private Limited Company).
- Director of Axa Assurances IARD (a Mutual Insurance Company).
- Director and member of the Audit and Appointments & Remunerations Committees of GFI Informatique (a Limited Company).
- Director of Financière Holding CEP (a Simplified Joint-Stock Company).
- Director of Axa Assurances Mutuelle Vie (a Mutual Insurance Company) since 10 June 2014.

Appointments that expired during the last five years

- Member of the Supervisory Board and Chairman of the Audit Committee of Infovista (a Limited Company).

Mrs Maryvonne Michelet, Lawyer (Legal Department) and employee-elected member of the Supervisory Board since 27 February 2008, reappointed for a five-year term on 11 February 2013. Member of the Audit Committee of La Banque Postale until 16 December 2014. Member of La Banque Postale's Accounts and Risks Committees since 16 December 2014.

Mrs Maryvonne Michelet has not held any other offices over the past five years.

Mrs Françoise Paget Bitsch, Banking supervisor (RTB Méditerranée) and employee-elected member of the Supervisory Board since 11 March 2009, reappointed for a five-year term on 11 February 2013. Member of La Banque Postale's Strategy Committee.

Mrs Françoise Paget Bitsch has not held any other offices over the past five years.

Mr Didier Ribadeau Dumas, member of the Supervisory Board, who was appointed on 13 February 2006 and renewed for five-year terms on 27 February 2008 and 27 February 2013. Chairman of the Audit and Appointment & Remuneration Committees of La Banque Postale until 16 December 2014. Member of La Banque Postale's Strategy Committee since 22 October 2014. Chairman of La Banque Postale's Accounts, Risks and Appointment Committees and member of the Remuneration Committee since 16 December 2014.

Current appointments

La Poste Group companies

- Director since 5 December 2014, then Chairman of the Appointment and Remunerations Committee and member of the Strategy Committee of Poste Immo (a Limited Company) since 16 December 2014.
- Member of the Supervisory Board of BPE (a Limited Company) since 27 January 2015.

Companies outside the La Poste Group

- Managing Partner of Sauvigny (a Limited Property Investment Partnership).
- Representative of ABC Arbitrage on the Board of Directors of ABC Asset Management (a Limited Company).
- Director of ABC Arbitrage (a Limited Company).
- Member of the Supervisory Board of Comgest (a Limited Company) since 12 June 2014.

Appointments that expired during the last five years

- Managing Director of DRD Conseil (a Private Limited Company).
- Non-voting Director of ABC Arbitrage (a Limited Company).
- Director of La Mondiale (a Medical Insurance Company) until 22 October 2014.
- Director of AG2R La Mondiale (a Mutual group Insurance Company) until 22 October 2014.

Mrs Hélène Wolff, Head of Quality Assurance (Retail Banking Business Department), employee-elected member of the Supervisory Board, appointed on 26 October 2006 and reappointed for a five-year term on 11 February 2013. Member of La Banque Postale's Strategy Committee since 27 February 2013. Member of La Banque Postale's Appointment & Remuneration Committee until 16 December 2014. Member of La Banque Postale's Appointment & Remuneration Committees since 16 December 2014.

Mrs Hélène Wolff has not held any other offices over the past five years.

2.3.3 Remuneration

The data on remuneration provided below complies with the principles and rules of determination adopted by La Banque Postale and described in detail in the report of the Chairman of the Supervisory Board.

2.3.3.1 Remuneration of Supervisory Board members for the 2013 and 2014 financial years

Amount of the attendance fees and other remuneration paid to the members of the Supervisory Board in connection with their appointments at La Banque Postale Group

Name of the corporate officers	Gross amounts due for 2013 (€)	Recipient	Gross amounts due for 2014 (€)	Recipient
Jean-Paul Bailly⁽¹⁾				
Attendance fees	67,500	La Poste	-	-
Other remuneration exceptional	0	-	-	-
Philippe Wahl⁽²⁾				
Attendance fees	22,500	La Poste	90,000	La Poste
Other remuneration exceptional	0	-	0	-
Marc-André Feffer				
Attendance fees	24,500	La Poste	30,500	La Poste
Other remuneration exceptional	0	-	0	-
Nathalie Andrieux				
Attendance fees	9,000	La Poste	3,643	La Poste
Other remuneration exceptional	0	-	0	-
Marie-Pierre de Baillencourt				
Attendance fees	-	-	8,786	The member
Other remuneration exceptional	-	-	0	-
Yves Brassart				
Attendance fees	-	-	15,214	La Poste
Other remuneration exceptional	-	-	0	-
Didier Brune				
Attendance fees	12,500	La Poste	6,429	La Poste
Other remuneration exceptional	0	-	0	-
Nathalie Dieryckxvisschers				
Attendance fees	-	-	0	-
Other remuneration exceptional	-	-	0	-
Jean-Paul Forceville				
Attendance fees	-	-	4,286	La Poste
Other remuneration exceptional	-	-	0	-
Sylvain de Forges				
Attendance fees	18,500	The member	18,214	The member
Other remuneration exceptional	0	-	0	-
Xavier Girre				
Attendance fees	24,000	La Poste	6,643	La Poste
Other remuneration exceptional	0	-	0	-
Bernard Haurie				
Attendance fees	12,500	La Poste	8,571	La Poste
Other remuneration exceptional	0	-	0	-
Georges Lefebvre				
Attendance fees	31,500	La Poste	19,500	La Poste
Other remuneration exceptional	0	-	0	-
Catherine Le Floch				
Attendance fees	-	-	7,286	La Poste
Other remuneration exceptional	-	-	0	-

Name of the corporate officers	Gross amounts due for 2013 (€)	Recipient	Gross amounts due for 2014 (€)	Recipient
Christiane Marcellier⁽³⁾				
Attendance fees	60,250	The member	57,000	The member
Other remuneration exceptional	0	-	0	-
Didier Ribadeau Dumas⁽⁴⁾				
Attendance fees	56,750	The member	52,334	The member
Other remuneration exceptional	0	-	0	-
Jean-Robert Larangé				
Attendance fees	0	-	0	-
Other remuneration exceptional		-	0	-
Steeve Maigne				
Attendance fees	0	-	0	-
Other remuneration exceptional	0	-	0	-
Maryvonne Michelet				
Attendance fees	0	-	0	-
Other remuneration exceptional	0	-	0	-
Françoise Paget Bitsch				
Attendance fees	0	-	0	
Other remuneration exceptional	0	-	0	
Hélène Wolff				
Attendance fees	0	-	0	-
Other remuneration exceptional	0	-	0	-
TOTAL	339,500		328,406	

(1) In addition, Jean-Paul Bailly received remuneration of €384,086 as Chairman of the Board of Directors of La Poste for the period from 1 January to 25 September 2013.

(2) Philippe Wahl received remuneration of €119,272 as Chairman of the Board of Directors of La Poste for the period from 26 September to 31 December 2013, and remuneration for 2014 including benefits in kind of €453,206.

(3) Of which €21,000 in attendance fees received by Christiane Marcellier for her appointment within La Banque Postale Asset Management for the years 2013 and 2014.

(4) Including €834 in attendance fees received by Didier Ribadeau Dumas for his appointment within Poste-Immo during 2014.

The corporate officers do not benefit from equity or debt options on the Company's share capital or performance based share allocations, and for these reason, the Company does not complete the tables 4 to 10 requested by the AMF's recommendations relating to corporate officers' remuneration.

Remuneration of employee representative members on the Supervisory Board

Employee representative members on the Supervisory Board do not receive any remuneration in respect of their Supervisory Board appointment.

All gross remuneration (including the variable component) paid to employee representatives on the Supervisory Board under their employment contracts was €314,778 in 2014.

2.3.3.2 Remuneration of members of the Executive Board for the 2013 and 2014 financial years

Standardised tables that comply with the Afep/Medef and AMF recommendations

Table 1. Summary of the gross remuneration, share options and shares awarded to Executive Board members

(in euros)	2013 financial year	2014 financial year
Philippe Wahl		
Gross remuneration payable for the financial year (details in Table 2)	340,398	0
Value of multi-year variable remuneration during the financial year	0	0
Value of share options awarded during the financial year	NA	NA
Value of performance-related shares awarded during the financial year	NA	NA
Total	340,398	0
Philippe Bajou		
Gross remuneration payable for the financial year (details in Table 2)	7,274	NA
Value of multi-year variable remuneration during the financial year	0	NA
Value of share options awarded during the financial year	NA	NA
Value of performance-related shares awarded during the financial year	NA	NA
Total	7,274	NA
Rémy Weber		
Gross remuneration payable for the financial year (details in Table 2)	95,782	453,168
Value of multi-year variable remuneration during the financial year	0	0
Value of share options awarded during the financial year	NA	NA
Value of performance-related shares awarded during the financial year	NA	NA
Total	95,782	453,168
Marc Batave		
Gross remuneration payable for the financial year (details in Table 2)	364,585	377,048
Value of multi-year variable remuneration during the financial year	0	0
Value of share options awarded during the financial year	NA	NA
Value of performance-related shares awarded during the financial year	NA	NA
Total	364,585	377,048
Yves Brassart		
Gross remuneration payable for the financial year (details in Table 2)	307,732	104,955
Value of multi-year variable remuneration during the financial year	0	0
Value of share options awarded during the financial year	NA	NA
Value of performance-related shares awarded during the financial year	NA	NA
Total	307,732	104,955
EXECUTIVE BOARD TOTAL	1,115,770	935,171

Table 2. Summary of the gross remuneration, share options and shares awarded to Executive Board members

(in euros)	2013 financial year		2014 financial year	
	Amounts payable for the financial year	Amounts paid during the financial year	Amounts payable for the financial year	Amounts paid during the financial year
Philippe Wahl				
Fixed remuneration	337,846	337,846	0	0
Of which paid by La Banque Postale	326,250	326,250	0	0
Of which paid by La Poste	11,596	11,596	0	0
Variable annual remuneration	0	248,568	0	0
Of which paid by La Banque Postale	0	248,568	0	0
Of which paid by La Poste	0	0	0	0
Multi-year variable remuneration *	0	28,252	0	52,588
Severance payment	0	0	0	0
Attendance fees ⁽¹⁾	0	0	0	0
Benefits in kind	2,552	2,552	0	0
Total	340,398	617,218	0	52,588
Philippe Bajou				
Fixed remuneration	7,159	7,159	NA	NA
Variable annual remuneration	0	150,990	NA	NA
Multi-year variable remuneration	0	0	NA	NA
Severance payment	0	0	NA	NA
Attendance fees ⁽¹⁾	0	0	NA	NA
Benefits in kind	115	115	NA	NA
Total	7,274	158,264	NA	NA
Rémy Weber				
Fixed remuneration	95,782	95,782	450,000	450,000
Of which paid by La Banque Postale	76,957	76,957	360,000	360,000
Of which paid by La Poste	18,825	18,825	90,000	90,000
Variable annual remuneration	0	0	0	0
Of which paid by La Banque Postale	0	0	0	0
Of which paid by La Poste	0	0	0	0
Multi-year variable remuneration	0	0	0	0
Severance payment	0	0	0	0
Attendance fees ⁽¹⁾	0	0	0	0
Benefits in kind	0	0	3,168	3,168
Total	95,782	95,782	453,168	453,168
Marc Batave				
Fixed remuneration	264,750	264,750	265,000	265,000
Variable annual remuneration	90,755 ⁽³⁾	90,000	92,750 ⁽²⁾	90,755 ⁽³⁾
Multi-year variable remuneration	0	0	0	0
Severance payment	0	0	0	0
Attendance fees ⁽¹⁾	0	0	0	0
Benefits in kind	9,080	9,080	19,298	19,298
Total	364,585	363,830	377,048	375,053

(in euros)	2013 financial year		2014 financial year	
	Amounts payable for the financial year	Amounts paid during the financial year	Amounts payable for the financial year	Amounts paid during the financial year
Yves Brassart ⁽⁴⁾				
Fixed remuneration	239,375	239,375	81,667	81,667
Variable annual remuneration	65,415	60,000	22,500 ⁽²⁾	65,415
Multi-year variable remuneration	0	0	0	0
Severance payment	0	0	0	0
Attendance fees ⁽¹⁾	0	0	0	0
Benefits in kind	2,942	2,942	788	788
Total	307,732	302,317	104,955	147,870
EXECUTIVE BOARD TOTAL	1,115,770	1,537,410	935,171	1,028,679

* Changes were made in the remuneration policy in 2010 to formally comply with the provisions of Regulation 97-02:

► The variable remuneration paid to the Executive Directors during a financial year could not exceed 100% of the fixed remuneration or €150 thousand.

► The variable remuneration amount in excess of the €150 thousand threshold was spread over three years:

- above €150 thousand, 60% of the variable component was paid in the year following that in respect of which the variable component was awarded, and 40% was deferred over three years following the year in which 60% was paid;
- of the 60% paid in the year following that in respect of which the variable component was awarded, 50% was paid following the Supervisory Board meeting that awarded the variable part, and 10% at the end of June;
- the deferred remuneration likely to be paid is re-evaluated based on the increase in La Banque Postale's equity between the financial year to which the variable component relates and the date of liquidation of said payment minus capital increases subscribed by third parties, and disregarding any potential changes in the dividend distribution rate;
- the payment of any deferred remuneration to the employees in question is subject to achieving positive net income on a consolidated basis at the end of the year preceding that in which the payment is made.

(1) Members of the Executive Board do not receive attendance fees for the positions they hold in companies in La Banque Postale Group.

(2) Subject to approval by the French Minister of the Economy.

(3) Including €20,000 as extraordinary remuneration for 2013.

(4) Yves Brassart was a member of the Executive Board until 7 April 2014.

Table 3. Employment contract, top-up pension scheme and compensation for Executive Directors

	Employment contract		Top-up pension scheme		Other benefits or allowances payable or likely to be payable on account of a sale or a change in position		Payments related to a non-compete clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Executive Directors								
Rémy Weber , Chairman of the Executive Board since 15 October 2013		✓		✓	✓			✓
Marc Batave , member of the Executive Board since 9 January 2013		✓*		✓	✓			✓
Yves Brassart member of the Executive Board until 7 April 2014		✓*		✓	✓			✓

* The employment contracts of Marc Batave and Yves Brassart have been suspended since 9 January 2013.

Benefits allocated to management for termination or change of position

No benefits were allocated to management for termination or change of position during the 2013 and 2014 financial years.

Supplementary pension arrangements made for the benefit of Executive Board members

As of 31 December 2014, La Banque Postale had made no supplementary pension arrangements for Executive Board members.

2.3.3.3 Remuneration of Executive Board members

All gross remuneration (including the variable component) paid to members of the Executive Board under their employment contracts, excluding members of the Executive Board and Philippe Bajou, who is remunerated by La Poste, totalled €4,819,326 in 2014.

No other remuneration is paid to Executive Board members. Moreover, they do not receive attendance fees for appointments that they hold in Group companies.

Executive Board members receive the usual end-of-career payments, which are valued at €788,000 total.

2.3.3.4 Remuneration of regulated employees

The Remuneration Committee, pursuant to the decree of 3 November 2014 on the internal control of companies in the banking, payment services and investment services sector, subject to the French Prudential Control and Resolution Authority, has prepared work for the Supervisory Board, which then decided on the policy for remuneration of regulated employees proposed by the Executive Board.

The Board therefore issued a positive opinion on La Banque Postale's remuneration policy, which has established a global framework for the variable remuneration of the Bank's regulated employees, so as not to jeopardise its ability to generate equity capital and have a negative impact on its liquidity.

That framework is based on the joint fulfilment of the following two criteria:

- the total amount of variable remuneration cannot exceed 30% of fixed remuneration;
- the total amount of variable remuneration must not exceed 5% of La Banque Postale's consolidated gross operating profit.

2.3.3.4.1 The professionals in question within La Banque Postale

Pursuant to Article L. 511-71 of the French Monetary and Financial Code, the rules relating to remuneration policy are applied to directors of the institution concerned and to those personnel categories, including risk takers, individuals exercising a control function and any employee who, in light of his total income, is in the same pay band, whose professional activities have a significant impact on the risk profile of the Company or the Group.

EU Delegated Regulation No. 604/2014 enacted by the European Commission on 4 March 2014 adopted technical regulatory standards regarding appropriate qualitative and quantitative criteria to identify the categories of employees whose professional activities have a significant impact on an institution's risk profile.

Within La Banque Postale, those professionals covered by rules relating to the remuneration policy and practices of credit institutions are:

- ▶ for directors: members of the Operational Committee;
- ▶ for individuals exercising a control function: the three directors exercising control functions, i.e. the Chief Risk Officer, the Head of Compliance and the Internal Auditor;
- ▶ for Risk Takers: the Manager of the Trading Room and market traders.

2.3.3.4.2 Remuneration principles within La Banque Postale

Principle of proportionality for variable remuneration

Given its internal organisation and the nature, scope and low complexity of its activities, as well as the very low exposure to risks of La Banque Postale's activities falling under the decree of 3 November 2014, the Group has instituted a remuneration policy as of the 2015 financial year, which guarantees an annual cap and a principle of deferred and conditional payment of the remuneration. However, it was not judged appropriate to set up a malus scheme covering remuneration, given its low exposure to risks.

These principles would however be reviewed regularly if the risk exposure should change.

Annual cap on variable remuneration

The variable remuneration paid to the professionals in question during a financial year may not exceed 100% of the fixed remuneration.

All variable remuneration will be subject to deferred payment, in accordance with the procedures laid down below, for any professional concerned within La Banque Postale who enjoys variable remuneration in excess of:

- ▶ €150 thousand for members of La Banque Postale's Operational Committee;
- ▶ €150 thousand for control function Directors;
- ▶ €150 thousand for the Head of the Trading Room and €100 thousand for market traders.

Principle of deferred, conditional payment of variable remuneration

In accordance with the rules relating to the policy and practices for remuneration of credit institutions, La Banque Postale has instituted a deferred payment mechanism, over a period of three years, for the variable part of the remuneration of the professionals involved.

All variable remuneration is spread out in accordance with the following procedures:

- ▶ above the variable remuneration thresholds set above, according to the professional categories in question, a part of the variable portion is paid in the year following that in which the variable portion is recognised (the "Paid Component") and the remainder of the variable remuneration is deferred (the "Deferred Component") over the three years following the year in which payment of the Paid Portion is made;
- ▶ the Paid Component is 60% of the total amount of the variable remuneration and the Deferred Component of 40% of the total amount of the variable remuneration;
- ▶ the Deferred Components will be paid in equal instalments over three years, each year in March;
- ▶ the Deferred Component will be re-evaluated based on the increase in La Banque Postale's equity between the financial year to which the variable component relates and the date of liquidation of said payment minus capital increases subscribed by third parties, and disregarding any potential changes in the dividend distribution rate.

Payment of any Deferred Component likely to be made to the employees in question is subject to achieving positive net income on a consolidated basis at the end of the year preceding that in which the payment is made.

Nature of the targets used to determine the variable remuneration

From 2015 onwards, all strategic managers and directors of La Banque Postale will have collective company targets included in the assessment of their performance (with a weighting of 10%), collective targets for their department (weighting 20%), and individual targets (weighting 70%).

Ban on guaranteed variable remuneration

No variable remuneration guaranteed beyond one year may be stipulated for regulated personnel.

The Supervisory Board meeting of 20 February 2015 approved these principles.

2.3.4 Executive Board internal committees

In 2014, the Executive Board was supported by a system that consists of eight steering committees.

The Operational Committee and the Executive Committee

The Operational Committee (Comop), a body chaired by Rémy Weber with 8 members plus its Chairman: Philippe Bajou (Chief Executive Officer of La Poste Network), Marc Batave (Member of the Executive Board, Secretary General), Anne-Laure Bourn (Head of Operations), Catherine Charrier-Leflaive (Head of Human Resources), Florence Lustman (Finance Director), Didier Moaté (Head of Retail Banking), Patrick Renouvin (Head of Information Systems) and Daniel Roy (Head of the Asset Management business line). The Comop meets once a week. It is La Banque Postale's policy body and supports the Executive Board, particularly regarding business action.

The Comex Executive Committee is a platform for communication on key messages from the Company and marketing and distribution news. It monitors the progress of major structuring projects and deals with responsible development policy.

The composition of the Comex is currently as follows:

- ▶ Mr Rémy Weber, Chairman of the Executive Board;
- ▶ Mr Philippe Bajou, Chief Executive Officer of the La Poste Network;
- ▶ Mr Marc Batave, Secretary General, member of the Executive Board;
- ▶ Mr Serge Bayard, Head of Businesses and Land Development;
- ▶ Ms Anne-Laure Bourn, Head of Operations;
- ▶ Mr Didier Brune, Head of Strategy and Development;
- ▶ Ms Catherine Charrier-Leflaive, Head of Human Resources;
- ▶ Mr Guillaume de Lussac, Head of the Insurance Unit and Chairman of La Banque Postale Assurances IARD;
- ▶ Mr François Geronde, Group Chief Risk Officer;
- ▶ Ms Florence Lustman, Chief Financial Officer;
- ▶ Mr Stéphane Magnan, Head of Financial Operations;
- ▶ Mr Didier Moaté, Head of Retail Banking;
- ▶ Ms Marie-Frédérique Naud, Deputy Head of Retail Banking, in charge of marketing and distribution;
- ▶ Mr Patrick Renouvin, Head of Information Systems;
- ▶ Mr Jean-Marc Ribes, Head of the Wealth Management unit and Chairman of BPE's Executive Board;
- ▶ Mr Dominique Rouquayrol de Boisse, Head of Legal Affairs;
- ▶ Mr Daniel Roy, Head of the Asset Management Section and Chairman of LBPAM's Executive Board;
- ▶ Mr Pierre-Manuel Sroczyński, Head of Compliance and Permanent Control;
- ▶ Mr Christophe Van de Walle, Internal Auditor.

Six ad hoc committees

- ▶ the Group Risk Management Committee;
- ▶ the ALM Committee;
- ▶ the Group Capital Management Committee;
- ▶ the Strategy Committee for Information Systems and Major Projects;
- ▶ the Marketing and Sales Committee;
- ▶ the Ethics and Internal Controls Coordinating Committee.

Minutes are always drafted after each meeting by the Company Secretary and submitted to the Chairman of the Committee for approval.

ACTIVITIES AND RESULTS OF LA BANQUE POSTALE GROUP

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3.1 BUSINESS ENVIRONMENT AND HIGHLIGHTS

3.1.1 Economic and financial environment

Moderate global growth, faltering recovery in the euro zone

In 2014 global growth remained moderate. While the American economy continued to perform well and the Chinese economy only slowed gradually, economic activity in other large countries was disappointing.

In this context, commodity prices in dollars declined. Oil prices even fell sharply in the second half, associated with excess supply due to the rise of shale oil in the United States. Consequently, inflation fell to zero at the end of the year in the euro zone and in France.

Interest rates fall again in the euro zone

The faltering recovery and the very slight rise in prices in the euro zone resulted in interest rates falling again, including for lower-rated European State borrowings (with the exception of Greece, where the political situation again became uncertain at the end of the year).

Ten-year French treasury bonds (OATs) fell in December to 0.9% on a monthly average versus 2.3% a year earlier. The fall was all the greater as the European Central Bank (ECB) expanded its action to fend off the risk of deflation and encourage the banks to lend: fall in

key interest rates (negative rate on deposits made by banks to the European Central Bank), new measures termed non-conventional (long-term loans to banks, purchases of securities).

Savings and credit markets in France: low cash flows

The flow of financial investments in France remained stable between 2013 and 2014 at a low level despite a savings rate that was still high. It remained constrained by the very limited growth in earnings and by the flows of loans (net of repayments), which were at a much lower level than before the crisis. Furthermore, liquid investments, offering very low yields, suffered from withdrawals in favour of medium- to long-term investments: life insurance, which has tax advantages, and the PEL (home savings plan), which has an attractive yield. In addition, in a context of very low inflation and interest rates, households allowed balances on their current accounts to grow.

Despite a strong wave of loan repurchases triggered by falling interest rates, the number of new home loans declined in 2014 as a result of a gradual correction in the property market (decline in transactions, fall in prices).

3.1.2 2014 highlights

Rémy Weber, Chairman of La Banque Postale's Executive Board, today presented the 2014 results and activity.

2014 highlights

Net banking income, up by 1.8%, totalled €5,673 million. Excluding home-savings provision, it rose by 4.6%. The profit before tax totalled €1,037 million, up by 11.9%. The cost to income improved almost 2 points to 82.7%.

The **results of the AQR** (Asset Quality Review) conducted across Europe by the European Central Bank (ECB)⁽¹⁾ **confirmed the solidity of the bank's statement of financial position**. These results testify to the quality of the assets and the robustness of the financial model of La Banque Postale.

La Banque Postale **strengthened its financial structure** by finalising on 23 April 2014 a Tier 2 subordinated issue of €750 million, with a 12-year maturity. In addition, in November 2014, it carried out a **capital increase** of almost €633 million in the form of a contribution in kind by La Poste Group. These two operations will favour the development of the Bank, particularly as regards growth in loans. At the end of 2014, the Common Equity Tier 1 ratio of La Banque Postale was thus 12.7%⁽²⁾.

In 2014, La Banque Postale continued its **development in the credit market**: at the end of the 2014 financial year, La Banque Postale's

outstanding home loans amounted to €53.4 billion⁽³⁾, up by 7.2%. In 2014, La Banque Postale achieved a notable performance on the **consumer loans** market, with over €2.1 billion in new contracts (a rise of 13% on 2013) in a shrinking market. In awarding almost €6.8 billion (up 4% on 2013) in loans to local authorities in 2014, it confirmed its role as a major stakeholder in regional financing, with a market share⁽⁴⁾ of 25%. Furthermore, La Banque Postale is building up its customer base of railway workers, by taking an equity investment of 66% in SOFIAP, a joint subsidiary with SNCF.

La Banque Postale has increased its range of products for high-net-worth customers with the launch of three top-of-the-range life insurance policies: Satinium, as well as Cachemire 2 and Cachemire Patrimoine, offered in partnership with CNP, its key partner. The inflow on these products in 2014 was €3.6 billion.

To increase their commercial effectiveness, La Banque Postale and La Poste Retail Brand finalised the merging of their **commercial management structures** in July 2014. This new organisational structure will make it possible to speed up the Bank's current commercial momentum in the retail market.

In order to meet tomorrow's commercial challenges, in 2014 La Banque Postale and La Poste Retail Brand founded the École de la banque et du réseau (Bank and Network Training Centre). An important step in building a large network specialising in banking, the training centre supports skills improvement for Postal workers,

(1) In cooperation with the Autorité de contrôle prudentiel et de résolution (ACPR) (French Prudential Control and Resolution Authority), the European Banking Authority (EBA), the European Commission (EC) and the European Systemic Risk Board (ESRB).

(2) CRDIV-CRR phased-in ratio. The fully loaded ratio is estimated at 14%.

(3) With SOFIAP home loans for €1.5 billion.

(4) Scope: medium- and long-term local authorities and hospitals.

covering all jobs, and offers courses leading to certificates, diplomas and other qualifications. The first wave of professional customer managers was trained in the autumn of 2014.

Since 2012, La Banque Postale has chosen to focus its sponsorship activity on a single programme promoting equal opportunities: **L'Envol, le campus de La Banque Postale (Take-off, La Banque Postale campus)**. It is thus establishing access to top-class training for talented young people. In 2014, the third class of over 60 students was trained.

A civic-minded bank, La Banque Postale continued the systematic rollout of **L'Appui (Support)**, a scheme to provide banking and budgeting support for customers in financially vulnerable situations. Furthermore, the quality of this service has been recognised by the public authorities, as *L'Appui* was selected among the 15 initiatives supported by the French Government as part of its operation *La France s'engage* (France gets involved).

Involved in **responsible development**, La Banque Postale was ranked 1st out of a panel of 289 commercial banks by OEKOM, an extra-financial ratings agency.

3.2 ACTIVITIES AND RESULTS OF LA BANQUE POSTALE GROUP

In 2014, the pertinence of La Banque Postale's commercial business strategy was confirmed by strong growth in its operating profit.

Consolidated income (€ million)

Main items in the income statement	2014	2013 *	%
Net banking income	5,673	5,574	1.8%
Operating expenses	(4,672)	(4,702)	-0.6%
Gross operating income	1,001	871	14.9%
Cost of risk	(163)	(154)	5.6%
Operating income	838	717	16.9%
Share of income from associates **	199	200	-0.3%
Profit before tax	1,037	926	11.9%
Income tax	335	330	1.3%
Group net income	677	576	17.7%
Cost to income ratio	82.7%	84.7%	-2 points

* Pro forma for full consolidation of LBPP.

** Share in net income of CNP Assurances, accounted for under the equity method.

Consolidated net banking income (NBI) amounted to €5,673 million, up 1.8% compared with 2013.

On a comparable basis⁽¹⁾ and excluding home-savings provision, NBI is up by 4.0% compared with 2013, showing the Group's good commercial and financial performance, resulting from the contributions of all businesses (retail banking, asset management, insurance).

In an economic environment that is still not very favourable, La Banque Postale showed solid commercial performances in 2014,

with demand deposits and loans which grew by 5.7% and 12.0% respectively⁽²⁾.

The insurance subsidiaries recorded a 13% increase in NBI to €178 million, boosted by the launch of new business activities (property and general insurance, health insurance) and the good performance of individual contingency insurance.

The asset management business line, buoyed by the momentum of discretionary management, showed good results with NBI up by 10.3% to €148 million.

Net banking income (€ million)	2014	2013	%
Retail banking	5,347	5,282	1.2%
Asset management	148	134	10.3%
Insurance	178	158	13.0%
TOTAL	5,673	5,574	1.8%

Group operating expenses totalled €4,672 million, down by 0.6%. On a comparable basis and excluding non-recurring items⁽³⁾, they were up by 1.0%.

The cost to income ratio showed a clear improvement to 82.7% (-2 points).

Gross operating income totalled €1,001 million, increasing by 18.2% on a comparable basis and excluding non-recurring items⁽⁴⁾.

The cost of risk rose to €163 million and grew by 5.6% compared with 2013, under the effect of strong growth in amounts outstanding and the integration of new methodological parameters strengthening

(1) Scope effect: BPE and SOFIAP, 2013 pro forma for full consolidation of LBPP.

(2) Including SOFIAP loans for over €1.5 billion.

(3) BPE and SOFIAP scope effect, provision in 2013 for risk of penalty on the audit of regulated savings from 2009 to 2011.

(4) Provision on EL (home savings) and regulated savings penalty.

risk coverage for home loans and consumer loans. The cost of risk on loans, compared with amounts outstanding, fell by 2 basis points to 23 basis points.

The share of income from equity associates in CNP was almost stable (-0.3%) at €199 million.

Profit before tax rose (+12.0%) to €1,037 million.

Group net income stood at €677 million and grew by 17.7% compared with 2013.

Financial Structure

La Banque Postale has a solid financial structure, strengthened twice this year:

- ▶ on 23 April, by an issue of €750 million in Tier 2 subordinate securities with a 12-year maturity;
- ▶ on 18 November by a capital increase of almost €633 million, carried out by La Poste Group contributing the Post Office cash holdings.

Following these operations, the solvency ratios were as follows:

- ▶ the Common Equity Tier 1 ratio⁽¹⁾ of La Banque Postale stood at 12.7%, after the capital increase of €633 million in November 2014, up by 2.6 points compared with 2013⁽²⁾;

- ▶ the total capital ratio of La Banque Postale stood at 17.0%, up by 4.1 points compared with 2013;

- ▶ pursuant to the delegated act published in October 2014 by the European Commission, the leverage ratio stood at 5.4%.

La Banque Postale showed a comfortable liquidity position, as shown by:

- ▶ a loan to deposit ratio that remained favourable at 75%⁽³⁾, up by 8 points versus 2013 as a result of the gradual rebalancing of the statement of financial position related to loans development;
- ▶ an LCR which stood at 184% at the end of December 2014, a slight contraction (-21 points) but still substantially greater than the regulatory requirements.

AQR exercise and Stress Tests conducted by the ECB

The quality of La Banque Postale's statement of financial position was confirmed by the statement of financial position assessment exercises conducted across Europe by the European Central Bank (ECB), in cooperation with the Autorité de contrôle prudentiel et de résolution (ACPR – French Prudential Control and Resolution Authority), the European Banking Authority (EBA), the European Commission (EC) and the European Systemic Risk Board (ESRB).

For the AQR exercise, the ECB audits concluded that the data quality level within the bank was high and the exposures correctly classified, as shown by a minimal correction of €15 million on the prudential CVA⁽⁴⁾. The impact of the adverse scenarios defined by the ECB was shown by a maximum shock of 1.6 points on the CET1 ratio, leading to a minimum ratio of 9.14% over the analysis time-line.

At 31 December 2014, La Banque Postale had good credit ratings, reflecting its financial solidity and its rigorous risk management:

	Standard & Poor's	Fitch
Long-term rating	A	A
Outlook	Stable	Negative
Date updated	24 October 2014	18 December 2014
Short-term rating	A-1	F1

(1) CRR/CRD 4 with transition measures. The fully loaded ratio is 14%.

(2) CRD 4/CRD 4 pro forma.

(3) The loan to deposit ratio for the Group is defined as the ratio between loans and deposits, excluding savings deposits transferred to the CDC.

(4) Credit Valuation Adjustment.

3.3 ACTIVITIES AND RESULTS BY BUSINESS LINE

3.3.1 Retail banking

In 2014, the income generated by the Group's retail banking business remained its main growth engine.

Retail banking (€ million)	2014	2013	%
Net banking income	5,347	5,282	1.2%
Operating expenses	(4,505)	(4,553)	-1.1%
Gross operating income	842	728	15.6%
Cost of risk	(152)	(146)	4.1%
Operating income	690	583	18.4%

Commercial results for retail customers

Growth in demand deposits and life insurance balances

Total savings in the statement of financial position fell by 0.9% to €113.2 billion.

Demand deposits for La Banque Postale's **retail customers** performed well and reached €46.2 billion (+3.0%).

Regulated savings suffered from relatively unattractive interest rates, with Livret A account and Livret de Développement Durable takings shrinking by 2% to €70 billion.

Home savings balances were up by 4.5% to €28.2 billion as a result in particular of the interest rate paid on the PEL (home savings plan) being kept at 2.5%.

UCITS balances were down by over 13% to €12.7 billion, against a background of an unfavourable impact from interest rates on money market funds.

Life insurance balances **grew by 2.2% to €123.0 billion**, due in particular to the successful marketing of the **Cachemire 2**, **Cachemire Patrimoine** and **Satinium** policies, which recorded gross inflows of €3.6 billion. The balances also benefited from the positive momentum of the markets and the good performance of discretionary management.

The share of unit-linked products in gross inflows increased from 10.8% at the end of December 2013 to 16.3% at the end of December 2014.

Growth in retail customer subscriptions

The customer subscription rate increased over the year: total payment cards represented over 7.7 million units as at 31 December 2014, up by 1.7%.

Gross account openings totalled almost 880,000 in 2014.

Increased loans activity despite a subdued property market

In 2014, La Banque Postale increased support for financing retail customers' projects loans to retail customers increased by 8.1% to €58.3 billion⁽¹⁾.

This growth in outstandings was the result of an appropriate pricing policy, as well as the momentum created by La Banque Postale's commitment to the social home ownership scheme. In accordance with the strategy conducted since the launch of its home financing business, this development was achieved by following a prudent granting policy, the loans portfolio retaining its low-risk character (the cost of risk on home loan outstandings was 4 basis points away from outstandings at 31 December 2014, stable in comparison with 2013).

Home loan outstandings thus increased by 7.2% to €53.4 billion. Excluding integration of SOFIAP, growth was 4.2%. Home loan production fell by 10% to €8.4 billion in a subdued market. PAS (social home ownership loans) production over the year totalled €1.3 billion.

New consumer loans granted totalled €2.1 billion (+13.0% compared with 2013). The high level of production is explained by the quality of the bank's offering, developed as part of a responsible approach, in line with the Hamon law.

Outstanding loans thus increased 19.2% compared with 2013 and stood at €4.0 billion.

Commercial results for customers in the local public sector, businesses and professionals

Takings on **corporate demand deposits** at La Banque Postale were up by 41% compared with 2013 to €4.2 billion.

The local public sector financing business, launched at the end of 2012, continued its rapid growth with almost **€6.8 billion** in loans granted during the year, up by 4% compared with the previous year.

In parallel, La Banque Postale continued its expansion in the corporate, small and medium-sized businesses and self-employed professionals market, with loan outstandings that grew almost 65.0% compared with 2013, reaching €2.9 billion.

Financial results

Net banking income for Retail Banking was up 1.2% to €5,347 million. Excluding the provision for home savings and on a comparable basis⁽²⁾, it grew by 3.6%.

(1) Excluding integration of the SOFIAP home loans, the rise is 5.4%.

(2) Scope effect: BPE and SOFIAP.

Commissions

Commissions rose by 7.2%, standing at €2,123 million, the result of the growth in customer subscriptions.

Commissions for distributing insurance products were up by €85 million to €716 million, as a result in particular of excellent takings on the Cachemire 2 and Patrimoine products.

The success of these campaigns also led to an increase in the discretionary management business, where receipts grew, strongly contributing to the rise in commissions on securities and UCITS (+€4.6 million to €159 million).

Net interest margin

The net interest margin (NIM) stood at €3,346 million on 31 December 2014, down by 2.6%.

The home-savings provision, which had been reversed in 2013 (€22.8 million), was increased by €131.7 million in 2014, negatively impacting (€154.5 million) the net interest margin.

Excluding the effect of this provision, the NIM increased by €69 million to €3,477 million (+2.0%).

This growth was attributable to the rise in outstanding loans (corporates in particular) and firm margins, generating interest income of €103 million, despite the strong reduction in income on transferred savings (-€57.7 million), caused by the fall in the commission rate on funds under management.

Operating expenses

Retail banking operating expenses fell 1.1% to €4,505 million. on a comparable basis and excluding non-recurring items⁽¹⁾, they increased slightly by 0.7%.

Employee benefits expense grew, essentially as a result of recruitments carried out as part of the expansion of the Bank's subsidiaries.

Expenses related to agreements and services between La Banque Postale and La Poste were almost stable (-0.2%) at €3,129 million, reflecting in particular the reduction in re-invoiced expenses for the over-the-counter and ATM services agreement (-€11 million to €992 million).

Setting up the single commercial line management had no notable effect on 2014 expenses.

Gross operating income

Gross operating income for retail banking grew appreciably and stood at €842 million, up by 15.6%. Excluding non-recurring items⁽²⁾ and on a comparable basis, it increased by 19.5%, reflecting the retail bank's strong performance.

Cost of risk

The cost of risk of the retail bank business stood at €152 million, a slight rise of 4.3% compared with 2013. This rise, attributable to the increase in credit and loans⁽³⁾ (+8.1% compared with 2013) also includes the effects of increased hedging for consumer loans.

The cost of risk for loans, compared with amounts outstanding, fell by 2 basis points to 23 basis points.

Operating income

The operating income of the retail banking business stood at €690 million, up 18.4%. On a comparable basis and excluding non-recurring items⁽⁴⁾, the increase amounts to 23.3%.

3.3.2 Asset management

Asset management (€ million)	2014	2013	%
Net banking income	148	134	10.3%
Operating expenses	(73)	(68)	8.2%
Gross operating income	75	66	12.5%

The Asset Management business line recorded a steady performance with NBI growing by 10.3% compared with 2013, reaching €148 million as at 31 December 2014.

The assets under management of the business's subsidiaries rose 6% to €157.6 billion.

Funds managed by La Banque Postale Asset Management reached over €149.3 billion, up by 5.0% compared with 2013, reflecting a favourable market effect despite the outflows recorded on certain asset classes (€3 billion in net outflows on money market funds in particular).

La Banque Postale Gestion Privée recorded good commercial results. Sustained by the growth in the offering of life insurance mandates, and in particular by the new top-of-the-range Satinium, Cachemire

Patrimoine and Cachemire 2 life insurance policies, gross inflows amounted to over €1 billion.

Tocqueville Finance recorded an NBI up by 12% to €15.7 million. The company returned to strong inflows, as shown by net receipts of €90 million, with assets under management growing by 12% compared with 2013, to €1.3 billion.

The business line's operating expenses were up by 8.2% to €73 million, reflecting the growth in business at La Banque Postale Gestion Privée and La Banque Postale Asset Management.

Gross operating income grew by 12.5% and totalled €75 million.

(1) Including a provision for the risk of penalty on the audit of regulated savings (2009-2011 period).

(2) Excluding provision on EL (home savings) and regulated savings penalty in 2013.

(3) Home loans and consumer loans.

(4) Provision on EL (home savings), regulated savings penalty and BPE and SOFIAP scope effects.

3.3.3 Insurance

Insurance (€ million)	2014	2013	%
Net banking income	178	158	13.0%
Operating expenses	(94)	(81)	16.8%
Gross operating income	84	77	9.1%
Cost of risk	(11)	(8)	27.8%
Operating income	73	69	6.9%

The Insurance division recorded net growth in its commercial results, as a result of the success of the IARD (property and general), health and contingency insurance ranges.

The NBI of the business line increased by 13.0% to €178 million.

The NBI of La Banque Postale Assurances IARD showed growth of 51% to €40.2 million, with a portfolio of over 1.1 million policies, associated with the rollout of the range (Vehicle, Building and Contents) and strong performance from new products.

The NBI of La Banque Postale Assurance Santé amounted to €7.8 million in 2014, for a portfolio of over 80,000 policies, up by 42%. Three years after the business was launched, the company showed a profit.

La Banque Postale Prévoyance recorded over 365,000 new policies. In individual contingency insurance, revenue reached €308 million (up 8.2%) compared with the same period in 2013, due to the growth in stock in particular of GAV (*garantie des accidents de la vie* [personal accident cover]) GAV⁽¹⁾ policies (+15%).

The revenue of La Banque Postale Conseil en Assurances stood at €47 million, up by 3.5%. The portfolio held almost 13.5 million policies at the end of 2014.

Operating expenses for the Insurance business line increased by 16.8% to €94 million, as a result of the growth in headcount and resources accompanying the ramp-up of property and general and contingency insurance.

Gross operating income for the Insurance division stood at €84 million, up by 9.1% versus 2013.

3.4 ANALYSIS OF THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The following analysis relates to the 2013 financial statement as restated.

The statement of financial position increased €11.5 billion in 2014 to €213 billion. This positive trend was shown:

In assets by:

- ▶ the increase in credit and loans:
Customer loans and receivables were substantially up (+€8.6 billion), as a result of the growth in overall outstanding debts on corporate loans (+€2.5 billion) and to a lesser extent, on consumer loans. Home loan outstandings were up by 7.2% (+€3.6 billion) and also included SOFIAP's loans, a company acquired in April 2014 for €1.5 billion;
- ▶ stability in investment portfolios:
The HTM investment portfolio decreased by €4 billion, associated with the maturing of government securities forming the bulk of the stock, offset by the increase in investments at fair value through profit or loss.

In liabilities by:

- ▶ customer deposits transferred to the Caisse des dépôts (CDC), up by €1.5 billion, associated with the 100% centralisation of the LEP despite an outflow on Livret A and LDD accounts;
- ▶ the rise in debt represented by a security of over €5 billion, corresponding to the increase in securities issues: certificates of deposit, bonds and subordinated issues.

The Bank's ROA⁽²⁾ is 0.3% at 31 December 2014.

La Banque Postale's residual direct exposure to PIIGS fell (-19%) to €2,021 million.

La Banque Postale no longer has any exposure to Greece or Portugal.

Net direct exposure to PIIGS sovereign risk (€ million)	31.12.2014	31.12.2013 (LBPP restated)
Italy	1,170	1,306
Portugal	0	0
Spain	849	1,186
Greece	0	0
Ireland	2	2
TOTAL	2,021	2,495

(1) Personal accident cover.

(2) Return on Assets (net income attributable to the owners of the parent/Balance sheet total).

3.5 ADDITIONAL INFORMATION

3.5.1 French Economic Modernisation Act (LME) information – Suppliers' terms of payment

At 31 December 2014, payables to suppliers booked in the financial statements of La Banque Postale amounted to almost €53 million, of which over €41 million was payable within one month or less.

(€ '000s)	Reminder of the closing balance	≤ 1 month	>1 month and ≤ 2 months	Over 2 months
2014	52,752	41,222	11,476	54
2013	58,156	48,856	9,300	0

3.5.2 Amount of non-tax deductible expenses

The amount of non-tax deductible expenses, as listed in Article 39-4 of the French General Tax Code, was not material.

3.5.3 Research and development, patents and licenses

Research and development expenditure was not material.

3.5.4 Table of delegations granted by the General Meeting of Shareholders and their use in 2014

General Meeting	Purpose of the authorisation given to the Executive Board	Delegation validity period	Limit	Use in 2014
Extraordinary General Meeting dated 24 October 2014 (1 st resolution)	Authorisation given to the Executive Board for the purpose of increasing the equity capital with cancellation of the subscription right via the issue of shares reserved for La Poste	Duration: 18 months Start date: 24 October 2014	Maximum nominal amount of the capital increase authorised: €670 million	Capital increase in favour of La Poste for an amount of €632,672,845 - Executive Board dated 18 November 2014

3.5.5 Allocation of 2014 income

Profit (loss) for the period	€164,648,961.68
- Allocation to the legal reserve	€(8,232,448.08)
+ Prior retained earnings	€738,551,945.36
TOTAL	€894,968,458.96

And decides to allocate it as follows:

► dividend	€304,712,084.98
► retained earnings	€590,256,373.98
TOTAL	€894,968,458.96

The proposed dividend is €8.66 for each of the 35,186,153 shares making up the equity capital.

3.5.6 Investment

La Banque Postale has not made any significant investments (investment of over €1 billion) during the financial year.

3.5.7 Internal control procedures

In the framework of the law on Financial Security of 1 August 2003, it is the responsibility of the Chairman of the Supervisory Board to account, in a report attached to the management report, for the conditions governing the preparation and structure of the work performed by the Board and for the internal control procedures instituted by the Company, on a consolidated basis.

This report, made public under the conditions provided for by the Autorité des marchés financiers (AMF) and included in this document (Chapter 2, Chairman's report) comprises two parts:

- ▶ the first covers the work of the Supervisory Board of La Banque Postale;
- ▶ the second brings together information on the principles for organising internal control and risk management monitoring systems within La Banque Postale Group.

3.5.8 Information relating to business locations and business as at 31 December 2014

Article L. 511-32 of the French Monetary and Financial Code requires that credit institutions publish information relating to the financial year ended 31 December 2014 concerning their business locations and their business included in their scope of consolidation, in each State or territory.

Business locations by country as at 31 December 2014

France

Retail Banking

La Banque Postale
SCI CRSF Dom
SCI CRSF
SCI Tertiaire Saint Romain
SF2
La Banque Postale Financement
La Banque Postale Credit Entreprises
Easybourse
FCT Elise 2012
BPE
La Banque Postale Collectivites Locales

La Banque Postale Home Loan SFH
SOFIAP

Insurance

Groupe CNP Assurances
La Banque Postale Prévoyance
La Banque Postale Conseil en Assurances
Sopassure
La Banque Postale Assurances IARD
La Banque Postale Assurance Santé

Asset management

La Banque Postale Gestion Privée
La Banque Postale Asset Management
La Banque Postale Structured Asset Management
Tocqueville Finance Holding
Tocqueville Finance SA

Principality of Monaco

Retail Banking

La Banque Postale: Post Office

Data presented by country as at 31 December 2014

State or Territory Consolidated contribution (€ '000s)	NBI and revenue ⁽¹⁾	FTE staff ⁽²⁾	Profit before tax ⁽³⁾	Amount of income tax for which the business locations are liable	Public grants received ⁽⁴⁾
France	5,670,712	4,071	1,035,673	334,291	0
Principality of Monaco	2,599	0	848	283	0
GROUP TOTAL	5,673,311	4,071	1,036,521	334,574	0

(1) The amount of net banking income and revenue correspond to the contribution by business locations in France and the post office in the Principality of Monaco to LBP's consolidated financial statements before elimination of reciprocal inter-company transactions.

(2) The full-time-equivalent staff includes all employees with a local employment contract as well as employees who have been physically seconded.

(3) This is the profit for the period before corporate income tax.

(4) These are public grants actually paid and excluding tax credits.

3.6 POST-BALANCE SHEET EVENTS

None.

3.7 RECENT CHANGES AND OUTLOOK FOR 2015

In 2015, La Banque Postale will implement the action plans defined in its strategic project.

La Banque Postale is continuing its strategy of building a full retail banking portfolio in all markets and all channels.

Retail customers:

The bank will pursue its major transformation programmes, notably in information technology. A complete overhaul of its distribution and production systems will allow it to step up its commercial momentum, while improving the quality of the service it offers customers.

By setting up two strong business lines, it will strengthen its market position in strategic development segments:

- ▶ high-net-worth customers: establishing a high-net-worth business line responsible for developing the asset management segment of the Bank and La Poste Retail Brand, as well as of the dedicated subsidiaries, BPE, LBPGP and La Banque Postale Immobilier Conseil. This business line will allow La Banque Postale to step up its commercial development in this customer segment and optimise synergies with BPE for its customers;
- ▶ loans: around La Banque Postale Financement, a subsidiary dedicated to consumer loans, La Banque Postale will increase its production of short- and medium-term consumer loans.

Self-employed professional customers:

The first class to graduate from the École de la banque et du réseau marks an important step in La Banque Postale's expansion into the professionals' market. By 2020, there will be 1,000 Professional customer managers installed in Post Offices.

Corporate, local authority and local public sector customers:

In 2015, La Banque Postale will continue fully to play its role as a regional bank alongside local authorities.

It will continue to ramp up its business in granting loans to companies. In parallel, it has announced the launch of a range of group health insurance products. On 2 February 2015, Malakoff Médéric, La Mutuelle Générale and La Banque Postale announced a partnership which reflects the desire of the three groups to share their expertise to develop and distribute a new range of collective health insurance products to La Banque Postale customers. Available from 1 April 2015, these products will be suitable for very small and small and medium-sized businesses in the context of the expansion of mandatory supplementary health insurance to all employees from 1 January 2016. This range will be offered by La Banque Postale Assurance Santé, which will be 49%-owned by Malakoff Médéric-La Mutuelle Générale, La Banque Postale retaining 51% of the equity capital. It will be distributed by La Banque Postale throughout France using its local distribution network.

Asset management:

In the field of asset management, two agreements are expected to be finalised during the first quarter of 2015.

In December 2014, La Banque Postale entered into exclusive negotiations with Aegon Asset Management with a view to concluding an industry partnership which will allow LBPA to develop and consolidate its expertise on the French market and give it access to an international distribution network. The transaction is also expected to involve Aegon Asset Management taking a 25% stake in La Banque Postale Asset Management (LBPAAM).

In February 2015, La Banque Postale and Malakoff Médéric announced plans to merge their subsidiaries LBPAAM and Fédériss Gestion d'actifs in order to develop a major asset management centre providing better customer service with an extended range of products, in particular SRI. This transaction would take the form of Malakoff Médéric acquiring a 5% equity investment in LBPAAM.

3.8 INFORMATION ON THE STATUTORY AUDITORS

Statutory Auditors of La Banque Postale	Start date of first assignment	End date of the assignment
PricewaterhouseCoopers Audit (member of the Versailles regional association of Statutory Auditors) 63, rue de Villiers 92200 Neuilly-sur-Seine Represented by Catherine Pariset for the 2010 financial year and by Agnès Husscherr from the 2011 financial year Alternate auditor: Étienne Boris	28 April 2004	The General Meeting of Shareholders called in 2016 to approve the financial statements for the year ending 31 December 2015
KPMG Audit (member of the Versailles regional association of Statutory Auditors) Division of KPMG S.A. 1, cours Valmy 92923 Paris – La Défense Cedex Represented by Isabelle Goalec Alternate auditor: Pascal Brouard	27 May 2010	The General Meeting of Shareholders called in 2016 to approve the financial statements for the year ending 31 December 2015

Furthermore, as regards the audit of the previous accounts:

2013 financial year

PricewaterhouseCoopers Audit

63, rue de Villiers
92200 Neuilly-sur-Seine
Represented by Agnès Husscherr

KPMG Audit

Division of KPMG S.A.
1, cours Valmy
92923 Paris – La Défense Cedex
Represented by Isabelle Goalec

2012 financial year

PricewaterhouseCoopers Audit

63, rue de Villiers
92200 Neuilly-sur-Seine
Represented by Agnès Husscherr

KPMG Audit

Division of KPMG S.A.
1, cours Valmy
92923 Paris – La Défense Cedex
Represented by Isabelle Goalec

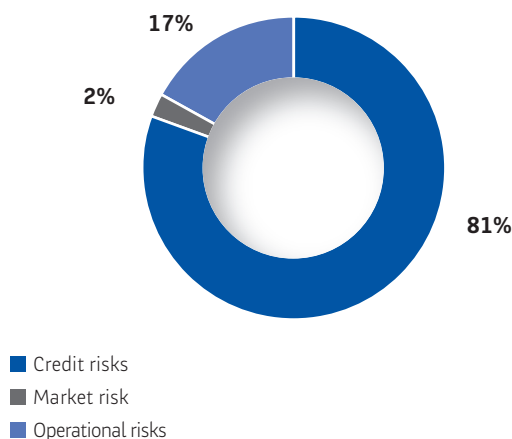
RISK MANAGEMENT

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4.1 GENERAL PROCEDURES FOR RISK MONITORING AND MANAGEMENT

Key figures

RWA BY TYPE OF RISK AT 31 DECEMBER 2014



Indicators	31.12.2014	31.12.2013
Cost of risk on loans (in bp)	23	25
Gross rate of doubtful loans	1.25%	1.07%
Total RWA	€52,662M	€56,575M*
Gross hedging rate of doubtful loans	43.5%	43.6%
LCR EBA	184%	165%**

* Pro forma CRR.

** LCR as at 31 March 2014.

4.1.1 Reference framework

La Banque Postale's internal control system is governed by:

- ▶ the decree of 3 November 2014 on the additional monitoring of financial conglomerates;
- ▶ the decree of 3 November 2014 on internal control;
- ▶ the decree of 3 November 2014 on prudential supervision on a consolidated basis.

The "size" of the institution is embodied in the prudential regulations to regulate the level of obligations to be met in relation to governance, the risk management and control system and capital requirements.

To ensure compliance at all times with the regulatory ratios (solvency, liquidity and leverage), institutions must integrate systems to measure risks taken and potential risks, as well as capital and liquidity management systems. The support for large establishments to develop an internal capacity to evaluate their risks is to be noted within this text.

The role of the supervisory body has been significantly reinforced and it is now responsible for examining the bank's governance

system and evaluating its efficiency, for approving and regularly reviewing the strategies governing the taking, management, monitoring and reduction of identified and potential risks. The decree on internal control specifies this role in the definition of the supervision guidelines and policy, approval of the overall limits (in particular liquidity), in establishing a strategy for business continuity and remuneration policy.

As of 1 January 2015, the Supervisory Board of institutions deemed "large" must create three *ad hoc* committees under the terms of the French Monetary and Financial Code, including a Risk Committee.

To support this new role, members of the Supervisory Board shall have the necessary knowledge, skills and expertise to understand and monitor the Group's strategy and appetite for risk. Accordingly, the powers of the ACPR regarding directors, as well as the actual corporate officers, are reinforced regarding appointments and the assessment of expertise in particular.

Application of Basel 3 and current methodology used to calculate capital requirements

La Banque Postale has implemented the requirements of Basel 3 since 1 January 2014, namely:

- ▶ the new calculations of solvency ratios with:
 - new weighting rules covering credit institutions (particularly the application of weighting based on the institution's external rating rather than the State in which it operates),
 - a change to the application of the Conglomerate Directive for calculating equity;
- ▶ implementing the LCR (short-term liquidity ratio) calculations produced for the regulator, and for which a limit should be applied as at 1 January 2014;
- ▶ the production of information on the NSFR and leverage ratio to regulators for the calibration of future indicators and associated limits.

The solvency ratio is calculated on the consolidated perimeter; insurance holdings are consolidated using the equity method.

The standard approach is used to quantify the capital requirement under Pillar I for:

- ▶ credit risk;
- ▶ market risk;

- ▶ operational risks.

The general approach is employed, with use of the regulatory settings to apply risk reduction techniques.

For operational risk, the equity requirements are independent of the level of loss under this risk. The amount is calculated based on the NBI generated by each banking activity (including the bank's main business of retail banking). Each business is weighted (from 12% to 18% for the most risky).

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

- ▶ the "Risk Management Policy of La Banque Postale" for risk management and the "Risks Sector Charter" (documents prepared by the Group Risk Department (DRG) and validated on 17 October 2013 by the Executive Board);
- ▶ the Permanent control Charter;
- ▶ the "Audit Charter" for periodic audit.

In addition to the customer segments that were already managed by means of risk control systems already in place since the Bank's creation (Sovereign, Banking and Insurance, Retail Banking) and after receiving successive approvals for the financing of companies and local public sector entities, the Bank has added its own risk control systems.

4.1.2 Operational forms of the reference framework

The Executive Board sets the fundamental principles (strategic orientations, values, appetite for risk, governance) around which each business line arranges its priorities and the associated risk management system under the supervision of the Group Risk Department. These fundamentals are reflected in the Risk Management Policy.

The risk management system has three lines of defence that constitute the general framework of internal control:

- ▶ a first line within the operational business lines responsible for applying the risk management procedures which they will have defined in advance in liaison with the DRG;
- ▶ a second line consisting of the Group Risk Department, which ensures the existence of an appropriate, uniform framework to define and improve the risk management procedures;
- ▶ a third line via internal controls designed to give an independent idea of the effectiveness of the risk management system in place.

The internal control system of La Banque Postale includes permanent and periodic controls. This is based on:

- ▶ the existence of **a Risk Management Policy and a Permanent Control Charter and Risks Sector Charter** created by the Group Risk Department of La Banque Postale Group for all departments. It establishes a series of principles for risk

management and control that must be implemented by each management entity in charge of processes. Each department defines, documents and maintains a booklet of its procedures. These include the audit point or points necessary to ensure quality operations;

- ▶ **the responsibility of all the players**, which constitutes the basis of effective management and control procedures. All employees must ensure that the work that they perform and the transactions that they handle are executed in accordance with the expected procedures and the level of quality required. They must be in a position to account for the effective management of the work that they perform and the inherent risks of that work at any time. This principle relies on close involvement of managers;
- ▶ **proportionality between the controls in place and the level of risk to be managed**. Each manager shall analyse their own risk and implement an appropriate control framework in order to achieve a reasonable level of confidence that their business activities are properly managed, and that they comply with the Company's internal and external standards and regulations;
- ▶ **thoroughness of the scope of the control procedures**. It covers all the activities of La Banque Postale. These procedures apply to all kinds of risk, to all those employed directly by the Bank and all those acting in its name and on its behalf, and to all the entities of La Banque Postale Group. The internal control procedures also extend to essential services that have been outsourced.

4.2 RISK MONITORING AND CONTROL

4.2.1 Structural risk factors

The information presented in this section is an integral part of the consolidated financial statements certified by the Statutory Auditors as information required by IFRS 7.

The Bank has conducted a review of the risks that could have a significant unfavourable effect on its business activities, on its financial position or its results (or on its ability to meet its targets), and believes that there are no material risks other than those presented.

La Banque Postale's structural risk factors are primarily linked to its retail banking: **liquidity risk** and **interest rate risk** associated with converting short-term customer deposits to long term use, **credit risk** on loans and overdrafts granted to customers and **operational risks** on banking activities.

The **market risk** is also a structural risk factor which is closely monitored by La Banque Postale.

Validation of the principles for monitoring and managing the tracking of risks, validated by the results of the AQR Stress test.

Both the Group Risk Department and the Financial Department have contributed greatly to the AQR (Asset Quality Review) Stress test exercises carried out in 2014 under the Sole Supervisory Mechanism (the ECB becoming La Banque Postale's Control and Supervision Authority). These AQR and Stress test exercises showed that La Banque Postale, European Bank No. 26 in statement of financial position terms, has a sound structure, with the ECB requiring no provision adjustment with regard to the quality of the assets shown on the statement of financial position. La Banque Postale was also ranked first among the 26 largest European banks in the AQR exercises.

4.2.2 Capital requirements and capital adequacy

Within the prudential scope, insurance companies, the CNP group, La Banque Postale Prévoyance, La Banque Postale Assurances IARD and La Banque Postale Assurance Santé are consolidated using the equity method. The scope and accounting consolidation methods are presented in Note 13 to the consolidated financial statements. La Banque Postale Group has been classified as a financial conglomerate by the French Prudential Control and Resolution Authority pursuant to the terms of the EU Financial Conglomerates Directive into French law, and its equity capital must always be greater than, or equivalent to, the total solvency requirements applicable respectively to its banking and insurance business activities. These requirements are satisfied as at 31 December 2014.

4.2.2.1 Transition from the accounting balance sheet to the prudential statement balance sheet as of 31 December 2014

As stated above, the field of application of the prudential scope as defined in the Order of 20 February 2007 pertaining to capital requirements is different from the field of application of the accounting consolidation scope whose composition is subject to the application of the IFRS.

	31.12.2014 Statutory Format	Adjustments linked to insurance companies consolidated using the equity method	31.12.2014 Prudential Format
(€ '000s)			
Assets			
Cash and central banks	1,949,649	0	1,949,649
Financial assets at fair value through profit and loss	9,673,696	(49,820)	9,623,876
Hedging derivatives	1,532,205	0	1,532,205
Financial assets available for sale	13,101,974	(1,871,090)	11,230,884
Loans and receivables – credit institutions	83,314,646	(56)	83,314,590
Loans and receivables – customers	67,856,592	931	67,857,523
Revaluation differences on interest rate risk hedged portfolios	231,296	0	231,296
Financial assets held to maturity	28,296,514	(32,888)	28,263,626
Current tax assets	200,596	(694)	199,902
Deferred tax assets	193,786	(1,710)	192,076
Accruals and other assets	2,287,378	(426,379)	1,860,999
Non-current assets held for sale	2,349	0	2,349
Deferred profit-sharing	0	0	0
Investments in associates	2,836,602	235,981	3,072,583
Investment properties	0	0	0
Property, plant and equipment	691,532	(1,458)	690,074
Intangible assets	523,422	(185,610)	337,812
Goodwill	146,608	0	146,608
TOTAL	212,838,845	(2,332,793)	210,506,052
Liabilities			
Central banks	0		0
Financial liabilities at fair value through profit and loss	331,999	0	331,999
Hedging derivatives	432,195	0	432,195
Payables – credit institutions	15,156,724	(1,247)	15,155,477
Payables – customers	167,910,717	1,437	167,912,154
Debt represented by a security	9,390,578	0	9,390,578
Revaluation differences on interest rate risk hedged portfolios	918,956	0	918,956
Current tax liabilities	30,744	(1,445)	29,299
Deferred tax liabilities	129,863	(108,986)	20,877
Debts related to non-current assets held for sale	0	0	0
Accruals and other liabilities	4,899,425	(232,532)	4,666,893
Underwriting reserves of insurance companies and shadow accounting	1,787,426	(1,787,426)	0
Provisions	785,149	(1,980)	783,169
Subordinated debt	2,458,098	0	2,458,098
Equity attributable to the owners of the parent	8,405,536	0	8,405,536
Linked equity capital and reserves	5,307,501	0	5,307,501
Consolidated reserves	1,576,054	0	1,576,054
Gains and losses recognised directly in equity	844,795	0	844,795
Profit (loss) for the period	677,186	0	677,186
Minority interests	201,435	(200,614)	821
Equity capital	8,606,971	(200,614)	8,406,357
TOTAL	212,838,845	(2,332,793)	210,506,052

4.2.2.2 Summary of the main changes introduced by Basel 3 (CRD 4) compared with Basel 2

By reinforcing the prudential system, Basel 3 increases the quality and amount of the regulatory capital requirements and introduces new risks within the prudential system. The texts concerning the prudential requirements applicable to credit institutions and investment firms were published in the Official Journal of the European Union on 26 June 2013 (Directive 2013/36/EU and Regulation (EU) No. 575/2013 of the European Parliament and Council). These texts entered into force on 1 January 2014, in accordance with the transitional arrangements included in the texts.

In terms of the numerator of the solvency ratio, Basel 3 defines three levels of equity:

- ▶ Common Equity Tier 1 (CET1);
- ▶ Tier 1 Equity, comprising Common Equity Tier 1 and Additional Tier 1 Equity (AT1);
- ▶ Total capital, comprising Tier 1 equity and Tier 2 equity.

Equity at 31 December 2014, in unphased Basel 3, is calculated taking into account the following changes compared to 31 December 2013 in Basel 2.5:

1. elimination of the majority of prudential filters, particular those relating to unrealised gains and losses on equity instruments and available-for-sale debt securities. By way of exception, the gains and losses on cash flow hedges operations and those due to changes in the quality of the credit institution (liabilities evaluated at fair value) remain filtered as do the unrealised gains and losses on government debt securities which remain so as long as IAS 39 is in force. A filter is also introduced under DVA (change in value due to changes in the quality of the credit institution in terms of derivative liabilities on the statement of financial position);
2. reduction of non-controlling interests for a T2 eligible subsidiary within the limit of equity required to cover the

subsidiary's equity requirements. This reduction applies to each equity compartment. Non-eligible non-controlling interests are also excluded;

3. deduction of CET1 from deferred tax assets dependent on future income linked to losses carried forward;
4. deduction of CET1 from negative sums due to a shortfall in provisions in relation to expected loss (EL), calculated by differentiating between performing loans and loans in default;
3. deduction of CET1 from deferred tax assets dependent on future income linked to temporary differences beyond the deductible limit of 17.65%. This limit, which is applied after calculating a threshold of 10%, is common to the non-deducted share of CET1 instruments held in financial investments greater than 10%. The non-deducted parts are taken into account in the risk-weighted assets (weighted at 250%);
6. deduction of CET1 from CET1 instruments held in financial investments greater than 10% over the deductible limit of 17.65%; these are treated in the same way as those described in the previous point;
7. restriction of category 1 and category 2 equity to hybrid debt instruments which meet the eligibility criteria for Basel 3;
8. value adjustments resulting from the prudent evaluation defined in the prudential regulations: institutions must adjust the amount of their assets measured at fair value and eventually deduct from equity any values adjusted as a result of the prudential evaluation defined in the prudential regulations.

Under Basel 3, a total of three levels of solvency ratios are calculated:

- ▶ the CET1 ratio;
- ▶ the T1 ratio;
- ▶ the total capital ratio.

These ratios are subject to a "phased-in" calculation in order to progressively manage the transition between the Basel 2 and Basel 3 calculation rules.

4.2.2.3 Composition of equity capital

Reconciliation of accounting equity and prudential equity

	31.12.2014 Phased-in Basel 3	31.12.2013 Proforma Basel 3	31.12.2013 Published Basel 2
(€ '000s)			
Equity capital and reserves, owners of the parent (prudential)	8,405,536	7,020,245	7,020,242
Dividend plan	(304,712)	(260,631)	(260,631)
Deduction of goodwill and other intangible fixed assets	(484,420)	(367,653)	(367,653)
Transitory and other adjustments applicable to CET1 equity capital	(925,606)	(691,371)	(1,216,340)
Common Equity Tier 1 capital	6,690,798	5,700,590	5,175,618
Eligible AT1 equity instruments	800,000	800,000	800,000
Additional T1 capital	800,000	800,000	800,000
T1 capital	7,490,798	6,500,590	5,975,618
Capital instruments and subordinated loans	1,339,840	750,000	750,000
Other reintegrations	147,205	-	178,463
T2 capital	1,487,045	750,000	928,463
Total capital	8,977,843	7,250,590	6,904,081

4.2.2.4 Super-subordinated securities and preferred shares

Issuer	La Banque Postale		
ISIN	FR0011659184	FR0010969410	FR0011855865
Law governing the instrument	French law	French law	French law
Regulatory treatment			
Transitory CRR regulations	Additional T1 equity	T2 equity with grandfathering	T2 equity
CRR rules after transition	Additional T1 equity	Not eligible	T2 equity
Level	Consolidated	Consolidated	Consolidated
Type of instruments	Additional CET1 (art. 51/52 of the CRR)	Tier 2 subordinated securities (art. 484)	Tier 2 subordinated securities (art. 63)
Amount recognised in regulatory equity (€ '000s)	800,000	750,000	750,000
Instrument nominal value (€ '000s)	100	100	100
Issue price (€ '000s)	100	99.310	99.705
Buyback price		100	100
Accounting category	Liabilities at amortised cost	Liabilities at amortised cost	Liabilities at amortised cost
Date of initial issue	13.12.2013	26.11.2010	17.04.2014
Term	Perpetual	Fixed-term	Fixed-term
Initial maturity	No maturity date	30.11.2020	23.04.2026
Buyback option subject to the prior approval of the supervisory authority	Yes	Yes	Yes
Optional date for exercising the option	13.12.2019 Option in the case of regulatory, fiscal, accounting event or methods for calculating the solvency ratio	Option in the case of fiscal event	23.04.2021 Option in the case of regulatory or fiscal events
Subsequent dates	Every 5 years from 13.12.2019		
Coupons/dividends			
Dividend/coupon	Fixed	Fixed	Fixed
Coupon rate	8%	4.375%	2.75%
Existence of a mechanism to suspend dividend/coupon payments	Yes	No	No
Full discretion, partial discretion or mandatory (in terms of schedule)	Full discretion	Mandatory	Mandatory
Full discretion, partial discretion or mandatory (in terms of the amount)	Full discretion	Mandatory	Mandatory
Existence of a step-up mechanism or another buyback incentive	No	No	No
Cumulative or non cumulative	No	No	No
Convertible or non-convertible	Yes	Yes	No
If convertible, conversion trigger	Decision of the holder or falling 7% under the solvency ratio specified for CET1	Reaching maturity or regulatory disqualification	
If convertible, fully or partially	Always fully converted	Always fully converted	
If convertible, conversion rate	Based on the issuer's equity at the time of conversion	At par	
If convertible, conversion mandatory or optional	Mandatory based on trigger criterion and at the choice of the holder	Optional at the choice of the issuer	
If convertible, type of instrument converted to	T1 equity	Other	
If convertible, issuer of the instrument converted to	Holder	Holder	
Characteristics in terms of capital reduction	No	No	
Existence of non-compliant characteristics	No	No	No

4.2.2.5 Capital requirements and capital adequacy

	December 2013	December 2013	June 2014	December 2014
	CRD	CRR	CRR	CRR
TOTAL RISK WEIGHTED ASSETS	45,238	56,575	60,613	52,662
Credit risk-weighted assets (including CVA (credit value adjustment))	35,913	47,250	50,600	42,516
including Central administrations and central banks	50	50	38	55
including Institutions	3,663	4,850	5,838	4,693
Credit institutions	3,000	4,188	5,075	3,859
Other institutions including local authorities	663	663	763	833
including Companies	3,725	3,663	4,325	5,336
including Retail customers	22,200	30,663	32,138	23,264
including Shares	3,800	4,588	4,725	5,128
including Other assets that are not credit obligations	2,450	3,013	3,063	3,640
including Securitisation positions under standard approach	25	25	75	68
including CVA	-	400	400	331
Market risk-weighted assets	825	825	1,513	1,271
including General rate risk	263	263	400	445
including Specific risk	350	350	838	553
including Equity risk	13	13	-	-
including Exchange rate risk	200	200	275	273
Operational risk-weighted assets	8,500	8,500	8,500	8,875
Common Equity Tier One amounts	5,177	5,726	5,931	6,691
Tier 1 capital amounts	5,977	6,526	6,731	7,491
Total prudential capital amounts	6,904	7,276	8,231	8,978
COMMON EQUITY TIER ONE RATIO	11.4%	10.1%	9.8%	12.7%
TIER ONE RATIO	13.2%	11.5%	11.1%	14.2%
TOTAL CAPITAL RATIO	15.3%	12.9%	13.6%	17.0%

Overall, RWA fell €3,913 million despite growth in gross loans of €7,765 million.

Credit risk-weighted assets declined by €4,734 million. This saving is primarily due to a change in the weighting of home loans secured by Crédit Logement from 50% to 20% in November and more than offsets increases in RWA following the integration of SOFIAP (+€656 million in RWA) and the increased volumes in Retail Banking (+€835 million).

Increased corporate loans generates €1,673 million in additional RWA.

Market activities consume an additional €446 million in RWAs as a result of increased volumes.

Operational risk-weighted assets increased by €375 million in line with growth in the bank's NBI.

Conglomerate ratio

(€ '000s)	31.12.2014	31.12.2013 Proforma Basel 3	Change
LBP financial conglomerate equity	8,977,843	7,250,590	1,727,253
Addition of specific items for insurance entities	2,703,954	2,584,534	119,420
Total equity – financial conglomerate	11,681,797	9,835,124	1,846,673
Banking solvency requirement	4,208,454	3,618,681	589,773
Margin requirements for insurance entities	2,706,601	2,601,619	104,982
Surplus or insufficient equity	4,766,743	3,614,824	
Ratio	169%	158%	

4.2.2.6 Internal capital adequacy

La Banque Postale has begun implementing a Group-level capital planning system, and its allocation to La Banque Postale businesses.

In particular, this system aims to fulfil the following objectives:

1. assess the Group's current position in terms of RWA, capital and solvency ratios;
2. anticipate future needs through medium-term forecasts integrating internal and external constraints, as well as investment opportunities;
3. assess capital adequacy;
4. define the measures required to achieve the capital objectives defined by management;
5. implement Yield/Risk management for the Bank and its businesses.

The aim is to embody this planning approach within the bank's strategic management.

It also aims to facilitate the approval of LBP in Internal Models (Basel 2 Programme ongoing) by attesting to the operational insertion of Basel parameters within the Bank's management processes.

Capital Management within La Banque Postale is governed by two committees.

The **Capital Management Committee** was created in 2014 and meets every quarter under the chairmanship of the Chairman of the Executive Board. The Committee is responsible for:

- ▶ assessing the Group's current position in terms of RWA, capital and solvency ratios, as well as the bank's future capital requirements;
- ▶ assessing capital adequacy; defining the measures required to achieve the capital objectives defined by management;
- ▶ validating the preventive actions linked to the Bank's financial strength suggested by the Stress Test Operational Committee, based on the internal stress tests and stress regulators (stress tests/capital management articulation);
- ▶ examining the recommendations of regulatory and supervisory authorities and their impact on LBP's capital and the methods used;
- ▶ validating the business assumptions and methods used to calculate capital requirements;
- ▶ managing the allocation of equity budgets to the different businesses, subsidiaries and projects in line with the strategic priorities.

The **RWA Committee** was created in 2014 and meets every quarter. The Committee is responsible for:

- ▶ reviewing the RWA calculation assumptions (risk parameters and business assumptions);
- ▶ reviewing, under Pillar 2, the stressed risk measures proposed by the Stress Test Operational Committee under internal stress tests on the Bank's financial strength;
- ▶ monitoring changes in the businesses' RWA (static and forecasted) compared to the RWAs allocated under the budget;
- ▶ reviewing anticipated changes in the solvency ratio.

4.2.2.7 Estimated CRR leverage ratio

(€ million)	31.12.2014 (before delegated act)	31.12.2014 (after delegated act)
Tier 1 capital	7,491	7,491
Total of the IFRS statement of financial position	210,506	210,506
Adjustments	+13,223	(70,861)
Exposure to leverage ratio	223,729	139,645
CRR leverage ratio	3.4%	5.4%

The estimated leverage ratio after the application of the delegated act which neutralises the linked assets and liabilities is 5.4%.

4.2.2.8 Publication of SIFI indicators QIS G-SIBs – Data at 31 December 2014

In accordance with the recommendations of the national supervisor, La Banque Postale sets out below its ten indicators relating to financial institutions of systemic importance to the global economy.

These data were established according to the Basel Committee's specific instructions on banking control and cannot be directly compared to other information published by La Banque Postale.

(€)		31.12.2014	31.12.2013
Size	Total assets	210,506,052,000	212,493,358,000
Importance (including substitutability/financial system infrastructure)	Value of domestic payment transactions	177,421,266,235	442,880,000,000
	Private sector deposits from depositors in the EU	162,967,294,374	160,618,600,065
	Private sector loans to recipients in the EU	60,848,795,271	55,634,691,323
Complexity/cross-border activity	Value of OTC derivatives (notional)	60,558,394,015	40,568,000,000
	Cross-jurisdictional liabilities	1,108,817,454	558,000,000
	Cross-jurisdictional claims	22,763,679,325	558,000,000
Interconnectedness	Intra financial system liabilities	19,536,825,650	17,026,000,000
	Intra financial system assets	26,388,346,282	22,171,000,000
	Debt securities outstanding	11,853,228,000	10,171,000,000

4.2.3 Credit risks

The information presented in this section is an integral part of the consolidated financial statements certified by the Statutory Auditors as information required by IFRS 7.

4.2.3.1 Credit risk and counterparty risk management policy

The Group Risk Department reports to the Group Risk Management Committee on the drafting and implementation of measures for monitoring and managing credit risks relating to retail and corporate customers in accordance with the decree of 3 November 2014.

In terms of risk monitoring procedures, the Group Risk Department defines the monthly credit risk monitoring indicators approved by the Group Risk Management Committee.

The Group Risk Department hedges credit risk, *i.e.*, the risk incurred in the event that a counterparty defaults (or counterparties considered as a single beneficiary within the meaning of (EU) Regulation No. 575/2013 of the European Parliament and Council relating to the prudential requirements applicable to credit institutions and investment firms (CRR of 26 June 2013), in particular Articles 387 to 403 and 493.

Review of the internal model ratings in order to adapt them to the new Basel 3 requirements

In connection with the arrangements for granting loans and controlling credit risk, credit rating models for individuals and

institutions have been changed significantly since the launch of the Basel 2 Internal Models project launched in 2013. In particular, this project has enabled a documentary improvement to the use of these models and the implementation of a process created to validate the models, including separation with effect from 2013 of the modelling and validation functions.

The granting system was adapted both in terms of the granting process and the decision-making support tools.

Improvement of the organisation and management of credit risk

The Risk Management Policy and the Risks Sector Charter have been reflected by the establishment of a robust and durable risk structure, taking into account all the changes to La Banque Postale since its inception in order to secure the Group's future results, and taking best market practices into account in order to measure and control the risks, with the use of internal models for the determination of internal capital.

A risk unit was also created and regional officers were appointed reporting directly to the Group Risk Department to ensure an improvement in the granting and control processes across all markets.

This unit has regionalised dashboards to monitor and control its risks while being close to the ground.

Risk exposure of La Banque Postale Group

Risk exposure of La Banque Postale Group (€ '000s)	31.12.2014	31.12.2013 Restated
Financial assets at fair value through profit and loss	9,376,732	5,253,191
Trading derivatives	296,964	127,764
Hedging derivatives	1,532,205	221,270
Financial assets available for sale	13,101,974	12,792,699
Loans and receivables – Credit institutions	83,314,646	82,893,845
Loans and receivables – Customers	67,856,592	59,212,206
Financial assets held to maturity	28,296,514	32,265,882
Statement of financial position exposure net of impairment charges	203,775,627	192,766,857
Financing commitments given	17,947,758	20,501,270
Guarantees given	3,435,645	3,690,033
Off-statement of financial position exposure net of impairment charges	21,383,403	24,191,303
TOTAL NET EXPOSURE	225,159,030	216,958,160

4.2.3.2 Credit risk on retail customers

4.2.3.2.1 Credit risk on retail customers: framework and definition

In terms of financing to individuals, the activities conducted by La Banque Postale Group that give rise to a credit risk include:

- ▶ property loans to individuals and to high-net-worth SCIs (La Banque Postale and its subsidiaries BPE and SOFIAP);
- ▶ overdrafts and means of payment granted to individuals (La Banque Postale and its subsidiary BPE);
- ▶ consumer loans (La Banque Postale Financement, BPE, as well as La Banque Postale for former loans to employees of La Poste Group);
- ▶ personal micro-credit loans (La Banque Postale).

Risk management

For retail credit, the Group Risk Department defines, for La Banque Postale Group, the rules and tools governing risk-taking and management of inherent risk, and monitors the effective application of these rules and the proper use of the rules and the functioning of the tools at the level of La Banque Postale SA, La Banque Postale Financement, BPE and SOFIAP.

It develops the rules for granting and committing to loans.

The Retail Credit Risk Department supervises La Banque Postale Group Retail Credit Committee, which is the highest appointed body within La Banque Postale Group for making loans to individuals.

For management of inherent risk, the Group Risk Department is responsible for the rules on covering risk, working with the Legal Department, the Operations Department and the departments governing provisions for accounts receivable in liaison with the Accounts Department.

Beyond the scope of its own authority, it has these "rules of play" approved by the Group Risk Committee (chaired by a member of the Executive Board) or by the Executive Board, if requested by the Chairman of the Group Risk Committee.

After validation, the Retail Credit Risk Department ensures implementation and monitors the proper application of these rules throughout the loan process.

As part of the deployment of the risk unit, BPE and LBPF's Risk Officers were placed under the supervision of the Group Chief Risk Officer in January 2015 and July 2014 respectively.

In compliance with applicable regulations, the Retail Credit Risk Department guarantees implementation of audit and risk monitoring procedures and coordinates all necessary related steps.

Monitoring is provided by the Group Risk Committee over the consolidated scope with specific monitoring of each of the subsidiaries.

La Banque Postale's credit guarantee system

General principle

The general principle is that any financing must be fully covered by an "eligible" guarantee, which provides an adequate level of cover:

- ▶ first (or valid as first) mortgage security rights: privilege of the money-lender, conventional mortgage, pledge of mortgage assets granted by a third party guaranteeing the borrower's debt;
- ▶ pledge of financial products (life insurance policies, securities accounts, REIT units) in compliance with the loan amount covered by the pledged savings, as specified in the general terms and conditions for granting loans, depending on the type of investments pledged (equity, bonds, monetary, etc.);
- ▶ guarantee provided by a body authorised and pre-approved by La Banque Postale's Guarantor Referencing Committee.

By way of exception to the preceding principles

Some small home improvement loans are granted with no guarantee.

Bridging loans can be granted without any "eligible" guarantee, if the sale agreement or the promise of sale for the asset that is the subject of the loan has been signed, and the conditions precedent favouring the buyer of the asset have been lifted. In such a case, the bank can take a simple pledge of mortgaged assets (PAH) on the asset to be sold.

If the quality of the file so justifies, the bank may grant an unguaranteed loan, provided that all the unguaranteed loans granted to the same customer together do not exceed the limit fixed by the terms and conditions for granting loans.

If the quality of the file so justifies, La Banque Postale may accept a guarantee by a private entity as the principal guarantee within the limits fixed by the terms and conditions for granting loans.

4.2.3.2.2 Credit risk exposure on transactions with retail customers

2014 financial year

(€ million)	31.12.2014					
	Balance sheet (gross)		Off-balance sheet (gross)		Total exposure	
	Current	%	Current	%	Current	%
Home loans	53,631	96%	2,389	4%	56,020	81%
Consumer loans	4,043	88%	529	12%	4,572	7%
Current accounts in debit and similar	724	8%	8,108	92%	8,832	13%
TOTAL	58,397	84%	11,027	16%	69,424	100%

2013 financial year

(€ million)	31.12.2013					
	Balance sheet (gross)		Off-balance sheet (gross)		Total exposure	
	Amounts outstanding	%	Amounts outstanding	%	Amounts outstanding	%
Home loans	49,985	96%	2,280	4%	52,265	76%
Consumer loans	3,404	92%	310	8%	3,714	5%
Current accounts in debit and similar	687	5%	12,069	95%	12,756	19%
TOTAL	54,076	79%	14,659	21%	68,735	100%

The total exposure is practically stable compared with the previous year.

Home loans exposure increased and represents 81%, due to the integration of SOFIAP loans and coincides with the fall in overdraft authorisations for €4 billion.

Guarantees received

2014 financial year

(€ million)	31.12.2014									
	Security rights		Guaranteed by a company		Impaired home loans		Unguaranteed		Balance sheet (gross)	
	Current	%	Current	%	Current	%	Current	%	Current	%
Home loans	15,925		36,797		27		881		53,631	
▶ performing loans	15,667	29%	36,644	69%	27	0.1%	856	2%	53,195	99%
▶ impaired loans	258	59%	153	35%	-	0%	25	6%	436	0.82%
Consumer loans	4		5		1		4,033		4,043	
▶ performing loans	4	0.1%	4	0.1%	1	0.03%	3,847	100%	3,857	95%
▶ impaired loans	-	0.0%	1	0.3%	-	0%	186	100%	186	4.83%

2013 financial year

(€ million)	31.12.2013									
	Security rights		Guaranteed by a company		Impaired home loans		Unguaranteed		Balance sheet (gross)	
	Current	%	Current	%	Current	%	Current	%	Current	%
Home loans	12,746		35,755		765		718		49,985	
▶ performing loans	12,552	25%	35,623	72%	765	1.5%	707	1.4%	49,647	99%
▶ impaired loans	194	58%	132	39%	-		11	3.3%	337	0.7%
Consumer loans	5		9		1		3,389		3,404	
▶ performing loans	5	0.2%	8	0.2%	1	0.03%	3,257	100%	3,271	96%
▶ impaired loans	-		1	0.8%	-		132	99%	133	3.9%

The share of home loans guaranteed by a legal entity dropped significantly (69% in December 2014 versus 72% in December 2013). This difference is stated in favour of the share of security rights.

Almost all outstanding consumer loans are without guarantees.

Credit quality of financial assets that are neither doubtful nor impaired on an individual basis – Customers

(€ million)	31.12.2014		31.12.2013	
	Current	%	Current	%
Performing home loans	53,195	100%	49,647	100%
▶ without arrears	52,951	99.5%	49,474	99.7%
▶ with arrears	243	0.5%	173	0.3%
Performing consumer loans	3,857	100%	3,271	100%
▶ without arrears	3,814	99%	3,243	99%
▶ with arrears	43	1%	28	1%

The portion of performing loans with no arrears remained very stable (99.5%). The portion of consumer loans with arrears remained unchanged at 1% of performing loans.

Doubtful financial assets – Customers

2014 financial year 31.12.2014

(€ million)	31.12.2014										
	Non-impaired loans with arrears						Guarantees				
	≤ 30 days	> 30 d ≤ 60 d	> 60 d ≤ 90 d	> 90 d ≤ 180 d	> 180 d	Total	Impaired loans	Security rights	Guaranteed by a company	Impaired home loans	Unguaranteed
Home loans	112	56	37	39	-	243	436	330	320	1	30
Consumer loans	21	22	-	-	-	43	186	-	1	42	186
TOTAL	133	78	37	39	-	287	623	330	320	43	216

2013 financial year

(€ million)	31.12.2013										
	Non-impaired loans with arrears						Guarantees				
	≤ 30 d	> 30 d ≤ 60 d	> 60 d ≤ 90 d	> 90 d ≤ 180 d	> 180 d	Total	Impaired loans	Security rights	Guaranteed by a company	Impaired home loans	Unguaranteed
Home loans	69	45	27	22	10	173	338	287	206	5	13
Consumer loans	17	11	-	-	-	28	133	-	1	-	160
TOTAL	86	56	27	22	10	201	471	287	207	5	173

Impaired home loans recorded a €98 million increase.

The balance of doubtful consumer loans in arrears and impaired consumer loans increased by €68 million in 2014 compared to 2013.

Breakdown of individually impaired financial assets

2014 financial year

(€ million)	31.12.2014			
	Receivables (a)	Guarantee amount retained	Updated provisions (b)	Provision (b)/(a)
IMPAIRED HOME LOANS				
Security rights	218	154	71	33%
Guaranteed by a company	87	87	8	9%
Guaranteed by an individual	-	-	-	-
Unguaranteed	23	-	20	87%
Loans classified as doubtful according to the contagion principle, but not in arrears	108	95	12	11%
Total impaired home loans	436	336	112	26%
Impaired consumer loans	186	1	107	58%
Total impaired consumer loans	186	1	107	58%
Impaired current accounts in debit and similar	139	-	119	85%
Impaired current accounts in debit and similar	139	0	119	85%

2013 financial year

(€ million)	31.12.2013			
	Receivables (a)	Guarantee amount retained	Updated provisions (b)	Updated provision rate (b)/(a)
IMPAIRED HOME LOANS				
Security rights	163	110	56	35%
Guaranteed by a company	80	73	7	10%
Guaranteed by an individual	-	-	-	-
Unguaranteed	14	2	12	86%
Loans classified as impaired according to the contagion principle, but not in arrears	80	70	10	12%
Total impaired home loans	337	255	85	25%
Impaired consumer loans	133	1	68	51%
Total impaired consumer loans	133	1	68	51%
Impaired current accounts in debit and similar	127	-	110	87%
Total impaired current accounts in debit	127	0	110	87%

The provisioning rate for home loans increased from 25% to 26%.

The current account provision rate fell from 87% to 85%. The rate for consumer loans increased to 58% compared with 51% in the previous year.

4.2.3.3 Credit risk on non-retail customers

4.2.3.3.1 Credit risk on non-retail customers: framework and definition

La Banque Postale's business activities generate credit risk on two levels:

- ▶ within the scope of its commercial economy-financing activities, in September 2011, La Banque Postale obtained authorisation from the French Prudential Control and Resolution Authority to offer financing to corporate customers ("PMOs"). In view of the product ranges offered, the Bank's primary customer segments are currently the following: Companies, local authorities, public health establishments, social housing landlords and non-profit associations;
- ▶ within the scope of its financial market transactions, La Banque Postale must also manage credit risk stemming from interbank cash transactions such as deposits, loans and buybacks (with respect to financial institutions) and issuer risk on debt securities (from Companies, Financial Institutions, Sovereign States, Local Authorities) in the trading room.

These risks come in the form of statement of financial position and off-statement of financial position commitments (guarantees, collateral, investments of La Banque Postale's insurance subsidiaries, un-drawn proportion of loans granted, etc.).

La Banque Postale has retained a prudent approach and a gradual ramp-up of the business.

The range of finance options offered by La Banque Postale currently includes: overdraft facilities, advances on grants, equipment leasing, medium-term credit for business start-ups and takeovers, bilateral or syndicated loans for large corporate customers, property leasing and factoring business.

Since 2012, La Banque Postale provides a financing offering to customers from the Local Social Economy (social housing landlords, mutual insurance companies, local authorities, public health establishments, management associations, non-profit associations): cash lines, medium and long-term financing.

In 2014, the short-term and medium/long-term financing offers were extended to Social Housing Promoters and semi-public companies.

Credit risk management

1) General provisions

La Banque Postale's granting and commitment rules are drawn up in accordance with Articles 111 and 112 of the decree of 3 November 2014 on the internal control of companies in the banking, payment and investment services sector subject to the French Prudential Control and Resolution Authority.

The investigating and decision-making processes are based on: eligibility conditions, analysis and the determination of a financial score specific to each sector, and in some cases collection of guarantees.

The aim of the risk management system selected for corporate and institutional financing is to detect risks at every level in each of the business processes (granting, management, recovery and provisioning). It is based on the following elements:

- ▶ a complete Loan Committee system at different levels of the Bank and an assignee plan tailored to each segment;
- ▶ individual risk monitoring procedures and a management platform for global risk.

For micro-businesses, SMEs, and non-profit associations, the general research and decision-making process is supplemented by a specific banking behaviour score.

For the Local Public Sector, La Banque Postale has the option to refinance its medium and long-term loan production for local authorities and public health establishments with the Caisse Française de Financement Local.

For all markets, transactions of a unit amount greater than or equal to €10 million must be approved by a member of the Executive Board. The same applies where individual or concentration limits are exceeded.

2) Concerning investment

In investment matters, third parties are systematically rated and allocated an individual limit which is intended to limit the total commitment. Where applicable, these individual limits are supplemented by so-called group limits, which govern exposure to a group of third parties that are considered as a single beneficiary within the meaning of Article 3 of CRBF Rule No. 93-05 (amended).

La Banque Postale's scope of activities is generally limited to "investment-grade" counterparties and issuers, i.e. those whose internal rating is at least BBB-.

The minimum rating is lowered to BB-⁽¹⁾ in some specific cases, particularly for loans to Large Corporate Customers and to the Local Public Sector, provided that the bank has an on-going business relationship or authorisation from the Executive Board.

Before it can carry out any repurchases, securities lending or futures transactions exposing it to a counterparty risk, La Banque Postale must first ensure that there is an **ISDA (International Swaps and Derivatives Association) or FBF (French Banking Federation) framework agreement with clauses concerning collateral**. The quantitative data entered in those agreements (instruments

concerned, margin call threshold and frequency, exemptions, etc.) are validated by the Group Risk Department.

In the event of significant deterioration of the risk, the issuers and counterparties concerned are subject to strict monitoring by the Watch Committee which reports to the Group Risk Management Committee.

The individual limits are supplemented with a set of limits aimed at limiting the risk of concentration on groups of counterparties classified according to their country of origin, business segment and internal rating. These diversification limits can be reviewed monthly by the Group Risk Management Committee. This Committee also validates a list of authorised countries and a list of authorised currencies.

4.2.3.3.2 Credit and market risk exposure with corporate customers

2014 financial year

(€ millions)

Category	31.12.2014					
	Sovereign	Bank	Corporate	Public administration	Securitisation	Total
Financial assets at fair value through profit and loss	783	7,556	1,038	-	-	9,377
Financial assets available for sale	2,873	7,999	2,132	88	8	13,101
Loans and receivables – Credit institutions	79,223	4,092	-	-	-	83,314
Loans and receivables – Credit institutions	162	400	4,906	3,890	499	9,857
Financial assets held to maturity	26,463	1,823	-	11	-	28,297
TOTAL	109,504	21,869	8,076	3,990	507	143,946

(€ millions)

Rating	31.12.2014				
	AAA	AA	A	Other	Total
Financial assets at fair value through profit and loss	-	978	5,875	2,524	9,377
Financial assets available for sale	1,562	2,822	4,538	4,180	13,101
Loans and receivables – Credit institutions	-	80,826	1,446	1,042	83,314
Loans and receivables – Customers	290	578	1,610	7,379	9,857
Financial assets held to maturity	1,210	24,684	849	1,552	28,297
TOTAL	3,063	109,888	14,319	16,676	143,946

(€ millions)

Geographical	31.12.2014			
	France	Euro zone	Non-euro zone	Total
Financial assets at fair value through profit and loss	5,561	2,712	1,104	9,377
Financial assets available for sale	5,998	4,728	2,375	13,101
Loans and receivables – Credit institutions	82,340	947	26	83,314
Loans and receivables – Customers	9,487	351	19	9,857
Financial assets held to maturity	21,510	5,921	866	28,297
TOTAL	124,896	14,659	4,390	143,946

(1) According to the ACP correlation tables, BB- corresponds to quality level 4 (BB- to BB+ at FITCH and S&P; Ba1 to Ba3 Moody's; 4 to 5 COFACE; 4 to 5+ FIBEN).

2013 financial year

(in € million)

31.12.2013

Category	Sovereign	Bank	Corporate	Public admin.	Securitisation	Total
Financial assets at fair value through profit and loss	157	4,698	384	-	-	5,239
Financial assets available for sale	3,022	7,098	1,644	74	5	11,843
Loans and receivables – Credit institutions	558	81,912	12	-	400	82,882
Loans and receivables – Customers	655	225	2,763	1,489	227	5,361
Financial assets held to maturity	30,345	1,921	-	-	-	32,266
TOTAL	34,737	95,854	4,803	1,563	632	137,591

(in € million)

31.12.2013

Rating	AAA	AA	A	Other	Total
Financial assets at fair value through profit and loss	61	1,383	2,981	814	5,239
Financial assets available for sale	1,847	2,601	4,324	3,071	11,843
Loans and receivables – Credit institutions	77,424	3,284	1,151	1,023	82,882
Loans and receivables – Credit institutions	837	478	648	3,396	5,361
Financial assets held to maturity	2,791	27,307	549	1,619	32,266
TOTAL	82,960	35,053	9,653	9,923	137,591

(in € million)

31.12.2013

Geographical	France	Euro zone	Non-euro zone	Total
Financial assets at fair value through profit and loss	2,827	1,677	735	5,239
Financial assets available for sale	6,311	4,015	1,517	11,843
Loans and receivables – Credit institutions	82,565	215	102	82,882
Loans and receivables – Credit institutions	4,721	640	-	5,361
Financial assets held to maturity	24,797	6,606	863	32,266
TOTAL	121,221	13,153	3,217	137,591

Financial assets held to maturity

These are good quality assets, essentially consisting of bonds issued or guaranteed by Eurozone countries as shown in the above tables (figures shown in millions of euros). The portion of sovereign issuers in this portfolio is 94%. In addition, 92% of portfolio positions consist of issuers with a first-class rating (AAA to A-).

Financial assets at fair value through profit and loss

The financial assets at fair value through profit and loss essentially comprise securities. The bulk of the financial assets at fair value through profit and loss stem from bank issuers (81% of portfolio positions).

They consist of good quality assets mainly located in France, as shown in the above six tables (figures shown in millions of euros).

Loans and receivables – Credit institutions

As part of its day-to-day business, La Banque Postale performs inter-bank transactions, including deposits and securities lending/borrowing.

The counterparty risk attached to inter-bank deposits is managed in the same way as issuer risk (the transactions are included in individual, group, and diversification limits).

At the end of December 2014, La Banque Postale's inter-bank deposits amounted to €4.1 billion. This represents a significant reduction compared to 2013 and is due to the reclassification of Caisse des dépôts in "Sovereign" in accordance with the CRD 4 regulations. The deposits made to the Caisse des dépôts as backing for the funds gathered on Livret A, Livret développement durable and LEP accounts amounted to €78.1 billion at 31 December 2014.

Counterparty risk on securities lending and repos is limited by the fact that La Banque Postale only handles such instruments after signing a framework agreement which provides for collateral. As a result, the credit risk on repo/reverse repo transactions was extremely low as of 31 December 2014.

Sovereign risk

At 31 December 2014, La Banque Postale's direct and indirect exposure to PIIGS was €2.02 billion. This amount has been falling constantly since 2011 (total exposure was €2.79 billion in 2013, compared to €4.65 billion at 31 December 2012 and €6.06 billion at 31 December 2011). This is primarily due to the repayment of certain lines that had reached maturity. The breakdown of direct and indirect sovereign exposure is as follows:

2014 financial year

La Banque Postale does not hold any exposure on Cyprus, Hungary or Egypt.

(€ million)	Total Bank Portfolio	Assets at fair value through P&L	Total Direct exposure ⁽¹⁾	Off-balance sheet	Total direct and indirect exposure ⁽²⁾	Exposure (%)
Greece	-	-	-	-	-	-
Ireland	2	-	2	-	2	-
Italy	1,170	-	1,170	-	1,170	3.9%
Portugal	-	-	-	-	-	-
Spain	849	-	849	-	849	2.8%
Total PIIGs	2,022	-	2,022	-	2,022	6.7%
Germany	2,715	-	2,715	-	2,715	9.0%
Austria	23	-	23	-	23	0.1%
Belgium	1,559	-	1,559	-	1,559	5.1%
France	20,915	783	21,698	-	21,698	71.6%
Great Britain	-	-	-	-	-	-
Luxembourg	18	-	18	-	18	0.1%
Netherlands	200	-	200	-	200	0.7%
Poland	24	-	24	-	24	0.1%
Slovakia	1	-	1	-	1	-
Slovenia	6	-	6	-	6	-
Switzerland	6	-	6	-	6	-
Supra-national	1,142	-	1,142	-	1,142	3.8%
Total Europe	26,610	783	27,393	-	27,393	90.4%
Rest of the world	878	-	878	-	878	2.9%
TOTAL	29,510	783	30,292	-	30,292	100%

Identification based on the scope defined by the E.B.A., including local and regional authorities or bodies benefiting from a Government guarantee. These exposures exclude centralised deposits to the Caisse des dépôts (CDC).

(1) Direct exposure: net carrying amount (including impairment) of exposure on the Bank's own account.

(2) Total exposure: direct exposures to which are added the indirect exposures via guarantees issued to the Group's UCITS.

Local Public Sector risk

This is primarily a risk concerning local authorities, as La Banque Postale had prioritised the launch of its financing business on this market in June 2012. The business of financing public health institutions and social housing landlords was launched gradually during 2013.

As of 31 December 2014, out of the €7,782 billion in financing granted to local authorities, €3,597 billion had been used. Close to €1.7 billion in medium- and long-term loans was assigned to CAFFIL in 2014 and thus does not show in these figures.

Corporate risk

At 31 December 2014, La Banque Postale's corporate exposure had significantly increased due to the development of La Banque

Postale loans to companies and the diversification of issuers in which La Banque Postale invests.

In particular, there was a significant increase in amounts outstanding on property transactions, the development of bond investments issued by the companies and asset financing operations.

The majority of amounts outstanding on companies in which the bank has securities investments relate to companies rated at least BBB+. There is strict monitoring of conditions for companies with lower ratings within the portfolio, in order to ensure that risk is mitigated: guarantees, clauses limiting deterioration of counterparty credit risk, financial covenants, seniority.

The majority of these commitments involve French companies.

Credit risk stemming from transactions with Sovereign, Corporate and institutional customers

2014 financial year

(€ million)	31.12.2014					
	Statement of financial position (gross)		Financial commitments and commitments given		Total exposure	
	Amounts outstanding	%	Amounts outstanding	%	Amounts outstanding	%
Capital lease transactions	953	87%	137	13%	1,090	8%
Loans to local authorities	3,597	46%	4,185	54%	7,782	58%
Performing loans to other legal entities	1,915	51%	1,844	49%	3,758	28%
Factoring business and commercial receivables	38	100%	-	-	38	-
Other cash flow loans	-	100%	-	-	-	-
Current accounts in debit and similar	137	21%	502	79%	640	
Other	-		-		-	-
TOTAL	6,640		6,668		13,308	95%

2013 financial year

(€ million)	31.12.2013					
	Statement of financial position (gross)		Financial commitments and commitments given		Total exposure	
	Amounts outstanding	%	Amounts outstanding	%	Amounts outstanding	%
Capital lease transactions	562	89.3%	67	10.7%	629	6.5%
Loans to local authorities	2,185	37.3%	3,676	62.7%	5,861	60.7%
Performing loans to other legal entities	1,185	45.4%	1,427	54.6%	2,612	27.1%
Factoring business and commercial receivables	9	100.0%	-	-	9	0.1%
Other cash flow loans	-	-	-	-	-	-
Current accounts in debit and similar	128	26.1%	363	73.9%	491	5.1%
Other	-	-	52	100.0%	52	0.5%
TOTAL	4,069	42%	5,585	58%	9,654	100%

Guarantees received for loans granted to legal entities

2014 financial year

(€ million)	31.12.2014									
	Security rights		Guaranteed by a company		Guaranteed by a private entity		Unguaranteed		Balance sheet (gross)	
	Amounts outstanding	%	Amounts outstanding	%	Amounts outstanding	%	Amounts outstanding	%	Amounts outstanding	%
Capital lease transactions	-		177		15		761		953	
▶ performing loans	-	-	177	19%	15	1.59%	756	79.76%	948	100%
▶ impaired loans	-	-	-	6%	-	-	4	94%	5	0.50%
Loans to local authorities	-		17		-		3,579		3,597	
▶ performing loans	-	-	17	-	-	-	3,579	100%	3,597	100%
▶ impaired loans	-	-	-	-	-	-	-	-	-	-
Loans to other legal entities	288		467		-		1,160		1,915	
▶ performing loans	288	15.03%	467	24%	-	-	1,160	61%	1,915	100%
▶ impaired loans	-	-	-	-	-	-	-	-	-	-
Factoring business and commercial receivables	-		12		-		26		38	
▶ performing loans	-	-	12	31%	-	1%	26	69%	38	100%
▶ impaired loans	-	-	-	-	-	-	-	100%	-	-

2013 financial year

(in € million)	31.12.2013									
	Security rights		Guaranteed by a company		Guaranteed by a private entity		Unguaranteed		Balance sheet (gross)	
	Amounts outstanding	%	Amounts outstanding	%	Amounts outstanding	%	Amounts outstanding	%	Amounts outstanding	%
Capital lease transactions	25		142		3		391		561	
▶ performing loans	25	4.46%	142	25.36%	3	0.54%	390	69.64%	560	100%
▶ impaired loans	-	-	-	-	-	-	1	100%	1	0.2%
Loans to local authorities	-		-		-		2,185		2,185	
▶ performing loans	-	-	-	-	-	-	2,185	100%	2,185	100%
▶ impaired loans	-	-	-	-	-	-	-	-	-	-
Loans to other legal entities	117		228		-		840		1,185	
▶ performing loans	117	9.89%	228	19.27%	-	-	838	71%	1,183	100%
▶ impaired loans	-	-	-	-	-	-	2	100%	2	0.2%
Factoring business and commercial receivables	-		-		-		9		9	
▶ performing loans	-	-	-	-	-	-	9	100%	9	100%
▶ impaired loans	-	-	-	-	-	-	-	-	-	-

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

2014 financial year

(€ million)	31.12.2014		31.12.2013	
	Amounts outstanding	%	Amounts outstanding	%
Performing capital lease transactions	948	100%	561	
▶ without arrears	948	100%	560	100%
▶ with arrears	-	-	1	-
Performing loans to local authorities	3,597	100%	2,185	
▶ without arrears	3,594	100%	2,132	98%
▶ with arrears	3	-	53	2%
Performing loans to other legal entities	1,915	100%	1,183	
▶ without arrears	1,915	100%	1,183	100%
▶ with arrears	-	-	-	-
Performing business and commercial receivables	38	100%	9	
▶ without arrears	29	76%	9	100%
▶ with arrears	9	24%	-	-

Doubtful financial assets and breakdown of individually impaired financial assets

2014 financial year

(€ million)	31.12.2014									
	Non-impaired loans with arrears						Guarantees			
	≤30 days	> 30 d ≤ 60 d	> 60 d ≤ 90 d	> 90 d ≤ 180 d	> 180 d	Total	Impaired loans	Security rights	Guaranteed by a company	Unguaranteed
Capital lease transactions	-	-	-	-	-	-	5	-	-	4
Loans to local authorities	3	-	-	-	-	3	-	-	-	-
Factoring business and commercial receivables	6	3	-	-	-	9	-	-	-	-
Performing loans to other legal entities	-	-	-	-	-	-	1	-	-	1
TOTAL	9	3	-	-	-	12	6	-	-	6

2013 financial year

(in € million)	31.12.2013										
	Non-impaired loans with arrears					Total	Impaired loans	Security rights	Guarantees		
	≤ 30 d	> 30 d ≤ 60 d	> 60 d ≤ 90 d	> 90 d ≤ 180 d	> 180 d				Guaranteed by a company	Guaranteed by a private entity	Unguaranteed
Capital lease transactions	-	1	-	-	-	1	1	-	-	-	2
Loans to public authorities	20	22	8	3	-	53	-	-	-	-	53
Factoring business and commercial receivables	-	-	-	-	-	-	-	-	-	-	-
Performing loans to other legal entities	-	-	-	-	-	-	2	-	-	-	2
TOTAL	20	23	8	3	-	54	3	-	-	-	57

2014 financial year

(€ million)	31.12.2014			
	Receivables (a)	Guarantee amount retained	Updated provisions (b)	Provision (b)/(a)
IMPAIRED CAPITAL LEASE TRANSACTIONS				
Security rights	-	-	-	-
Guaranteed by a company	1	-	-	-
Guaranteed by a private entity	-	-	-	-
Unguaranteed	3	-	2	53%
Loans classified as impaired according to the contagion principle, but not in arrears	-	-	-	-
TOTAL IMPAIRED CAPITAL LEASE TRANSACTIONS	5	-	2	37%

2013 financial year

(in € millions)	31.12.2013			
	Receivables (a)	Guarantee amount retained	Updated provisions (b)	Updated provision rate (b)/(a)
IMPAIRED CAPITAL LEASE TRANSACTIONS				
Security rights	-	-	-	-
Guaranteed by a company	0.2	0.2	-	-
Guaranteed by a private entity	-	-	-	-
Unguaranteed	1	-	0.6	60%
Loans classified as impaired according to the contagion principle, but not in arrears	-	-	-	-
TOTAL IMPAIRED CAPITAL LEASE TRANSACTIONS	1.2	0.2	0.6	50%

For information, as of 31 December 2013, outstanding impaired corporate loans amounted to €1.2 million. Provisions amounted to €0.6 million, i.e. a hedging rate of 50%.

4.2.3.4 Securitisation

La Banque Postale is exposed to securitisations in the sum of €507 million, broken down into customer receivables and loans for €499 million and available-for-sale financial assets for €8 million.

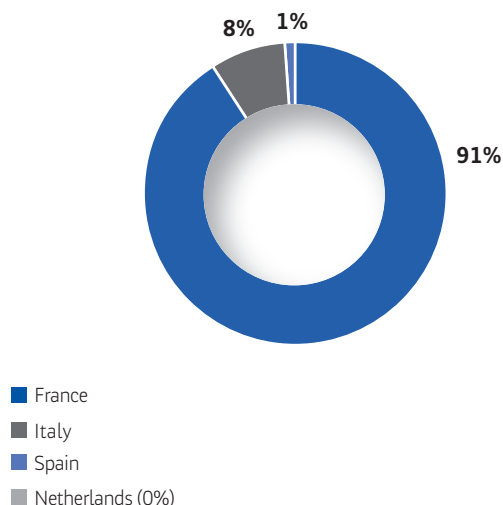
An investment was made with Oseo Financement in 2011, in order to back Livret A and LDD accounts. Since this date only three other investments have been made by La Banque Postale trading room.

The first one, for which the underlying assets were receivables from the Syndicat des Transports d'Île-de-France, the second one, for which the underlying assets were receivables from Italian pharmacies, and the third, for which the underlying assets were receivables from EDF.

The other investments in this asset class were transferred to La Banque Postale when it was founded in 2006, and have since been phased out. These other investments represent marginal exposure of approximately 1% of the exposure on this category of issuers.

The quality of the securitisation portfolio is therefore high: all of the tranches in which La Banque Postale has invested since 2011 have a first class rating and almost 91% of positions are held in France.

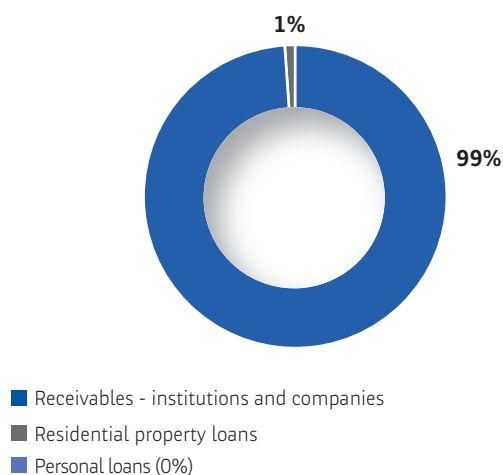
The geographical breakdown of La Banque Postale's securitised assets is as follows:



As of 31 December 2014, La Banque Postale was not aware of any potential material deterioration in the credit quality of the underlying assets of its securitisation portfolio. These underlying assets primarily consist of receivables due from French institutions and companies.

The bulk of the securitisation portfolio consists of receivables due from institutions and companies linked to the Oseo Financement securitisation process. It should be noted that La Banque Postale receives reports on all the securitisation receivables line-by-line.

The breakdown of La Banque Postale's securitisation portfolio by type of underlying asset is as follows:



4.2.3.5 Counterparty risk

According to the terminology used by La Banque Postale, counterparty risk stems primarily from forward financial instruments.

Exposure is assessed via the present value method.

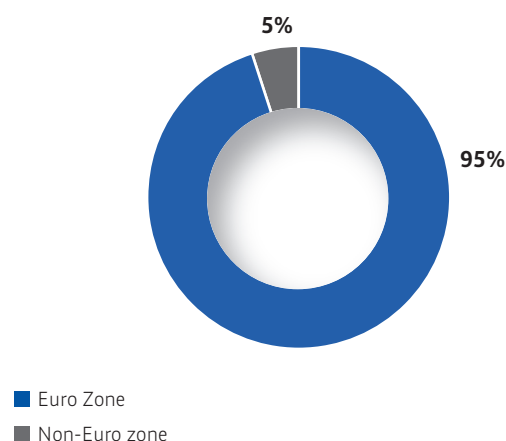
These transactions primarily take place with banking counterparties. In this context, they are systematically performed as part of agreements that provide for the netting of exposure and the putting up of collateral with regular margin calls.

The residual risk, which is subject to limits and is periodically monitored by the Risk Department dedicated to Corporate, Public Sector and Institutional risks, is immaterial.

La Banque Postale is primarily exposed to counterparty risk as part of its transactions in the derivatives market.

The risk is limited by the fact that La Banque Postale only deals with top-tier institutions with whom it has signed netting and collateral agreements. Furthermore, most of the instruments involved are plain "vanilla" swaps.

At the end of 2014, total net exposure to those counterparties, after taking any collateral in place into account, was €38.6 million. All counterparties are at least A rated.



4.2.3.6 Concentration risk by beneficiary

The regulations on major risks are applied in accordance with the prudential requirements applicable to credit institutions and investment firms published in the Official Journal of the European Union on 26 June 2013 (directive 2013/35/EU and regulation (EU) No. 573/2013 from the European Parliament and Council) and entered into force on 1 January 2014; it specifies that institutions must comply with the following limit: the total amount of risks incurred on a single beneficiary must not exceed 25% of Group net equity capital.

No beneficiary exceeded this limit as of 31 December 2014.

4.2.4 Financial risks

4.2.4.1 Liquidity risk

The ALM Committee is primarily responsible for monitoring liquidity risk. Chaired by an Executive Board member, it is composed of, in addition to the Head of Financial Operations, who runs it, the Head of Retail Banking, the Chief Risk Officer and the Head of Management Control.

The ALM Committee reviews customer deposit models on a regular basis, and formally validates the outflow assumptions produced.

It monitors liquidity indicators and anticipates their future development, in light of the Bank's commercial policy, and observations on customer behaviour.

Assessing risk

As of 31 December 2014, La Banque Postale's customer deposits still exceeded its uses. However, the proportion of customer loans has increased and now represents 40% of customer deposits thanks to the growth of corporate loans, particularly to the local public sector.

La Banque Postale is primarily exposed to liquidity risk stemming from the conversion of sources of funds, mainly consisting of demand deposits, to long-term uses, either in the form of home loans to individuals, corporate loans, or debt securities.

The available-for-sale securities portfolio consists of the portion of funding resources that is not allocated to securities held to maturity or to customer loans. Those securities are readily marketable, and can be sold rapidly if the need arises.

Risk management and limits

La Banque Postale's risk management policy identifies two types of liquidity risk, for which it adopts two different monitoring approaches:

- ▶ Cash flow risk:
 - relating to the institution's cash flow management,
 - there is an operational limit that enables cash management funding requirements to be capped,
 - the amount and length of time the cap applies are set by the Risk Committee.

The short-term liquidity limit is set in accordance with Basel 3 requirements. It consists of a 30-day limit which compares the liquidity requirement over a 30-day period in relation to the cushion of liquid assets. This liquidity requirement must not exceed the available cushion of liquid assets;

- ▶ Structural liquidity risk:
 - relating to the Bank's balance sheet structure,
 - takes the outflow agreements approved by the ALM Committee into account,
 - management of this risk is assigned to the ALM Committee in accordance with the principles and limits defined by the Risk Committee.

It is currently measured through the medium-to-long-term liquidity gap, which corresponds to a static outflow of liabilities (through outflow agreements) and assets. The Bank has a guarantee that the

liquidity represented by the gap will be made available to it, based on an almost certain confidence interval.

The net liquidity gap (assets-liabilities) is set at zero for one-year, three-year and five-year intervals. The bank ensures that liabilities always exceed uses.

The outflow agreements selected to measure structural liquidity risk are based on modelling the outflow of liabilities with no fixed maturity and the outflow of off-statement of financial position loans granted and on taking the realisation potential of the sovereign debt portfolio into account.

The medium-to-long-term liquidity gap is based on the following assumptions:

- ▶ equity capital net of non-current assets: *in fine*;
- ▶ debt: contractual date or call date;
- ▶ sight deposits/savings accounts/term accounts: outflow agreement;
- ▶ the home loan savings scheme: the outflow is certain (see home-savings provision);
- ▶ term deposits: contractual date;
- ▶ home loans: contractual maturity + structural early repayments;
- ▶ option on home loans savings accounts: likely production over average recorded maturity;
- ▶ bonds/deposits: contractual payment schedule not eligible for ECB refinancing, net of cash buyback limit;
- ▶ off-statement of financial position commitments: outflow agreement.

Standard outflow agreements for liabilities with no fixed maturity are reviewed at least once a year in order to reset them at the minimum levels required by changes in the deposit volatility trend (behavioural changes, etc.).

Off-balance-sheet loans are subjected to outflow assumptions based on a behavioural model that takes into account the offer conversion rate, payment periods and the effective life-span of new loans (early repayments).

Risk exposure

In 2014, La Banque Postale continued to implement a cautious liquidity management policy. That policy resulted in excess liquidity throughout the year, boosted by the quality of the financial assets held by the Bank.

La Banque Postale's one-month regulatory liquidity ratio was 207% as of 31 December 2014, placing itself above the regulatory minimum of 100% again.

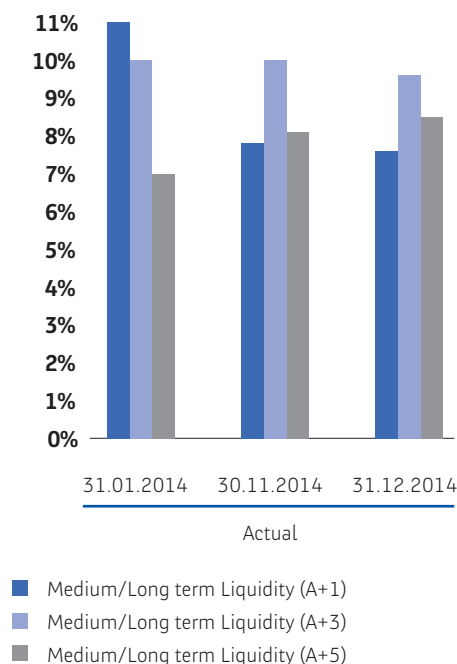
Short term liquidity risk is measured via an internal indicator which confirms the short term liquidity surplus. It is based on new Basel indicators (LCR).

Stress tests were performed again in 2014 in order to verify the Bank's soundness in terms of liquidity risk.

Structural liquidity risk is measured through the liquidity gap, which corresponds to the difference between the stressed static outflows of liabilities (through outflow agreements) and assets. The limit on the structural liquidity indicator was complied with at all times in 2014.

The calculation covers the following maturities: 1 month, 1 year, 2 years, 3 years, 4 years, 5 years, 7 years, 10 years and 15 years. The liquidity gap is measured every month and presented to the Risk and ALM Committees.

Liquidity gap measured between 31 January 2014 and 31 December 2014:



A positive gap for a given maturity means that the bank has more inflows than outflows with a longer maturity date.

The positive liquidity gap for maturities under five years reflects La Banque Postale's excess liquidity. This excess liquidity is further reinforced by the quality of the financial assets held by the bank and their accounting classification, which is taken into account for managing its structural liquidity.

The drop in structural liquidity for the five-year interval is due to the growth in customer uses, particularly with regard to legal entities.

The liquidity limit system is supplemented by stress scenarios that include the drying up of the securities repo markets.

The breakdown of use and resource maturities according to their remaining term is detailed in Note 3.21 "Breakdown of statement of financial position items by residual maturity" of the consolidated financial statements.

Short-term liquidity risk

The short-term liquidity limit is set in accordance with the future Basel 3 requirements. It consists of a 30-day limit which compares the liquidity requirement over the next 30-day period in relation to the cushion of liquid assets available after LCR-type stress involving deposit flight. The liquidity requirement must not exceed the available cushion of liquid assets. As of 31 December 2014, La Banque Postale has excess liquid assets amounting to approximately €19.7 billion.

Risk reduction technique

In addition to the prudent liquidity management system implemented by the ALM Committee and Risk Committee, La Banque Postale has diverse sources of financing:

- ▶ a €20 billion certificate of deposit programme, where the amount of the securities issued ranges between 15% and 40% of the programme, and which is designed to keep La Banque Postale name alive in the short-term market, and satisfy institutional customers;
- ▶ a €10 billion EMTN programme set up in late 2006 and updated in mid-2014. At the end of 2014, less than 10% of this programme had been used;
- ▶ a €10 billion EMTN programme for issuing home financing bonds (OFH in French). At the end of 2014, 11% of this programme had been used;
- ▶ a portfolio of securities held to maturity, consisting mainly of rapidly accessible, high-quality government bonds. At the end of 2014, this liquidity reserve amounted to €28 billion. It is a sustainable source of eligible securities providing access to ECB refinancing transactions and the repo market;
- ▶ access to the inter-bank market.

4.2.4.2 Encumbered/non-encumbered assets

(€ '000s)	Carrying amount of encumbered assets	Fair value of encumbered assets	Carrying amount of non-encumbered assets	Fair value of encumbered assets
Assets of the reporting institution	21,885,843		188,905,183	
Equity instruments	-	-	1,156,856	1,156,856
Debt securities	17,208,264	18,959,762	33,766,254	35,970,174
Loans and advances other than loans on demand	4,198,110		143,664,050	
Other assets	479,469		8,252,213	

(€ '000s)	Fair value of encumbered collateral received or own debt securities issued	Fair value of collateral received or own debt securities issued available for encumbrance
Collateral received by the reporting institution		42,654,159
Equity instruments	-	-
Debt securities	-	3,271,665
Other collaterals received	-	39,383,494
Own debt securities issued other than own covered bonds or ABSs		-

(€ '000s)	Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and ABSs encumbered
Carrying amount of selected financial liabilities	19,375,823	19,183,326

La Banque Postale's encumbered assets consist of the following:

- ▶ the Group has made or has committed to make securities repurchase agreements and pledges securities in favour of Banque Centrale and Crédit Logement;
- ▶ the Group pledges property loans in order to hedge bond issues made by the Group's home finance company (La Banque Postale Home Loan SFH) in favour of holders;
- ▶ margin calls on securities and derivatives;
- ▶ guarantee deposits.

The Encumbered Asset ratio is 9%.

4.2.4.3 Interest rate risk

The ALM Committee is primarily responsible for monitoring the interest rate risk.

It monitors interest rate risk indicators and anticipates their future development, in light of the Bank's commercial policy, and observations on customer behaviour.

Assessing risk

Interest rate risk represents the likelihood of seeing La Banque Postale's future margins or economic value affected by fluctuations in interest rates.

La Banque Postale has two different types of indicators for monitoring interest rate risk:

- ▶ indicators that support the hedging decision-making process;
- ▶ indicators aimed at assessing an institution's ability to withstand external stresses.

Sensitivity indicators are part of the first category.

They involve both future income schedules (**sensitivity to future margins**) and the net present value of future cash flows (**NPV sensitivity**).

These sensitivity ratios are established using deterministic rate scenarios. In fact, it is always necessary to model customer behaviour, and in the present case to model that behaviour in light of changes to the interest rate environment. Among the implicit options available to customers, the most significant, both in terms of statement of financial position and margin impact, are:

- ▶ the risk of anticipated repayment of outstanding loans if interest rates fall;
- ▶ risks on home loan savings: deposits are collected at a higher fixed rate than expected if market interest rates fall, and take-up of the entitlement to low fixed-rate home loans is higher than expected, if market interest rates rise. These risks are covered by a special provision, the amount of which is determined on the basis of the same home loan savings account customer behavioural model as the model used in future margin simulations.

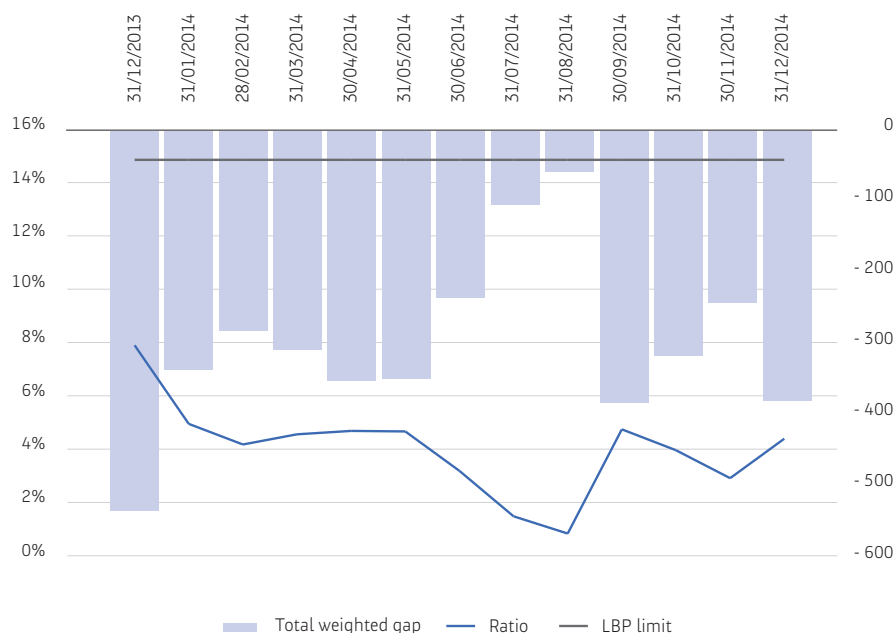
The second category of indicators includes the measurement of economic capital (EC) linked to global interest rate risk:

- ▶ measuring economic capital enables an institution to demonstrate its capacity to withstand adverse market developments within a given confidence interval established on the basis of its equity capital;
- ▶ stress scenarios based on historical or hypothetical situations provide a clearer understanding of an institution's risk profile and are especially useful for estimating measures that would need to be adopted if such a scenario was to materialise.

Managing risk

The interest rate risk is managed either through investments in financial assets, by selecting their maturity dates and coupon indexation terms, or through derivative instruments, whether futures or options.

Risk exposure



In accordance with the Basel Committee's recommendations, the immediate and simultaneous interest rate rise applied for calculating the sensitivity of the economic value of the statement of financial position is 200 basis points. This indicator is calculated on the basis of a static balance sheet, without factoring in any new income. Assets and liabilities with no contractual maturity date are liquidated in accordance with the scenarios approved by the bank's ALM Committee.

Sensitivity to global interest rate risk peaked in December 2014, when the interest rate liquidity gap reached 4.3% compared to an internal limit of 15% (this limit is set at 20% in the Basel regulations).

The level of volatility displayed by this indicator is primarily due to the size of the Group's equity capital. The second factor is the significant movement of the yield curve which affected outflow models and the amounts invested in 2014.

4.2.4.4 Market risk

La Banque Postale is exposed to market risks due to cash flow and statement of financial position management activities (portfolio of assets available for sale and hedging transactions).

The market portfolio, which combines all transactions exposed to market risks, includes not only the trading portfolio, defined in Articles 102 to 104 of the Regulation (EU) No. 575/2013 of the European Parliament and Council of 26 June 2013 pertaining to equity requirements for credit establishments and investment firms, but also banking portfolio transactions, including available-for-sale securities and certain lending and borrowing transactions.

In terms of market risk management, La Banque Postale is first and foremost exposed to interest rate risk. Its credit spread and equity market risks are lower, and its exchange rate risk, primarily linked to international mandates and financial activities, and commodities risk, are moderate.

Assessing risk

As a precautionary measure, the Bank decided to apply a Value at Risk indicator (one-day, 99%) to all its marked-to-market positions.

The limit of the indicator is reviewed by the Risk Committee on a monthly basis.

VaR is a risk indicator that is widely used for assessing a financial instrument portfolio's level of exposure to market risk in the banking and finance industry.

La Banque Postale's VaR indicator not only covers the transaction portfolio (impact on fair value through profit and loss), but also covers positions recognised as assets available for sale (impact on equity).

The VaR indicator used by La Banque Postale is a parametric VaR, calculated using a variance-covariance matrix that includes risk factors such as interest rate, spread and exchange rate risk, volatility, and the risk of movements in the stock market indices to which the bank is exposed. In terms of risk factors, the main approximation involves the "specific interest rate risk", i.e. the credit spread risk (to which bonds are sensitive) is taken into account via a sector-rating approach that only captures a portion of this type of risk.

This matrix is calculated using a scaling factor designed to give a higher weighting to recent movements than to older ones.

La Banque Postale's implementation therefore does not cover second-degree (convex) risks, which are actually rare in its accounts.

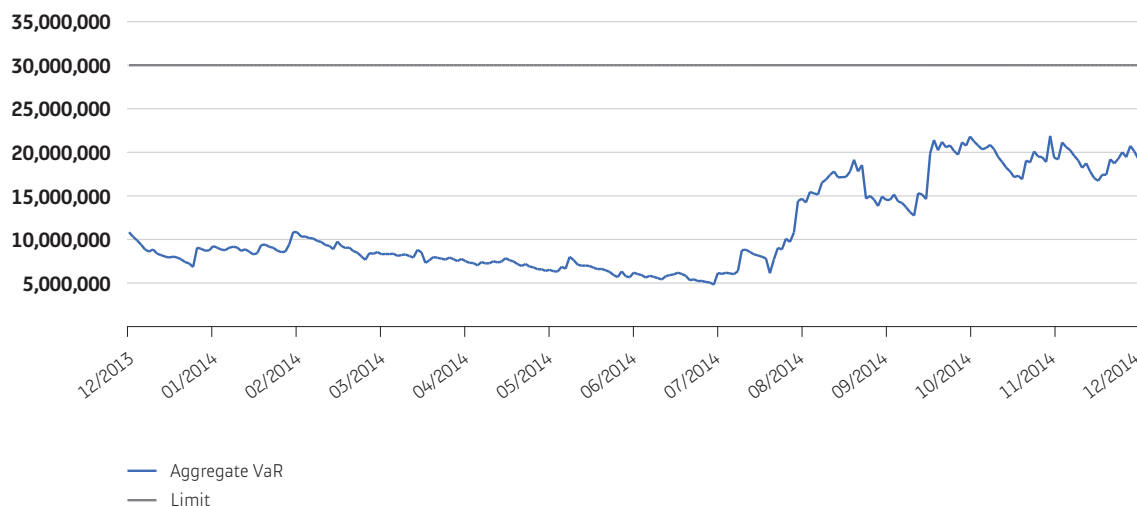
The resulting VaR partly covers option-related risks, although second-degree risks are not taken into account. Although they are not currently significant, building option positions could lead Risk Department to adopt a more appropriate methodology.

The Risk Department back-tests the results of the model used to calculate the VaR indicator, in order to assess its quality. This testing consists of measuring compliance with certain assumptions (including normality and Markovian distribution), in addition to counting the number of overruns.

VaR assessments are supplemented by stress scenario simulations, which are run on a monthly basis in order to assess the Bank's exposure to market situations that exceed the confidence interval used for calculating the VaR.

Risk exposure

La Banque Postale's VaR indicator not only covers the transaction portfolio (impact on fair value through profit and loss), but also covers positions recognised as assets available for sale (impact on equity).



(€ million)	31.12.2010	31.12.2011	31.12.2012	30.06.2013	31.12.2013	30.06.2014	31.12.2014
Total VaR	9.3	17	8.3	20.6	11.5	6.3	19.3
VaR of trading portfolio transactions	9.6	2.4	2	5.1	3.4	2.7	7.9

Contribution of risk factors to total VaR

VaR	31.12.2010	31.12.2011	31.12.2012	30.06.2013	31.12.2013	30.06.2014	31.12.2014
Interest rate	6.0	10.6	1.9	17	7.3	3.3	16.9
Credit spread	2.2	3.0	5	(1.9)	1.4	0.4	(0.1)
Change	(0.2)	(0.1)	0.2	(0.9)	0.7	0.4	(0.5)
Equity market	1.4	3.4	1.2	6.4	2.3	2.2	3.2
Volatility	0.0	0	0	0	(0.1)	0	(0.2)
TOTAL	9.4	16.9	8.3	20.6	11.6	6.3	19.3

Statistics for 2014

	Average	Minimum	Maximum
Total VaR	11.2	4.8	21.9
VaR of trading portfolio transactions	3.9	1.5	10.0

La Banque Postale's total VaR is in an upward trend. This is mainly due to the increased positions on the ALM desk to cover interest rate risk on the statement of financial position.

4.2.5 Operational risks

4.2.5.1 Governance of risk management

Operational risk management procedures

The definition of operating risk used by La Banque Postale, validated by the Risk Committee on 17 January 2006, covers the "risk of losses resulting from unsuitability or failure attributable to internal procedures, persons and systems, or to external events. This definition includes reputation risk, but excludes strategic risks".

This definition includes in particular human errors, malicious acts, faulty IT systems, problems linked to personnel management, commercial disputes and damage to property, plant and equipment.

It applies to all activities:

- ▶ of La Banque Postale and its subsidiaries;
- ▶ of La Poste in all sectors performing transactions on behalf of La Banque Postale;
- ▶ of companies in which La Banque Postale, through investment, plays a direct and effective role in management.

Missions of the Operational Risk Department

The Group Risk Department is responsible, with respect to the Executive Board, for the procedures for managing and monitoring the Group's operating risks.

As such, the Operational Risk Department, under the responsibility of the Group Risk Department, reports to the Group Risk Management Committee for the creation and implementation of procedures for managing and monitoring operational risks.

As part of monitoring any type of risks associated with operations (volume V of the decree of 3 November 2014), the main missions of the Operational Risk Department are:

- ▶ to define the policy for managing operational risks;
- ▶ to provide methods and tools for identifying, rating, and managing operational risks for all players;
- ▶ to ensure that La Banque Postale Group has an operational risk map, to provide the necessary analyses to the appropriate bodies;
- ▶ to monitor and report on the effectiveness of the operational risk management procedures;
- ▶ to coordinate and functionally supervise the persons working in the Operational Risks function;
- ▶ to ensure that La Banque Postale has properly defined and documented its objectives concerning Information System security and mapped its main points of vulnerability. The Manager of Information Systems Security (RSSI) of La Banque Postale, attached to the Department of Operational Risks, ensures the proper implementation of these objectives as part of its monitoring mission;
- ▶ to ensure that La Banque Postale Group has Emergency and Business Continuity Plans and supervises tests to perform and carries out necessary improvements.

Players and functional line

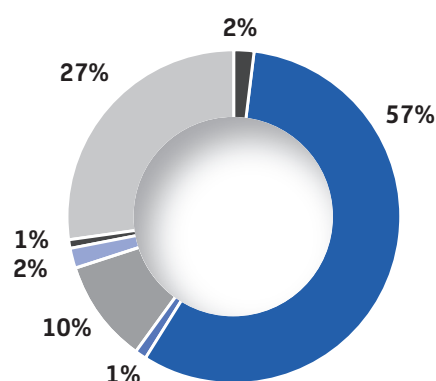
The Operational Risks Department relies on networks of correspondents whether dedicated or exercising operational activities, the principal of which are the delegated risk managers in charge of risk management procedures (risk mapping, risk hedging procedures, indicators and limits) of their respective scopes.

In the areas of Information Systems security, business continuity and safety of goods and people, the Operating Risk Department also has identified correspondents.

Exposure to the Group's operational risks

In 2014, there was no significant incident within the meaning of Article 98, point 3 of the decree of 3 November 2014.

Since 2007, the "external fraud" family represents the Group's main exposure. These are frequent cases of fraud, mainly linked to means of payment and new distribution channels.



- Internal fraud
- External fraud
- Employment and occupational safety practices
- Customers, products and sales practices
- Damage caused to physical assets
- Work interruptions and system failures
- Execution, delivery and process management

Incidents linked to operational risks in value (average for 2010 to 2014)

BREAKDOWN BY BUSINESS LINE

Retail banking	95.9%
Commercial banking	3.0%
Asset management	1.0%
Retail brokering	0.1%

Information System Security

An Information System security approach based on the risks

Information System Security is defined as an overall system for hedging risks that guarantees an appropriate level of protection of the data and the linked assets in order to guarantee:

- ▶ their *availability*: guarantee that authorised users have access to the necessary resources when required;
- ▶ their *integrity*: guarantee the accuracy and loyalty of the information and data processing methods;
- ▶ their *confidentiality*: guarantee that only authorised users can access the information;
- ▶ their *traceability*: be aware of the people who have accessed the information and when.

The process of securing Information Systems is the responsibility of the Business lines under the leadership of the Group RSSI (Manager of Information Systems Security). Information security is provided across all divisions in all business activities of La Banque Postale Group by the RSSI.

The process has four primary focuses:

- ▶ definition of the ISS Strategy of La Banque Postale, based on the Risk Management Policy. It is composed of the General IS Security Policy, thematic policies, Technical Security Guidelines, operational procedures and IT charters;

- ▶ monitoring of the operational forms of this ISS strategy, and warning in case of any drift;
- ▶ support to business lines, in accordance with the ISS strategy, in their approach to covering IS-related risks:
 - challenging their risks analysis in terms of IS,
 - briefing employees on changing IS security risks;
- ▶ summarising La Banque Postale Group's exposures to ISS risks in order to assist the Group Risk Department in making *Overall Management Bodies* aware of risk exposure.

Emergency and Business Continuity Plans

The aim of the General Policy and Governance of the Business Continuity Plan (BCP) is to establish a frame of reference defining the organisation, missions and responsibilities in relation to the BCP, as well as the principles and rules to follow within La Banque Postale Group. This policy forms part of La Banque Postale Group's Risk Management Policy. This policy aims to:

- ▶ control the impact of major events:
 - by implementing and managing developed solutions,
 - by mobilising each stakeholder in La Banque Postale Group;
- ▶ implement governance and a uniform business continuity management system in which the actions are formalised, traced and shared with management, the Group Risk Department and the Executive Board.

Scenarios

The Business Continuity Plan of La Banque Postale is based on several technical emergency Information System solutions and a complete organisational procedure including an organisational plan, response modes and communication actions, etc.

It aims to cover situations of extreme shocks and is designed to minimally confront the crisis scenarios used by La Banque Postale.

The scenarios used by La Banque Postale have been segmented into four categories:

- ▶ damage to buildings;
- ▶ information system and/or technical system failures;
- ▶ missing workers;
- ▶ unavailable service providers.

Adding also the eight market place scenarios proposed by the Place Robustesse group:

- ▶ general transport strike;
- ▶ one-hundred-year flood;
- ▶ pandemic;
- ▶ multiple attacks involving explosives;
- ▶ electrical black-out;
- ▶ NRBC (Nuclear, Radiological, Biological, or Chemical) accident or attack;
- ▶ failure of an essential market service provider;
- ▶ cyber attack.

Organisation

The organisation plan led by the Group RPCA for the Operational Risk Department, and adopted by La Banque Postale Group to implement its Business Continuity Plan (BCP) and maintain it in operating condition, is based on a network of correspondents in liaison with the Group Risk Managers and the Bank's Business lines:

- ▶ the correspondents of the Business Continuity Plans (C-BCP) provide the operational breakdown of the General Policy and Governance of the Business Continuity Plan, controlled by the Group RPCA of La Banque Postale in the business lines and subsidiaries.

They are responsible, within their scopes, for defining and implementing the organisation and resources necessary for managing business continuity concerning the essential and major processes under their responsibility that should be covered by a BCP, organising exercises and promoting the bank's business continuity culture and disseminating this within their corresponding business lines;

- ▶ the Business Continuity Relays (RCA), BCP correspondents in the entities and departments, collect information on critical activities within the essential and major processes and ensure that the BCP is implemented in each entity.

The BCP Division, under the responsibility of the Group RPCA, remains on alert 24/7 to manage major incidents that should be managed by the Bank's managing bodies.

Activities covered by the BCP

To maintain consistency with the other banks operating in Paris, La Banque Postale has grouped its critical business activities by "Banque de France" macro process.

Updated list of the Banque de France processes and macro processes:

- ▶ Market liquidity:
 - interbank credit;
 - daily liquidity management;
 - foreign exchange transactions;
- ▶ Cash and cash equivalents:
 - refinancing by the Central Bank;
 - access to accounts on the Central Bank's books and management of mandatory reserves.
- ▶ Non-cash means of payment:
 - bank card transactions;
 - settlement of cross-border transactions;
 - exchange of transactions between participants on the central system platforms;
 - management of transfers (excluding large amounts);
 - management of cheque transactions;
 - management of international means of payment.
- ▶ Management of financial instruments:
 - order reception/transmission;
 - negotiation of OTC transactions;
 - settlement and delivery.
- ▶ Fiduciary system:
 - cash management.

4.3 NON-COMPLIANCE RISK AND PERMANENT CONTROL

4.3.1 Supervision of the non-compliance risk management procedures

Definition

Non-compliance risk includes the risk of legal, regulatory or disciplinary sanctions, or significant financial loss or damage to reputation, due to failure to comply with provisions relating to banking and financial activities, regardless of whether these provisions are legal or regulatory, directly applicable national or European provisions, professional or ethical standards or instructions from effective managers given in accordance with the guidelines of the supervisory body.

The Compliance and Permanent Control Department

La Banque Postale has had a Compliance Department since its creation; today, the Compliance and Permanent Control Department (DCCP) is responsible for managing risk.

It reports directly to the Executive Board and its missions are to:

- ▶ manage non-compliance risk through:
 - the development, dissemination and respect for ethics rules,
 - complying with the rules set forth by the French Financial Markets Authority (AMF) for investment services,
 - coordinating measures to combat money laundering and the financing of terrorism, defining procedures, managing TRACFIN (intelligence and action aimed at combating illicit financial circuits) tools and declarations,
 - supporting marketing communications for the creation of marketing communication materials and the investigation of new products;
- ▶ the coordination of all Level 2 audits, via:
 - the responsibility for the functional management of banking controllers working in the Post Office Network and the enterprise business centres, as well as management of Level 2 audits in the Financial Centres, via the dedicated department within the Operations Department, the Department of Risk and Control (DRC),
 - supporting and monitoring the departments of the Head Office and subsidiaries in the implementation of their internal control procedures, and ensuring that the monitoring rules concerning essential service providers adhere to regulations.

To do this, the Compliance and Permanent Control Department is organised in two departments and two divisions:

- ▶ Financial Operations Security Department;
- ▶ Permanent Control Department;
- ▶ Investment Services Ethics and Compliance Department;
- ▶ Appraisal – Compliance Department.

The Compliance and Permanent Control Department:

- ▶ has its own budget; and

- ▶ is entitled to examine the budgets of the other compliance functions within the system (notably the internal compliance functions of the Financial Centres, the network banking controllers).

In the event that the Director of Compliance and Permanent Control disagrees with those budgets, the Department can request a final decision from the Executive Board on the matter.

The Director of Compliance and Permanent Control has full responsibility for the functional operation of the Compliance unit, which primarily consists of:

- ▶ the Heads of Banking Control (RTB), who are responsible for managing the banking controllers; and
- ▶ the Department of Operational Risk and Internal Control within the Operations Department (DO/DRC), which is responsible for managing the Directors of Banking Risks and Controls (DRCB) and the supervisors in the Financial Centres.

These responsibilities specifically involve managing careers in a manner consistent with the requirements of each organisation.

All these systems work in a coordinated way and fulfil a dual advisory and control role, in order to ensure that the Company's best practices, culture, and values are reflected in its day-to-day activities, so as to protect:

- ▶ the customers, ensuring compliance with customer protection regulations;
- ▶ the Bank and its employees, ensuring compliance with all regulations;
- ▶ the community, by combating money laundering and the financing of terrorism.

It is worth noting that La Banque Postale Group has appointed a Personal Data Protection Officer, or *Correspondant Informatique et Libertés* (CIL), who operates independently of the Compliance and Permanent Control Department and all other departments. The CIL makes sure that French data protection legislation is applied within La Banque Postale and its subsidiaries, and on behalf of its corporate officers.

Within the DCCP, the Permanent Control Department (DCP) is responsible for the functional management of banking controllers working in the Post Office and Business Centre network of La Banque Postale. It thus provides bank auditors and their managers with the tools needed to undertake their audit missions: audit plans, audit questionnaires, tools for consolidating aggregate results according to levels corresponding to managers' responsibilities.

This responsibility extends to the Directors of Banking Risks and Controls and Internal banking controllers in the Financial Centres, via the operational department responsible for control within the Operations Department and to the Department of Information Systems (DSI) under similar terms.

The DCP is responsible for the functional management of the permanent control procedures put in place by LBP Head Office Departments and its subsidiaries and controls the Outsourced Essential Services.

It also ensures the uniformity of the procedures for all of the Group's activities. The creation of this new division at the end of 2013 has formalised an audit plan incorporating all the audit programmes in a single document for the first time: Network, Financial Centres, Information Technology, Investment Services, Headquarters, Subsidiaries and PSE.

Control activity also expanded in 2014 to covering activities related to legal entities, with the setting up of new controls on Regional Authorities and Major Accounts, and a strengthening of those existing on Business Centres and SGE. Finally, over the second half of the year, the DCP supported the establishment of Single Commercial Management within the Network, in order to adapt its control systems.

Protecting customers

From the moment it was founded, La Banque Postale has been structured so as to take this risk into account within an overall framework.

The risk relating to non-compliance with the rules intended to protect customers is taken into account by each Product Review Committee within the Bank. All new products or products that have been affected by significant changes, whether these products are of a purely banking nature or not, are subject to a written opinion from the Permanent Control and Compliance Director who chairs this committee.

Putting the customer's interests first is a fundamental principle for La Banque Postale. Complying with the rules protecting the customer is a way of applying this fundamental principle. The Product Review Committee is required to validate all new products designed or distributed or products including a major change, by taking into

account the primacy of customers' interests as the main criterion and therefore compliance with the rules to protect them. A total of 45 written opinions were issued in 2014.

The "customer/product/advisor" segmentation process established by La Banque Postale is used in this instance, in order to check that a product intended for a customer type is indeed disseminated to the appropriate customer, with a suitable degree of advice, and is distributed by a marketing line that is equally appropriate.

In its "Marketing Ethics Charter", La Banque Postale specifies that the contents of all information, including promotional information on financial instruments and banking and insurance products intended for its customers, must be accurate and clear, and must not be misleading.

Moreover, the Bank also takes this risk into account through various processes that can play a part in managing it: training, the compensation policy, customer segmentation and claims monitoring and the validation of advertising and marketing communication materials.

To this end, the Bank has established a system of controls covering the dissemination of products to the distribution networks and direct customer communication. Therefore, the Expert-Compliance Department validates, with the right to veto in respect of the risk of non-compliance, the market launch materials. As part of this process, it is also responsible for approving employee training materials.

Lastly, besides the Control Business Line responsible for ensuring that these directives are properly applied in the field or in the operational unit, a Sales Expertise Business Line, for which the Sales Department is responsible, is in charge of supporting the sales teams as they perfect their skills.

4.3.2 Business Ethics and Investment Services Compliance

Business ethics

When it was founded, La Banque Postale chose to maintain the position of "Head of Business Ethics", in addition to the regulatory position of "Head of Compliance for Investment Services".

This decision gives more meaning and visibility to ethics and thus creates a kind of "benchmark" in matters of "rules of good conduct", which is fully consistent with the "whistle-blowing" procedures in the regulations.

To this end, the banking business ethics function is structured on three levels:

- ▶ La Banque Postale's Business Ethics Division, which reports to the Compliance and Permanent Control Department;
- ▶ "Business Ethics Officers" working in the operational units: La Poste Network, the Financial Centres, the IT Department of Financial Services and the Network (DISFE), the other Head Office Departments, subsidiaries, the Asset Management and Insurance units;
- ▶ local contacts, which constitute close contacts.

The position of "Business Ethics Officer" defined by La Banque Postale, is held by employees reporting respectively to the Director of Operations, the Director of La Poste Network, the Director of the DISFE, and to the Head Office Departments, to the subsidiaries and to the Asset Management and Insurance Units.

The role of "Business Ethics Officer" can be assigned to an employee with other responsibilities, to the extent that those responsibilities are independent from his or her business ethics.

These employees are in charge of disseminating business ethics standards within their unit. They guarantee and promote La Banque Postale's rules of conduct.

Local contact points are managed by the Business Ethics Officers.

Because they work at grass-roots level, local contacts are well-positioned to pick up any potential breaches or problems that come to their attention, which they then escalate. They also have an educational role to play by providing information to and raising awareness among their colleagues. Around 100 local contact points have been set up throughout the network. The Risks and Banking Control Director also acts as the local contact person in each Financial Centre.

Rules of good conduct are incorporated in the internal rules of procedure of La Banque Postale and La Poste. The Business Ethics rules are appended to the internal rules of procedure.

Ongoing training on business ethics issues is provided in all the entities of the Bank, La Poste Network and the Financial Centres and subsidiaries. Specific training is given to new hires.

In addition, audits are performed to ensure that business ethics standards are applied by the Permanent Control Department by incorporating topics relating to business ethics in the control plans.

La Banque Postale has implemented procedures for withdrawing the right to act in its name and on its behalf from La Poste Network and Financial Centre employees who have breached its business ethics guidelines. This process is managed by the Head of Business Ethics and the Head of Compliance and Permanent Control.

The Business Ethics Division has implemented procedures for escalating and handling breach of business ethics and misuse committed by employees, who have the right to act in the name and on behalf of La Banque Postale. The warnings are observed by the Permanent Control of the Bank and are forwarded to the supervisors working closely with the concerned persons, with a view to measures being taken.

In terms of governance, a monthly “Business Ethics Committee”, led by the Head of Business Ethics of La Banque Postale meets regularly since 2006. It brings together contacts from La Poste Network, the DISFE, the Operations Department, the Human Resources Department and the Risks Department. This Committee is extended to include all the officers of La Banque Postale Group on a quarterly basis.

Compliance of investment services

The Compliance Officer for Investment Services (RCSI) is responsible for assessing and controlling the risk of non-compliance with professional obligations designed to preserve the integrity of markets and the primacy of the interests of the clients. The Compliance Officer delegates a large part of the controls to the Permanent Control Department, for the retail banking activities and

the DEDT, and to the National Securities Centre for order reception and transmission services, and settlement and custody services.

In addition to the control activity, the RCSI also participates in projects relating to investment, training of the employees concerned and regulatory monitoring. The RCSI also ensures the operational maintenance of the procedures and processes that fall within its remit.

The RCSI chairs La Banque Postale Group’s RCCI/CCSN Committee, which is a quarterly forum for exchanges of experiences and expertise to those Heads of Compliance and Internal Control with subsidiaries providing investment services.

The RCSI’s regulatory reports are sent to the AMF on an annual basis and a quarterly business report, which contributes to the Executive Board’s report, is submitted to the Head of Compliance and Permanent Control.

4.3.3 Combating money laundering and illegal activities

Combating money laundering and corruption is the responsibility of the Financial Transactions Security Department, which reports to the Compliance and Permanent Control Department.

The entire “AML-CFT” (Combating Money Laundering and Terrorism Financing) unit and in particular all the employees of the AML units in the Financial Centres, report to the Financial Transactions Security Department (DSOF).

La Banque Postale’s system for combatting money laundering and the financing of terrorism is articulated on three levels (national, regional, local), enabling it to assume its responsibilities both on the transactions that it performs independently and on those made in its name and on its behalf by the La Poste Network, which is responsible for implementing the resources necessary for the proper completion of transactions that it performs in the name of, and on behalf of the Bank.

The local system

Locally, the system relies on the Branch Managers of the Post Offices, as well as the Directors of Risk and Banking Control (DRCB) at the Financial Centres.

- The Branch Managers are the AML-CFT managers in the Post Offices.

They are in charge of the Level 1 controls on procedures in Post Offices relating to the fight against money laundering and the financing of terrorism. They must ensure that their employees receive proper training on how to combat money laundering, whether they are new staff or employees undergoing refresher training. Level 2 checks are performed by the banking supervisors.

Branch Managers are also responsible for establishing alerts to spot abnormalities observed in the business activities of the Post Offices that may constitute a risk of money laundering or financing of terrorism. These alert systems feed into the AML-CFT unit’s tools for combating money laundering.

- Directors of Risk and Banking Control (DRCB) in the 22 regional Financial Centres and the 6 National Centres are responsible for managing and controlling risks, including the risk of money laundering and financing of terrorism. They are responsible for:
 - monitoring specific risk relating to sensitive customers and terminating business relationships;
 - Level 2 control over the entire Financial Centre;
 - making sure that the various departments at the Financial Centre monitor the alert systems;
 - raising the awareness of and training the Financial Centre staff.

The AML-CFT unit, dedicated on two levels

The first level of the “AML-CFT” unit consists of the AML units, attached operationally to the DSOF. They are responsible for analysing all alerts issued by Post Offices and Financial Centres, as well as alerts generated by a dedicated software package.

One of the units is responsible for all first-level filtering of financial sanctions lists using the Fircosoft tool and vigilance on countries at risk, including fiscally non-cooperative countries.

The TRACFIN informants and officers who have a regional authority, and the employees of the Bank’s Financial Operations Security Department (DSOF) represent the second level of the anti money laundering arm.

Alerts not lifted by filtering the lists of financial sanctions are forwarded to the DSOF’s dedicated operational section, which controls the entire system.

4.3.4 Permanent Control

In terms of Permanent Control, La Banque Postale saw a major change in its organisation in 2013, with the creation of the Permanent Control Department, (DCP).

This is the culmination of a project begun at the end of 2012 that aimed to strengthen the coordination of Permanent control and improve the risk and audit articulation. The Permanent Control Department, within the Compliance and Permanent Control Department, now provides coordination and supervision of Level 2 audit management.

The Department is responsible for the functional management of banking controllers working in the Post Office and Business Centre network of La Banque Postale. It thus provides bank auditors and their managers with the tools needed to undertake their audit missions: audit plans, audit questionnaires, tools for consolidating aggregate results according to levels corresponding to managers' responsibilities.

The scope of this responsibility extends to Internal Control Managers in the Financial Centres, and to their Risk Controllers, via the Operational Department responsible for control within the Banking Operations Department.

In addition, in 2013 the Permanent control procedures applicable to the Head Office Departments, Subsidiary Companies and the Outsourced Essential Services were also handed to the Permanent control Department.

The Compliance and Permanent Control Department proposes and validates the audit plan for the Level 2 audit bodies and has it approved.

Audits were developed in 2013 to cover the new business activities of La Banque Postale, in particular, activities linked to legal entities and the development of multi-channel access. At the same time, the audit plan was adapted to strengthen risk hedging in connection with protecting customers.

4.4 INSURANCE RISK

Through its insurance subsidiaries (LBPAI, LBPP, LBPAS, LBPCA) and its holding in CNP ASSURANCES, La Banque Postale Group is exposed to risks inherent to the Insurance business.

Their management and analysis are organised based on three main categories of risks linked to the insurance business:

1. technical risks, in particular the underwriting risk linked to risks relating to pricing and claim damage: in non-life insurance and contingency insurance, profits are exposed to risks linked to increased costs for the loss reported compared to the anticipated loss when the prices were established. Losses may be linked to multiple complex factors such as the behaviour of the insured populations (buybacks, transfers, etc.), changes in the macroeconomic environment, catastrophic events (pandemics, natural disasters, etc.), mortality, morbidity, longevity, etc., which change depending on the loss and portfolio premiums. They therefore depend in particular on pricing, marketing and the selection of risk when entering into certain contracts.

With regard to risks relating to pricing and claim damage, a few major principles are applied:

- loss/premium ratios are regularly monitored using statistics collected for each year. This analysis (portfolio growth, provisioning level for losses declared or occurred but not declared) allows for readjustments of the prices for subsequent years,
 - implementation of a reinsurance plan to protect the insurer from major losses or serial losses;
2. risks linked to the financial markets and assets and liabilities management: in life insurance, the insurer is exposed to financial market risks (changes in interest rates and the stock markets) that could be aggravated by the behaviour of the insured. These risks are assessed based on the guarantees granted to the customer (minimum rate guaranteed, minimum guarantee, etc.); counterparty risks on portfolio assets (quality of issuers) and reinsurers.

Controlling risks linked to the financial markets forms part of the investment strategy, as is the case with long-term performance research. Optimisation of these two parameters

is primarily determined by the balance in assets/liabilities. Liability commitments (guarantees offered to customers, term of contracts) as well as the levels of major items on the statement of financial position (equity, results, provisions, reserves, etc.) are studied by the insurance business line as part of La Banque Postale Group's Market Risks Policy). The global asset/liability management policy is validated by the Group's Overall Management during the half-yearly meeting of the ALM Committee;

3. operational risks, particularly those linked to internal processes that are failing or not suitable for external events. These risks may be specific to the Insurance business but they are monitored and managed in accordance with the norms established by La Banque Postale Group.

These risks are subject to regular monitoring and reporting by the Executive Management of the entities concerned. The risk management linked to insurance activities is conducted in line with La Banque Postale Group's norms and risk management governance policy.

Risks linked to insurance activities are monitored by La Banque Postale Risk Management Committee, and the CNP ASSURANCES Audit and Risk Committee.

These risks are controlled in accordance with the current regulations relating to the solvency margin requirement, known as "Solvency 1", which applies at corporate level. La Banque Postale Group's Insurance subsidiaries are compliant with the solvency obligations applicable to them. The calculation of the adjusted solvency margin based on the consolidated financial statements is sent to the Autorité de contrôle prudentiel et de résolution (ACPR – French Prudential Control and Resolution Authority) every year.

At the same time, the three insurance companies of La Banque Postale Group are preparing to apply the "Solvency 2" regulations. As part of the supervision of subsidiaries and its relationship with the ACPR, in June 2013, La Banque Postale Group set up a quarterly monitoring committee to supervise the compliance work of insurance subsidiaries in which La Banque Postale owns 50% or more, and strengthen the coordination and synergies between the stakeholders concerned.

4.5 LEGAL AND FISCAL RISKS

The Legal Department plays a dual role in the control of legal risks. It advises the bank's Departments, enabling them to measure the legal risks inherent to their activity, and it also defends the bank's interests.

Moreover, the Legal Department contributes to the work of the Bank's various committees:

- ▶ within the Regulatory Oversight Committee, the Legal Department defines, disseminates and implements the policy positions concerning the laws and regulations which affect the Bank's business activities;
- ▶ within the Operational Risk Committee and New Products Committee, the Legal Department analyses the cases presented and issues advice;
- ▶ within the Disputes & Provisions Committee, the Legal Department discusses the litigations underway and the provisions to be booked for them;
- ▶ within the Internal Control Coordination Committee, the Legal Department takes part in reviews concerning audits and internal control activities;
- ▶ within national Watch-list Committees and Special Issues and Disputes Committees relating to corporate markets and local authorities, the Legal Department offers advice and discusses the litigations under way and the provisions linked to these markets.

Concerning interchange fees, the situation is as follows:

- ▶ Cheque Image Exchange fees (CEIC).

On 20 September 2010, the French Competition Authority ordered 11 retail banks and the Banque de France to pay a fine of €384.9 million for collusion regarding CEIC. The share of the fine assigned to La Banque Postale amounted to €32.9 million.

On 23 February 2012, the Court of Appeal of Paris annulled the Authority's decision, deeming that no collusion had been established. The amount of the fine was reimbursed to La Banque Postale.

On 23 March 2012, the President of the Competition Authority lodged an appeal before the French Supreme Court (*Cour de Cassation*). The proceedings are still under way.

Following the favourable ruling by the Competition Authority on 5 July 2012 regarding interchange fees on direct debits, a study is being conducted to rule on the subject of "R" SEPA fees.

To the Company's knowledge, there are no other governmental, court or arbitration proceedings, including any proceedings that are pending or threatened, likely to have or having had any significant effect on the Company and/or Group's financial position or profitability over the last 12 months.

Fiscal risks are the responsibility of the Tax Department attached to the bank's Finance Department. This Department centralises fiscal management and consultancy for all the bank's different business lines and the subsidiaries of La Banque Postale. It helps the different contacts to prevent and control fiscal risks.

The Fiscal Department takes part in and issues its opinion within the different internal committees, namely the Product Review Committee, the Regulatory Compliance, Prudential Accounting and Governance Monitoring Committee, Cross-Entity Securities Committee and the Cross-Entity Savings Committee.

La Banque Postale has received an assessment notice for the opening conditions and functioning of the regulated savings accounts for years 2009 to 2011. They are currently in discussions with the Administration.

4.6 ENVIRONMENTAL RISKS

These risks are identified and described in Chapter 6 of this Registration Document.

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5.1 CONSOLIDATED FINANCIAL STATEMENTS

Consolidated income statement 2014

(€ '000s)	Notes	31.12.2014	31.12.2013 Restated	31.12.2013 Reported
Other interest and similar income	4.1	5,244,908	5,656,655	5,656,016
Interest and similar expense	4.1	(2,054,963)	(2,349,624)	(2,384,176)
Commissions (income)	4.2	2,398,243	2,243,016	2,292,058
Commissions (expense)	4.2	(280,214)	(249,603)	(231,417)
Net gains or losses on financial instruments at fair value through profit and loss	4.3	19,416	26,108	23,432
Net gains and losses on assets available for sale	4.4	168,923	117,118	129,437
Income from other activities	4.5	923,227	693,957	462,187
Expenses from other activities	4.5	(746,229)	(564,093)	(408,576)
Net banking income		5,673,311	5,573,534	5,538,960
General operating expenses	4.6	(4,466,828)	(4,509,425)	(4,492,267)
Net depreciation, amortisation and impairments of tangible and intangible non-current assets		(205,575)	(192,845)	(192,711)
Gross operating income		1,000,908	871,264	853,982
Cost of risk	4.7	(163,010)	(154,388)	(154,388)
Operating profit		837,898	716,876	699,594
Share of income from associates		198,980	199,549	199,549
Net gains and losses on other assets	4.8	(620)	1,521	1,521
Changes in value of goodwill	4.9	263	8,107	8,107
Profit (loss) before tax		1,036,521	926,053	908,771
Income tax	4.10	(334,574)	(330,330)	(323,887)
Net income		701,948	595,723	584,884
Non-controlling interests		24,761	20,152	5,748
NET INCOME, GROUP SHARE		677,186	575,571	579,136
Basic earnings per ordinary share (in euros)		19.25	19.39	19.51
Diluted earnings per ordinary share (in euros)		16.88	16.66	16.76
Dividend per ordinary share (in euros)		8.66	8.78	8.78

Consolidated balance sheet as at 31 December 2014

(€ '000s)	Notes	31.12.2014	31.12.2013 Restated	31.12.2013 Reported
ASSETS				
Cash and central banks	3.1	1,949,649	1,569,984	1,569,984
Financial assets at fair value through profit and loss	3.2	9,673,696	5,380,954	5,366,693
Hedging derivatives	3.3	1,532,205	221,270	221,270
Financial assets available for sale	3.4	13,101,974	12,792,699	12,024,562
Loans and receivables – Credit institutions	3.5	83,314,646	82,893,845	82,893,836
Loans and receivables – Customers	3.6	67,856,592	59,212,206	59,212,535
Revaluation differences on interest rate risk hedged portfolios		231,296	130,357	130,357
Financial assets held to maturity	3.8	28,296,514	32,265,882	32,265,882
Current tax assets	3.9	200,596	138,972	138,972
Deferred tax assets	3.9	193,786	112,693	113,033
Accruals and other assets	3.10	2,287,378	2,753,713	2,672,761
Non-current assets held for sale		2,349	-	-
Deferred profit-sharing		-	-	-
Investments in associates	3.11	2,836,602	2,528,838	2,528,838
Investment properties	3.12	-	-	-
Property, plant and equipment	3.12	691,532	712,372	711,775
Intangible assets	3.12	523,422	516,372	327,471
Goodwill	3.13	146,608	146,608	53,655
TOTAL		212,838,845	201,376,765	200,231,623
LIABILITIES				
Central banks		-	-	-
Financial liabilities at fair value through profit and loss	3.2	331,999	117,821	117,821
Hedging derivatives	3.3	432,195	371,550	371,550
Payables – Credit institutions	3.14	15,156,724	14,757,450	14,756,992
Payables – Customers	3.15	167,910,717	166,885,651	166,885,651
Debt represented by a security	3.16	9,390,578	4,300,424	4,300,424
Revaluation differences on interest rate risk hedged portfolios		918,956	8,636	8,636
Current tax liabilities	3.9	30,744	15,375	14,186
Deferred tax liabilities	3.9	129,863	100,368	22,084
Debts linked to non-current assets held for sale		-	-	-
Accruals and other liabilities	3.17	4,899,425	3,689,241	3,632,809
Underwriting reserves of insurance companies and shadow	3.18	1,787,426	1,493,518	817,490
Provisions	3.19	785,149	678,119	677,598
Subordinated debt	3.20	2,458,098	1,629,315	1,629,315
Equity attributable to the owners of the parent		8,405,536	7,171,623	7,017,318
Linked equity capital and reserves		5,307,501	4,622,262	4,622,262
Consolidated reserves		1,576,054	1,402,773	1,222,790
Gains and losses recognised directly in equity		844,795	571,017	593,131
Profit for the period		677,186	575,571	579,136
Non-controlling interests		201,435	157,674	(20,251)
Equity		8,606,971	7,329,296	6,997,067
TOTAL		212,838,845	201,376,765	200,231,623

Statement of net profit and gains and losses recognised directly in equity

	31.12.2014	31.12.2013 Restated	31.12.2013 Reported ⁽¹⁾
NET INCOME	701,948	595,723	579,136
RECYCLABLE ITEMS UNDER NET PROFIT			
Translation differences	-	-	-
Revaluation of financial assets available for sale			
Change in revaluation reserves	103,980	71,248	71,248
Reclassification under net profit	(61,362)	1,486	1,486
Revaluation of hedging derivatives			
Change in reserves	81,182	(31,478)	(31,478)
Recycling under net profit	-	-	-
Item of the share in gains and losses recognised directly in equity from associates ⁽²⁾	219,188	(10,313)	(10,313)
Deferred tax	(43,019)	(8,165)	(8,165)
NON RECYCLABLE ITEMS UNDER NET PROFIT			
Actuarial differences under defined schemes	(1,624)	204	204
Other changes	-	-	-
Items of the share in gains and losses recognised directly in equity from associates ⁽²⁾	(4,643)	(596)	(596)
Deferred tax	719	(70)	(70)
TOTAL GAINS AND LOSSES RECOGNISED DIRECTLY IN EQUITY NET OF TAXES	294,421	22,316	22,316
NET INCOME AND GAINS AND LOSSES RECOGNISED DIRECTLY IN EQUITY NET OF TAXES	996,370	618,039	604,432
Including net income and gains and losses recognised directly in equity net of taxes, Group share	950,963	598,646	601,452
Including net income and gains and losses recorded directly in equity net of taxes, non-controlling interests	45,406	19,393	2,980

(1) The statement of comprehensive income published on 31 December 2013 was presented on the basis of net income, Group share. The restated 31 December 2013 statement and that of 31 December 2014 are now presented on the basis of net income.

(2) Amounts presented net of deferred tax.

The items for entities recognised using the equity method relate exclusively to CNP Assurances.

Statement of changes in equity capital

	Capital ⁽¹⁾	Issue premium	Legal reserves, retained earnings and other reserves	Consolidated reserves	Gains or losses, net of tax, recognised directly in equity Actuarial differences	Translation reserves, Change in fair value of financial instruments ^{(2) (3)}	Profit (loss) for the period attributable to the owners of the parent	Equity attributable to the owners of the parent	Equity, non-controlling interests	Total consolidated equity
IFRS equity capital as at 31 December 2012	3,185,735	16,719	1,135,624	919,908	0	584,661	574,024	6,416,671	(20,322)	6,396,348
Impact of changes in accounting policies or corrections of mistakes ⁽⁵⁾			2,596		(2,596)			0		0
Effect of entry into application of IFRS 10 (see Note 1.4)				179,982		(22,113)		157,869	177,602	335,471
IFRS equity capital as at 1 January 2013	3,185,735	16,719	1,138,220	1,099,890	(2,596)	562,548	574,024	6,574,540	157,280	6,731,819
Allocation of income 2012			311,772	262,252			(574,024)	0		0
Dividend 2013 paid for 2012 net profit			(258,183)					(258,183)	(16,688)	(274,871)
Capital increase	228,000							228,000		228,000
Sub-total of movements linked to relations with shareholders	228,000	0	53,589	262,252	0	0	(574,024)	(30,183)	(16,688)	(46,871)
Changes in gains and losses recognised directly in equity					134	33,091		33,225		33,225
Net profit restated as at 31 December 2013							575,571	575,571	20,152	595,723
Sub-total	0	0	0	0	134	33,091	575,571	608,796	20,152	628,948
Share in changes in the equity of associates consolidated using the equity method				9,210	(11,846)	(10,313)		(12,949)		(12,949)
Other changes			0	31,418	0			31,418	(3,070)	28,348
IFRS equity capital restated as at 31 December 2013	3,413,735	16,719	1,191,809	1,402,773	(14,308)	585,326	575,571	7,171,623	157,674	7,329,296
Capital increase	632,673							632,673	8,400	641,073
Allocation of income 2013			313,197	262,374			(575,571)	0		0
Dividend 2014 paid for 2013 net profit			(260,631)					(260,631)	(11,900)	(272,531)
Change in the equity investments in subsidiaries without loss of control								0		0
Sub-total of movements linked to relations with shareholders	632,673	0	52,566	262,374	0	0	(575,571)	372,042	(3,500)	368,542
Changes in gains and losses recognised directly in equity						60,137		60,137	20,645	80,782
Net profit as at 31 December 2014							677,186	677,186	24,761	701,948
Sub-total	0	0	0	0	0	60,137	677,186	737,323	45,406	782,730
Share in changes in the equity of associates consolidated using the equity method				722	(4,643)	219,188		215,267		215,267
Other changes ⁽⁴⁾				(89,812)	(905)			(90,717)	1,855	(88,862)
IFRS equity capital as at 31 December 2014	4,046,408	16,719	1,244,375	1,576,054	(19,856)	864,651	677,186	8,405,538	201,435	8,606,971

(1) As at 31 December 2014, subsequently to La Banque Postale's capital increase that took place on 12 November 2014 for €632,672,845, the share capital consists of 35,186,153 shares with a nominal value of €115 (see Note 2.1).

(2) Gains or losses recognised directly in equity include translation reserves arising from the foreign subsidiaries consolidated by the CNP Assurances Group.

(3) As at 31 December 2014, gains or losses recognised directly in equity primarily included €637 million in net unrealised gains on assets available for sale recorded by the CNP Assurances Group, compared with €420 million as at 31 December 2013.

(4) Other changes observed in 2014 comprise €50 million for the changes in the value of put options on minority interests, including the new put option with the joint shareholder in SOFIAP, and €40 million for the payment of the coupon net of deferred tax on the bond debt issued (see Note 2.2).

(5) The impact of methodology changes, as at 1 January 2013, amounted to €2.6 million as a result of the reclassification of the actuarial differences relating to end-of-career payments under "Gains and losses recognised directly in equity capital" pursuant to the amended version of IAS 19.

Net cash flow statement

The cash flow statement is presented according to the indirect method model.

Investment activities represent cash flows for the acquisition and disposal of interests in consolidated companies as well as tangible and intangible assets.

Financing activities represent changes linked to structural financial transactions involving equity capital, subordinated debt and acquisition of non-controlling interests.

Operating activities include those cash flows that fall outside the two previous categories. More specifically, securities relating to strategic investments included in the "Financial assets available for sale" and "Financial assets held to maturity" are classified in operating activities.

The concept of net cash includes cash, receivables and payables to central banks, as well as instant-access deposits (assets and liabilities) held by credit institutions.

	31.12.2014	31.12.2013 Restated	31.12.2013 Reported
Profit before tax	1,036,521	926,053	908,771
+/- Net depreciation and amortisation of tangible and intangible non-current assets	205,435	191,093	190,959
- Changes in goodwill and impairment of other non-current assets	(123)	(6,355)	(6,355)
+/- Net provisions and impairment charges	454,639	394,922	322,425
+/- Share of income from associates	(198,980)	(199,549)	(199,549)
+/- Net losses or gains on investment activities	620	(2,134)	(2,134)
+/- Net losses or gains on financing activities	-	-	-
+/- Other movements	(194,009)	(78,058)	(68,887)
= Total non-cash items included in net pre-tax profit and other adjustments	267,582	299,919	236,459
+/- Cash flows relating to transactions with credit institutions	(1,583,945)	(4,814,740)	(4,815,066)
+/- Cash flows relating to customer transactions	(6,157,813)	(1,671,444)	(1,671,444)
+/- Cash flows relating to other transactions that have an impact on financial assets or liabilities	4,555,183	3,903,633	3,978,782
+/- Cash flows relating to other transactions that have an impact on non-financial assets or liabilities	1,586,390	(218,957)	(235,386)
- Taxes paid	(466,953)	(227,552)	(218,571)
= Net decrease/increase in assets and liabilities arising from operating activities	(2,067,139)	(3,029,059)	(2,961,685)
Total net cash flows generated by operating activities (A)	(763,035)	(1,803,087)	(1,816,455)
+/- Flows linked to financial assets and investments	82,388	183,335	183,647
+/- Flows linked to investment properties	-	-	-
+/- Flows linked to tangible and intangible non-current assets	(206,055)	(152,688)	(152,585)
Total net cash flows generated by investment activities (B)	(123,667)	30,648	31,062
+/- Cash flows from or to shareholders	328,740	(274,556)	(261,151)
+/- Other net cash flows from financing activities	814,487	753,133	753,133
Total net cash flows generated by financing activities (C)	1,143,227	478,577	491,982
Impact of changes in exchange rates on cash and cash equivalents (D)	-	-	-
Net increase (decrease) in cash and cash equivalents (A+B+C+D)	256,525	(1,293,863)	(1,293,411)
Net cash flows generated by operating activities (A)	(763,035)	(1,803,087)	(1,816,455)
Net cash flows generated by investment activities (B)	(123,667)	30,648	31,062
Net cash flows generated by financing activities (C)	1,143,227	478,577	491,982
Impact of changes in exchange rates and methods on cash and cash equivalents (D)	-	-	-
Opening cash and cash equivalents	1,606,909	2,900,320	2,900,320
Cash and central banks (assets and liabilities)	1,569,984	2,725,691	2,725,691
Current accounts (assets and liabilities) and overnight loans with credit institutions	36,925	174,629	174,629
Current accounts and overnight loans with credit institutions – ASSETS	147,654	252,397	252,397
Current accounts and overnight loans with credit institutions – LIABILITIES	(110,730)	(77,768)	(77,768)
Opening cash and cash equivalents	1,863,432	1,606,458	1,606,909
Cash and central banks (assets and liabilities)	1,949,649	1,569,984	1,569,984
Current accounts (assets and liabilities) and overnight loans with credit institutions	(86,217)	36,474	36,925
CHANGE IN NET CASH	256,525	(1,293,863)	(1,293,411)

5.2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The Group's consolidated financial statements for the financial year ending 31 December 2014 were approved by the Executive Board on 9 February 2015. They will be submitted for approval to the General Meeting of 28 May 2015.

Legal and financial framework

1 Founding of La Banque Postale

La Banque Postale is the result of Efpiste, which was originally an investment company, becoming an institution approved to operate as a credit institution.

This conversion occurred within the framework of law No. 2005-516 of 20 May 2005 on the regulation of postal activities.

Pursuant to the above law and to the enacting decree of 30 August 2005, the assets, rights and obligations linked to the accounts and agreements of the Caisse Nationale d'Épargne (CNE) were transferred to La Poste on 31 December 2005. On the same date, these items, together with the assets, rights and obligations linked to La Poste's financial services, were transferred to Efpiste, which then changed its name to La Banque Postale, with 31 December 2005 as the legal and accounting start date.

The assets transferred included La Poste's investments in SF2, which acts as a holding company (including for its indirect holdings in the Caisse National de Prévoyance [National Provident Fund]) and in the CRSF Métropole and CRSF DOM limited property investment partnerships, which own La Banque Postale's business premises.

Since this was a transaction between jointly-owned entities, the assets and liabilities transferred were valued at their net book value.

2 Highlights of the period

2.1 Capital increase

On 12 November 2014, La Banque Postale carried out a capital increase of €632,672,845, taking it from €3,413,734,750 to €4,046,407,595 through the issue of 5,501,503 new shares with a nominal value of €115 issued at par.

This capital increase followed the transfer to La Banque Postale of La Poste's cash from Post Offices.

2.2 Bond issue

On 23 April 2014, La Banque Postale conducted a bond issue of €750 million with a 12-year maturity. This was the third issue of Tier II securities from La Banque Postale, the first having occurred in November 2006 for €500 million repaid in 2011, and the second in November 2010 for €750 million.

This issue, conducted in the form of redeemable subordinated securities (Lower Tier II) was primarily subscribed by European institutional investors. This issue may be converted into senior debt in the event of regulatory disqualification. It was also subject to a fair value hedge.

2.3 European Banking Supervision – Asset Quality Review (AQR)

The preparatory work for the switch to European banking supervision began in Q1 2014 specifically by way of a self-assessment questionnaire on accounting principles and policies. This questionnaire was audited by teams from ACPR.

Following this process, the ECB sent recommendations to the audited institutions. Concerning La Banque Postale, these focused on the transfers of certain securities between fair value levels. These transfers are the following:

- ▶ from Level 1 to Level 2 for an exposure amount of €675 million out of a total exposure of €13,380 million, or 5%;
- ▶ from Level 1 to Level 3 for an exposure amount of €97 million out of a total exposure of €13,380 million, or 1%.

They also focused on the reporting of the CVA (Credit Value Adjustment) calculated on a prudential basis (no accounting impact; the finding is restricted to a prudential scope).

The work also involved a review via sampling of the portfolio of commitments and guarantees, and an assessment model specific to the ECB on the hedging of customer assets. The review of the retail customer asset impairment had no impact on the amount of provisions recognised in the Group's financial statements.

2.4 Changes in scope of consolidation

On 20 May 2014, La Banque Postale acquired the SOFIAP company (Société Financière pour l'Accession à la Propriété) from Crédit Immobilier de France and SNCF. An interest of 66% is now held by La Banque Postale, with the remaining 34% held by SNCF. SOFIAP represents a balance sheet total of under €2 billion, annual net banking income of around €21.5 million (according to the financial statements drawn up under French accounting principles as at 31 December 2013), and some 115 staff divided between the headquarters and a few branch offices. It has 24,000 customers, primarily SNCF employees. This acquisition is part of La Banque Postale's drive for growth in the individual customer market, specifically in terms of real estate loans and social home ownership.

The IFRS summarised initial balance sheet for SOFIAP in La Banque Postale Group's scope of consolidation is presented below:

Assets under IFRS – Provisional situation in May 2014	(€ '000s)
Cash and central banks	1
Hedging derivatives	5
Financial assets available for sale	24
Loans and receivables – Credit institutions	10,928
Loans and receivables – Customers	1,502,322
Revaluation differences on interest rate risk hedged portfolios	75,975
Current tax assets	10,512
Deferred tax assets	9,408
Accruals and other assets	12,434
Intangible assets, tangible assets and investment property	1,958
TOTAL ASSETS	1,623,567

Liabilities under IFRS – Provisional situation in May 2014	(€ '000s)
Hedging derivatives	76,777
Payables – Credit institutions	1,421,340
Payables – Customers	1,007
Revaluation differences on interest rate risk hedged portfolios	3
Deferred tax liabilities	2,389
Accruals and other liabilities	27,244
Provisions	1,247
Equity	93,560
TOTAL LIABILITIES	1,623,567

La Banque Postale Prévoyance's financial statements

(€ '000s)	31.12.2013	31.12.2012
ASSETS		
Financial assets at fair value through profit and loss	28,523	47,771
Financial assets available for sale	1,536,273	1,376,456
Accruals and other assets	203,163	178,743
Intangible assets, tangible assets and investment property	190,162	201,723
Goodwill	94,300	94,300
TOTAL ASSETS	2,052,420	1,898,992

(€ '000s)	31.12.2013	31.12.2012
LIABILITIES		
Payables – Credit institutions	1,573	630
Accruals and other liabilities	247,598	229,757
Underwriting reserves of insurance companies and shadow	1,352,057	1,216,578
Provisions	1,042	2,522
Equity	450,150	449,506
TOTAL LIABILITIES	2,052,420	1,898,992

The takeover of La Banque Postale Prévoyance was reflected by:

- ▶ firstly, a gain or loss on disposal corresponding to the recycling of other comprehensive income (Unrealised gains and losses on available for sale items) directly allocated to reserves for €22 million;
- ▶ secondly, the full revaluation of the company.

As the analyses and expert assessments required for the initial valuation at fair value of assets, liabilities, off-balance sheet items and any identifiable liabilities have not been completed, the purchase price has been allocated on a provisional basis and may be adjusted during the assessment period, i.e. within a maximum period of 12 months from the date of acquisition, in accordance with IFRS Standard 3 Section 45. La Banque Postale Group plans to finalise the purchase price adjustment during Q1 2015 given that some loans have special features, and require the implementation of new valuation models.

2.5 Implementation of IFRS 10 and 11

The implementation of IFRS 10 and 11 had no material impact on the consolidated financial statements. However, changes were made to two entities, La Banque Postale Prévoyance and Sopassure.

La Banque Postale Prévoyance was previously consolidated on a proportional basis in the Group's financial statements. The analysis conducted on this entity, owned by the Group and CNP Assurances, showed that the links between La Banque Postale and its subsidiary, as well as the increased autonomy of the latter, meant that pursuant to the principles laid down by IFRS10, the Group could finalise its own assessment and account for it via full consolidation since 31 December 2012.

The consolidation within the Group's financial statements and the implementation of a pro forma were conducted in accordance with IFRS 3R, i.e. with the completion of an opening balance sheet.

This revaluation of assets and liabilities led to the recognition as at 31 December 2012 of:

- ▶ intangible assets of €200 million amortised over 50 years corresponding to the value of contracts in hand on the takeover date of 31 December 2012, to which a deferred tax liability of €70 million applies;

- ▶ goodwill on the new business valued on the basis of cash flow for the duration of the distribution agreement in effect between the bank and the subsidiary at the time of takeover. This goodwill of €94 million is recognised in shareholders' equity (Group share) since La Banque Postale opted for the partial goodwill method;
- ▶ a loss of goodwill for -€1 million formerly recognised solely in Group share.

2.6 Completion of BPE's opening balance sheet

La Banque Postale Group restated the first consolidated balance sheet prepared using the BPE financial statements under IFRS as part of the harmonisation of this entity's accounting methods with those used by the Group, and pursuant to the method of acquisition prescribed by the revised version of IFRS 3.

The table below shows the BPE balance sheet before and after adjustments:

(€ '000s)	Before (under French standards)	After (under IFRS)
ASSETS		
Financial instruments	-	3,673
Loans and receivables – Credit institutions	358,536	358,536
Loans and receivables – Customers	2,490,260	2,564,916
Revaluation differences of portfolios	-	-
Property, plant and equipment and intangible assets	16,900	16,900
Goodwill	-	-
Other assets	35,126	24,598
TOTAL ASSETS	2,900,821	2,968,622

(€ '000s)	Before (under French standards)	After (under IFRS)
LIABILITIES		
Financial instruments	-	-
Payables – Credit institutions	2,005,960	2,071,219
Payables – Customers	755,847	755,847
Revaluation differences of portfolios	-	3,629
Accruals	21,837	21,837
Provisions	3,112	3,112
Equity	114,065	112,979
TOTAL LIABILITIES	2,900,821	2,968,622

2.7 Exclusive negotiations with Aegon Asset Management

The Supervisory Board of La Banque Postale meeting on 16 December 2014 and the Board of Directors of Le Groupe La Poste meeting on 18 December 2014 authorised La Banque Postale to enter into exclusive negotiations with Aegon Asset Management to conclude a partnership in the field of asset management.

The agreement would include a 25% minority stake taken by Aegon Asset Management in La Banque Postale Asset Management. This agreement may be concluded in Q1 2015.

2.8 Highlights for CNP Assurances

2.8.1 Disposal to Barclays Bank of the interest in CNP BVP

On 22 December 2014, CNP Assurances announced the sale of its 50% stake in the Spanish company CNP BVP (CNP Barclays Vida y Pensiones) to Barclays Bank, for a total of €453 million including an exceptional dividend of €36 million.

The main restatements represent a total of -€1 million before tax, focusing on:

- ▶ the assessment of the fixed-rate debt loan portfolios, including impairments, along with financial hedging instruments at market value or equivalent on the acquisition date, as well as the implementation of documentation for hedging transactions: -€10.8 million;
- ▶ the recognition of intangible assets arising from certain commissioned activities: +€6.0 million;
- ▶ the Recognition of deferred tax on temporary differences and differences between French GAAP and IFRS: €3.7 million.

Equity on the opening balance sheet stands at €113 million, while the final negative goodwill expressed is +€0.3 million.

Subject to the agreement of the competition authorities and the Spanish insurance regulator, this transaction is expected to be completed before the end of H1 2015. It should result in a capital gain of around €200 million for the 2015 financial year (estimated figure at the time of signing which may vary when the transaction is recognised).

2.8.2 Long-term strategic partnership with Banco Santander

On 10 July 2014, CNP Assurances signed a long-term exclusive distribution agreement with Santander Consumer Finance (Banco Santander Group) and an acquisition protocol for 51% of its life and non-life insurance subsidiaries.

The partnership concerns all protection insurance products; risk insurance and loan insurance will be developed as a priority. It covers 10 European countries in which Santander Consumer Finance holds major positions: Germany, Poland, Italy, Spain, Austria, Portugal, Norway, Sweden, Denmark and Finland.

The finalisation of this strategic agreement was announced on 17 December 2014, following regulatory approvals that permitted the lifting of the transaction's conditions precedent.

The transaction amount stands at €297 million and will be adjusted up or down depending on the performance of the acquired entities. Price adjustments payable in 2018, 2021 and 2024 respectively, are capped at €97 million for price supplements and €62 million for price reductions.

As at 31 December 2014, the three companies acquired pursuant to this agreement are fully consolidated in the Group's consolidated financial statements. Given the final contractualisation date, the contribution made by Santander entities to net income Group share was set at zero for the financial year 2014, for the sake of simplicity and for materiality reasons.

2.8.3 Decision of the ACPR on the treatment of unclaimed assets

On 31 October, the Prudential Supervisory and Resolution Authority (ACPR) issued a reprimand and a fine of €40 million against CNP Assurances in the course of one of the audits it conducts on the

handling of unclaimed assets, for which the beneficiary search requirements have been legally strengthened since 2007.

CNP Assurances took note of this decision, which comes after significant efforts have been made in the past few years, including the deployment of resources and procedures to enable the rapid identification of deceased policyholders and an active search for their beneficiaries, thus avoiding an accumulation of unclaimed policies.

Furthermore, it should be noted that the ACPR Sanctions Committee's press release of 3 November 2014 stated that it considered that it was not established, either in the written investigation documents or in the arguments during the hearing, that CNP Assurances had unduly profited from the alleged delays in the identification of beneficiaries and the payment to them of amounts due.

Other less significant highlights within the scope of La Banque Postale Group are available in the CNP Assurances Registration Document.

3 Post-balance sheet events

La Banque Postale did not identify any events after the reporting period.

Detailed summary of notes

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NOTE 1 PRINCIPAL VALUATION AND PRESENTATION RULES APPLYING TO THE CONSOLIDATED FINANCIAL STATEMENTS

1.1 Regulatory framework

Regulation No. EC 1606/2002 of 19 July 2002 requires companies whose debt securities are listed on a regulated market to apply the benchmark guidelines established by the International Accounting Standard Board (IASB). Pursuant to this regulation, La Banque Postale Group has prepared its consolidated financial statements in accordance with IFRS (International Financial Reporting Standards) as approved by the European Union since 1 January 2007. More specifically, the Group has chosen to apply the provisions of European Commission Regulation No. 2086/2004 by adopting IAS 39, with the exception of certain provisions. This European regulation therefore allows certain macro-hedging transactions performed as part of asset & liability management (including customer overnight deposits) to be treated as fair value hedges.

The full set of standards adopted in the European Union can be consulted on the European Commission's website at the following address:

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

The consolidated financial statements are presented in thousands of euros.

Presentation of the financial statements

In the absence of any model imposed by IFRS guidelines, the Group has used the summary statement format suggested in Recommendation 2013-04 of 7 November 2013 issued by the French National Accounting Authority.

1.2 Standards and interpretations applied by the Group as of 1 January 2014

Compared to the consolidated financial statements as at 31 December 2013, the Group has implemented the following standards and interpretations which became compulsory within the European Union as of 1 January 2014:

Standards or Interpretations	Date of adoption by the EU
IFRS 10 – Consolidated Financial Statements	11 December 2012
IFRS 11 – Joint Arrangements	11 December 2012
IFRS 12 – Disclosure of Interests in Other Entities	11 December 2012
IAS 27 – Separate Financial Statements	11 December 2012
IAS 28R – Investments in associates and joint ventures	11 December 2012
Amendments to IFRS 10, IFRS 11 and IFRS 12 – Transitional arrangements	4 April 2013
IAS 32 Amendments – Offsetting financial assets and financial liabilities	13 December 2012
Amendments to IFRS 10, IFRS 11 and IAS 27 – Investment entities	20 November 2013
Amendments to IAS 39 – Novation of derivatives and continuation of hedge accounting	19 December 2013
Amendments to IAS 36 – Recoverable amount disclosures for non-financial assets	19 December 2013

Application of IFRS 10, 11 and 12 on consolidation

Analysis of the impact of IFRS 10 and IFRS 11 on the Group's consolidated financial statements is presented below and in point 1.4.

On 1 January 2014, the Group applied IFRS 10 – Consolidated financial statements and IFRS 11 – Joint Arrangements for the first time. These will also be subject to a retroactive application in accordance with the transitional arrangements. In addition, the application of IFRS 12 – Disclosure of interests in other entities on 1 January 2014 led to the presentation of additional financial information in the consolidated financial statements.

- ▶ IFRS 10 – Consolidated Financial Statements sets forth the principle of control and presentation of the consolidated financial statements, replacing IAS 27 and SIC 12 – Consolidation – special purpose entities. Control is now determined on the basis of the following three criteria: i) power, ii) exposure to variable returns and iii) the relationship between power and these returns.
- ▶ IFRS 11 – Joint Arrangements covers aspects of accounting for jointly controlled entities, replacing IAS 31 – Interests in joint ventures. This new standard specifically removes the option of using proportionate consolidation. Partnership operations are now described as joint ventures, or as *joint operations*, depending on the results of the analysis of the rights and obligations of the Group in the partnership:
 - joint ventures, which only give rights to a portion of the net assets of the entity, are recognised using the equity method;
 - joint operations, which give partners direct rights to the assets and obligations for the liabilities of the entity, are recognised according to the share of assets, liabilities, income and expenses controlled by each partner.
- ▶ IFRS 12 – Disclosure of interests in other entities sets out all the information to be included in the consolidated financial statements in terms of investments held in subsidiaries, joint arrangements, associated entities or consolidated and non-consolidated structured entities. The aim of this standard is to provide information enabling the nature of interests held in other entities to be assessed, as well as the risks associated with them,

and the impact of these interests on the Group's financial position, financial performance and cash flows. The standard does not require comparative information for financial year 2013 in terms of non-consolidated structured entities.

This new information is presented in Note 14.

- ▶ IAS 27R – Separate Financial Statements on the recognition of interests and the disclosures to be made regarding said interests in the separate financial statements, and IAS 28R – Investments in associates and joint ventures, setting out the concept of significant influence, have no impact on the Group's consolidated financial statements.

Application of amendments IAS 32 and IAS 39 on the methods for offsetting financial assets and liabilities and continuing hedge accounting in the event of novation

Amendment to IAS 32 – Offsetting financial assets and financial liabilities clarifies the conditions under which an entity must offset its assets and liabilities by specifying that the legally enforceable right must be unconditional and enforceable under all circumstances. The amendment also sets out the conditions under which simultaneous settlements on a gross basis may be considered as a net settlement.

The amendment to IAS 39 – Continuing hedge accounting and novation of derivatives enables hedge relationships to be continued in the event that a derivative designated as a hedging instrument is subject to transfer by novation from one counterparty to a central counterparty due to legislative provisions.

Both amendments have no impact on the Group's consolidated financial statements as at 31 December 2014.

The amendment to IAS 36, which became compulsory as of 1 January 2014, had no impact on the consolidated financial statements as at 31 December 2014.

1.3 Standards and interpretations not yet applied

The IASB and IFRIC have issued standards and interpretations that were not compulsory as at 31 December 2014. The standards or interpretations issued by the IASB, but not yet adopted by the European Union, will only come into force on a compulsory basis, after this adoption.

Standards or Interpretations	Date of adoption by the European Union	Date of entry into force	Application as of 31 December 2014
IFRIC 21 – Taxes	13 June 2014	As of the financial years beginning on 17 June 2014	possible
Annual improvements to IFRS – Cycle 2011-2013	18 December 2014	As of the financial years beginning on 1 July 2014	possible

As at 31 December 2014, the Group had not applied these standards.

IFRIC 21 – Taxes sets out the conditions for recognition of levies made by a public authority falling within the scope of IAS 37 – Provisions, Contingent Liabilities and Contingent Assets according to their operative event. The operative event may be *ad hoc*, continuous and gradual or arise due to the crossing of thresholds. The Group will retrospectively apply IFRIC 21 from 1 January 2015. This standard should not have any material impact on the consolidated financial statements.

The Group is currently analysing the other amendments, which are not expected to have any significant impact.

IFRS 9 on financial instruments published in July 2014 but not yet approved by the European Union is not applicable at this stage. IFRS 9 will eventually replace IAS 39 and deals with the classification of the financial instruments, impairments, and hedging transactions affected. The financial impacts of this new standard are currently being analysed by the Group.

1.4 Impact of the application of the new standards IFRS 10 and IFRS 11

The comprehensive review of the scope of consolidation based on the new definition of control according to IFRS 10 and the analysis of joint arrangement operations has only affected those entities previously consolidated on a proportional basis: La Banque Postale Prévoyance and Sopassure.

- ▶ La Banque Postale Prévoyance is fully consolidated as of 31 December 2012. This entity is a classic governance company whose voting rights are covered by a shareholders' agreement and cannot determine who has effective control over the company.
- ▶ The analysis of the facts and circumstances, conducted on the company's operation, allows the following to be demonstrated:
 - a) La Banque Postale's control on the company's relevant activities;
 - b) the capacity of La Banque Postale to act on the company's returns and;
 - c) significant exposure of La Banque Postale to the variability of returns.

- ▶ Sopassure, meeting the definition of a "joint enterprise" is presented on the basis of a proportionate share of assets, liabilities and income held.

The shareholders' agreement established between La Banque Postale and its partner, sets out the conditions for implementation of a joint arrangement and, pursuant to the operating method of the holding company's governance bodies, outlines the direct rights of individual partners on the interest of CNP Assurances, the main asset of Sopassure.

The analysis of this concept of control regarding the various entities of the Group has led neither to the consolidation nor deconsolidation of entities, whether structured or not.

In accordance with the transitional arrangements, data from the consolidated financial statements reported as at 31 December 2013 was restated to reflect the new scope of consolidation.

The takeover of La Banque Postale Prévoyance as at 31 December 2012 resulted in the recognition of the subsidiary according to the purchase method on that date. This impacted the "Consolidated net profit".

Reconciliation between reported and restated data is as follows:

(€ '000s)	Notes	31.12.2013 Reported financial statements	Impact of IFRS 10 and 11	31.12.2013 Restated financial statements
ASSETS				
Cash and central banks	3.1	1,569,984	-	1,569,984
Financial assets at fair value through profit and loss	3.2	5,366,693	14,261	5,380,954
Hedging derivatives	3.3	221,270	-	221,270
Financial assets available for sale	3.4	12,024,562	768,136	12,792,699
Loans and receivables – Credit institutions	3.5	82,893,836	-	82,893,845
Loans and receivables – Customers	3.6	59,212,535	(329)	59,212,206
Revaluation differences on interest rate risk hedged portfolios		130,357	-	130,357
Financial assets held to maturity	3.8	32,265,882	-	32,265,882
Current tax assets	3.9	138,972	-	138,972
Deferred tax assets	3.9	113,033	(340)	112,693
Accruals and other assets	3.10	2,672,761	80,952	2,753,713
Non-current assets held for sale		-	-	-
Deferred profit-sharing		-	-	-
Investments in associates	3.11	2,528,838	-	2,528,838
Investment properties	3.12	-	-	-
Property, plant and equipment	3.12	711,775	597	712,372
Intangible assets	3.12	327,471	188,901	516,372
Goodwill	3.13	53,655	92,953	146,608
TOTAL		200,231,623	1,145,131	201,376,766
LIABILITIES				
Central banks		-	-	-
Financial liabilities at fair value through profit and loss	3.2	117,821	-	117,821
Hedging derivatives	3.3	371,550	-	371,550
Payables – Credit institutions	3.14	14,756,992	457	14,757,451
Payables – Customers	3.15	166,885,651	-	166,885,651
Debt represented by a security	3.16	4,300,424	-	4,300,424
Revaluation differences on interest rate risk hedged portfolios		8,636	-	8,636
Current tax liabilities	3.9	14,186	1,188	15,375
Deferred tax liabilities	3.9	22,084	78,285	100,368
Debts linked to non-current assets held for sale		-	-	-
Accruals and other liabilities	3.17	3,632,809	56,422	3,689,240
Underwriting reserves of insurance companies	3.18	817,490	676,029	1,493,518
Provisions	3.19	677,598	521	678,120
Subordinated debt	3.20	1,629,315	-	1,629,315
Equity attributable to the owners of the parent		7,017,318	154,305	7,171,623
Linked equity capital and reserves		4,622,262	-	4,622,262
Consolidated reserves		1,222,790	179,982	1,402,772
Gains and losses recognised directly in equity		593,131	(22,112)	571,017
Profit (loss) for the period		579,136	(3,565)	575,571
Non-controlling interests		(20,251)	177,924	157,674
Equity		6,997,067	332,229	7,329,297
TOTAL		200,231,623	1,145,131	201,376,766

(€ '000s)	31.12.2013 Reported financial statements	Impact of IFRS 10 and 11 and reclassification*	31.12.2013 Restated financial statements
Other interest and similar income	5,656,016	639	5,656,655
Interest and similar expense	(2,384,176)	34,552	(2,349,624)
Commissions (income)	2,292,058	(49,042)	2,243,016
Commissions (expense)	(231,417)	(18,186)	(249,603)
Net gains or losses on financial instruments at fair value through profit and loss	23,432	2,676	26,108
Net gains and losses on assets available for sale	129,437	(12,320)	117,118
Income from other activities	462,187	231,770	693,957
Expenses from other activities	(408,576)	(155,517)	(564,093)
Net banking income	5,538,960	34,572	5,573,534
General operating expenses:	(4,492,267)	(17,157)	(4,509,425)
Net depreciation, amortisation and impairments of tangible and intangible non-current assets	(192,711)	(134)	(192,845)
Gross operating income	853,982	17,281	871,264
Cost of risk	(154,388)	0	(154,388)
Operating income	699,594	17,281	716,876
Share of income from associates	199,549	0	199,549
Net gains and losses on other assets	1,521	0	1,521
Changes in value of goodwill	8,107	0	8,107
Profit (loss) before tax	908,771	17,281	926,053
Taxes	(323,887)	(6,443)	(330,330)
Net income	584,884	10,838	595,723
Non-controlling interests	5,748	14,404	20,152
NET INCOME, GROUP SHARE	579,136	(3,566)	575,571

* Includes a reclassification in 2013 of cash payments of swaps for €32 million of interest on hedging transactions to net gains or losses on assets available for sale.

1.5 Principles adopted for the preparation of the consolidated financial statements

1.5.1 Determining the scope of consolidation

The consolidated financial statements include the financial statements of La Banque Postale, the consolidated financial statements of the sub-groups and the financial statements as at 31 December 2014 of those subsidiary companies and holdings controlled or significantly influenced by La Banque Postale, where such consolidation has a significant impact on the overall consolidated financial statements. Entities that are excluded even though they meet the control criteria are left out where they are regarded as not significant in view of three non-cumulative criteria: a percentage stated on the balance sheet, net banking income and net profit, as well as in view of their multi-year financial histories.

1.5.2 Consolidation methods

The scope of voting rights taken into consideration when assessing the nature of the control exercised by the Group comprises the existence and effect of potential substantive voting rights, such as potential voting rights that could be exercised to make a decision pertaining to relevant activities at the next General Meeting.

The consolidation methods are applied according to the nature of the control exercised by La Banque Postale on entities.

Structured entities and subsidiaries controlled by the Group are fully consolidated.

A structured entity is created specifically to manage a transaction or group of similar transactions and designed to ensure that voting rights

or similar voting rights are not decisive in establishing the control of the entity. They are consolidated when they are substantially controlled by the Group, even if there is no equity link.

In accordance with IFRS 10, analysis of the control is identical to that conducted for a subsidiary.

The control exercised over a subsidiary or a structured entity is assessed based on the following three criteria:

- ▶ the power to direct the key activities of the subsidiary, for example through voting rights or other rights;
- ▶ the exposure or rights to variable returns generated by the subsidiary; and
- ▶ the capacity to allocate those returns via the power exercised over the subsidiary.

Joint arrangements in which the Group exercises joint control with other partners are recognised using the equity method in the case of a joint venture or proportionally to the share of interests held, in the case of a joint operation.

The Group exercises joint control over a joint arrangement when decisions about the entity's relevant activities contractually require the unanimous consent of all partners.

A joint venture is a joint arrangement in which each partner has an entitlement to a share of the entity's net assets.

A joint operation is a joint arrangement in which the partners have direct entitlements to the entity's assets and obligations over its

liabilities. A joint operation is consolidated according to the share of assets, liabilities, income and expenses controlled by the Group.

Companies over which the Group has a material influence are consolidated using the equity method.

Significant influence is defined as the power to participate in the financial and operating policies of a subsidiary without having control of it. More specifically, that control may stem from representation on the subsidiary's management or supervisory bodies, from involvement in strategic decisions, from the existence of significant inter-company operations, from the exchange of management staff, or from technical dependency. Control is assumed to exist from the moment that the Group holds at least 20% of the voting rights, either directly or indirectly.

1.5.3 Consolidation rules

Restatements and eliminations

The restatements and reclassifications required in order to make the financial statements of all consolidated subsidiary companies comply with the Group's accounting principles are carried out.

Reciprocal accounts are eliminated, together with income and expenses arising from internal Group transactions and which have a material impact on the consolidated financial statements.

Conversion of the financial statements of foreign subsidiaries

For companies where the functional currency is not the euro, the balance sheet statements of foreign subsidiaries are converted at the applicable year-end exchange rate.

Income and expenses in the profit and loss statement are converted at the average exchange rate for the period.

Exchange rate differences that arise from changes in the exchange rates applied to equity capital, reserves and net profit are entered under "Unrealised or deferred gains and losses – Exchange rate differences".

At the time when the Group prepared its first consolidated financial statements according to IFRS guidelines, it made use of the option provided by IFRS 1 to transfer the exchange rate differences accumulated as at that date to equity capital. This option only applied to foreign entities of the CNP Assurances Group, which became the first adopter of IFRS in financial year 2005. In the event that these entities are subsequently sold, the sale proceeds will only include the write-back of exchange rate differences generated from 1 January 2006 onwards.

Business Combinations

Business combinations prior to 1 January 2010 were handled by the Group based on the acquisition method, according to the provisions of the initial version of IFRS 3.

Business combinations since 1 January 2010 are handled by the Group based on the acquisition method, in accordance with revised IFRS 3. Business combinations prior to 1 January 2010 were not restated to reflect the implementation of revised IFRS 3, which is prospectively applied.

The cost of acquisition is defined as the total fair value cost on the date of acquisition of the assets acquired, the liabilities transferred, and the equity capital instruments issued in exchange for control over the acquired company. Any price adjustments are included in the acquisition cost at their estimated fair value on the purchase date, and revaluated on each reporting date, with subsequent adjustments recognised in the profit and loss statement.

The identifiable assets, liabilities and contingent liabilities of the purchased entities are recorded at their fair value on the acquisition date. The contingent liabilities of the acquired entities are only recognised on the consolidated balance sheet if they represent an actual obligation at the time of the combination, and if their fair value can be estimated on a reliable basis.

At the takeover date, non-controlling interests may be measured either at fair value or at their proportional share of the fair value of the identifiable assets and liabilities of the purchased entity. The choice between these two methods is made for each business combination.

Costs that are directly attributable to the business combination transaction represent a separate transaction and are recorded in the profit and loss statement.

The positive difference between the sum of the entity's purchase cost, non-controlling interests and the fair value of any previously-held share, and that of net assets is recorded as an asset in the consolidated balance sheet under Goodwill; any negative difference is immediately allocated to the profit and loss statement.

Analyses required for the initial valuation of these items and any potential adjustments may be performed within a period of 12 months from the acquisition date.

Goodwill is retained on the balance sheet at its historical cost in the reference currency of the subsidiary acquired, and is converted at the official exchange rate at year-end.

Goodwill is regularly reviewed by the Group, and impairment tests are performed at least once a year, and as soon as any loss of value occurs.

When the recoverable value of the underlying asset, defined as the higher of the market or value in use of the underlying asset concerned, is lower than its book value, a terminal impairment is charged to the net income statement.

The book value of goodwill for associated companies is included in their valuation using the equity method.

In cases where minority shares are purchased in a subsidiary over which control has already been established, additional goodwill corresponding to the difference between the total acquisition cost of the additional interest and the Group's share in the net assets acquired is recognised, and deducted from equity capital if positive. Likewise, a fall in the percentage of the Group's interest in an entity over which it retains exclusive control is treated as a transaction within equity capital.

At the time an entity is taken over, the potential share formerly held in the latter is revaluated at market value through the profit and loss statement.

Purchase undertakings granted to minority shareholders of fully consolidated subsidiaries

Non-controlling interests are stakes that do not provide control and include instruments that represent current shares, and grant the right to a share of net assets in the event of liquidation, and other equity instruments issued by the subsidiary and not held by the Group.

The current IFRS 10 – Consolidated financial statements and IAS 32 – Financial instruments: disclosures and presentation, require the Group to record a debt offset by a reduction in non-controlling interests as a commitment to purchase non-controlling interests. The Group has chosen to deduct the difference between the amount of the commitment and the minority interests offsetting the debt from equity capital.

Subsequent movements are recognised under reserves, Group share.

The share of net profit attributable to minority shareholders who hold purchase options is shown under "Minority interests" in the consolidated profit and loss statement.

Consolidation of the insurance activities

The financial assets and liabilities of the Group's insurance companies are largely valued and recognised in accordance with IAS 39.

However, the following policies are recognised according to IFRS 4:

- insurance policies that include a contingency clause for the policy holder. This category covers personal risk, pensions, property damage and unit-linked savings policies with a guaranteed floor;
- financial contracts issued by the insurer that include a discretionary profit-sharing (PS) clause.

In accordance with the provisions of IFRS 4, local guidelines for valuing underwriting reserves are retained for both types of contract.

Financial contracts governed IAS 39 correspond to investment contracts with no discretionary profit-sharing clause: unit-linked savings policies with no euro-denominated or minimum guarantee.

Pursuant to the "shadow accounting" principles set out in IFRS 4, a provision for deferred profit-sharing is recorded for insurance policies that included a discretionary profit-sharing clause. This provision is determined in a way that reflects the potential rights of policyholders to share in unrealised gains on financial instruments valued at fair value or in potential losses in the event of unrealised losses on those instruments.

On each reporting date, the Group's insurance companies implement a liability adequacy test which checks that the recognised insurance liabilities, net of deferred acquisition costs and associated intangible assets, are adequate, using current estimates of future cash flows arising from insurance policies and financial policies with discretionary profit-sharing.

Technical and actuarial reserves

Technical reserves represent commitments to policy-holders.

- Actuarial reserves for euro-denominated policies correspond to the difference between the current value of the insurer and the policyholder's commitments.

Life insurance reserves are recorded based on discount rates that are at most equal to prudently-estimated rates of return on the underlying assets.

The net present value of commitments is calculated by choosing a discount rate that is at most equal to the pricing rate of the policy involved and by using statutory mortality tables or tables based on experience where these are more cautious. Lower interest rates are factored in to investment income discount rate calculations when the rate is deemed to be too high relative to the expected reinvestment prospects.

Actuarial reserves for on unit-linked policies are valued on the basis of the underlying assets. Gains or losses resulting from the revaluation of these policies are recognised in the profit and loss statement in order to cancel out the impact of movements in technical reserves.

- Contractual equalisation reserves are established to meet the exceptional costs relating to transactions covering natural hazard risks, atomic risks, civil liability risks due to pollution, space risks, risks related to air transport, and risks related to terrorism and terrorist attacks.

- Other reserves include reserves for outstanding claims. These reserves are valued on the basis on the estimated value of foreseeable expenses net of any recoveries.

Active deferred profit-sharing

Most financial contracts issued to policyholders by the Group's life insurance subsidiaries include a discretionary profit-sharing clause.

The discretionary profit-sharing clause entitles life insurance policyholders to receive a share in any realised financial gains, as well as the income guaranteed. Pursuant to the "shadow accounting" principles set out in IFRS 4, the provision for deferred profit-sharing for these policies is adjusted to reflect the policyholders' entitlement to any unrealised gains or to their share of unrealised losses on financial instruments valued at fair value under IAS 39. The share of gains to which policyholders are entitled is determined according to the specific features of the policies likely to benefit from such gains.

The amount of the net deferred share in profits established by "shadow accounting" is recognised either in balance sheet liabilities (Net deferred profit-sharing – Liabilities) or assets (Net deferred profit-sharing – Assets) depending on the situation of the entity concerned.

A recoverability test is conducted on any asset-based deferred profit-sharing. The aim of this test is to show that the profit sharing amount is recoverable through sharing in future or unrealised gains, against the background of the Group's business continuity, and will not result in any inadequacy of the commitments recognised in the Group's accounts in respect of these economic commitments. The recoverability test is performed by using current estimates of future policy cash flows. The test is based on tools for modelling the asset-liability management of the subsidiaries involved, and enables a value to be assigned to commitments under a high number of economic scenarios using a stochastic approach.

In accordance with the recommendation on methods for identifying deferred profit-sharing issued by the French National Accounting Council (CNC), on 19 December 2008, profit-sharing recoverability is based on a prudent assessment of the capacity for holding the assets, particularly in terms of their future collection in forecast cash flows.

Likewise the capacity of future returns to absorb unrealised losses was tested, based on an unfavourable repurchase scenario that has never been experienced up until now.

1.5.4 Segment information

The Group is divided into three separate units for management purposes:

- the Retail Banking Unit, which includes the banking or credit institution businesses, as well as the Limited Property Investment Partnerships (SCIs), and the Group holding company;
- the Asset Management Unit, which includes the Group's UCITS management companies, as well as the discretionary asset management business for high net-worth customers;
- the Insurance Unit, which includes the individual or collective casualty, contingency, life and health insurance companies.

The segment information in the Appendix is shown without any reallocation of shareholders' equity or return on this equity. The segment results are presented by breaking down the segment's internal and external income and expenditure.

The tax shown is the real tax charge for each segment. Potential goodwill impairment charges are shown in the segment that the entity involved belongs to. Asset and liability items are shown after elimination of reciprocal transactions.

No presentation by geographical segment is provided, since the Group's business activities outside the domestic French market are not material.

1.6 Presentation and valuation rules

Introduction: Some information on market risk and the disclosures required by IFRS 7 are included in the Risk Management section of the Registration Document.

The information required under IFRS 7 that is presented – which is part of the Notes to the consolidated Financial Statements – is covered by the Report on the consolidated Financial Statements issued by the Statutory Auditors.

1.6.1 Foreign currency transactions

At year-end, monetary assets and liabilities denominated in foreign currencies are converted into euros, the Group's functional currency, at the year-end exchange rate. Unrealised or realised gains and losses are recognised in the profit and loss statement.

The value of non-monetary assets is converted into euros at the year-end exchange rate. Exchange differences on non-monetary items denominated in foreign currencies are recognised in the profit and loss statement if the gain or loss on the non-monetary item is recorded in the profit and loss statement, and in equity capital if the gain or loss on the non-monetary item is recognised in equity capital.

1.6.2 Financial assets and liabilities

When initially recognised, financial assets and liabilities are valued at fair value, net of acquisition expenses that are directly related to the acquisition (except for financial instruments recognised at fair value through profit and loss).

Financial assets and liabilities are classified in one of the four following categories:

1.6.2.1 Loans and receivables

Loans and receivables are non-derivative financial assets, which are not listed on an active market and for which returns are fixed or can be determined. They include credit institution and customer loans and receivables. Following their initial recognition, they are recognised at amortised cost using the effective interest rate method and may be subject to impairment, if required.

The effective interest rate is the exact rate used for discounting future cash flows at the initial fair value of the loan. It includes transaction costs and ancillary revenues (arrangement fees, commitment fees when drawdown is deemed more likely than not, or participation fees) directly related to the issuance of loans, considered to be an integral part of returns on lending.

Exceptionally, certain securities may be recognised in this category. They are then subject to loans and receivables accounting, valuation, and impairment rules.

In addition to the information required by IAS and IFRS, La Banque Postale has continued to provide the information that was previously required and applied to individual accounts.

Performing and non-performing doubtful loans outstanding are included in impaired receivables, in accordance with international standards.

Impairment of payables and receivables

The provisioning process applies to unauthorised overdrafts, home loans and consumer credit business, lease finance and loans to corporate and institutional customers.

Impairment of loans on an individual basis

The Group begins by identifying whether there is objective evidence of an event occurring after a loan – or group of loans – was granted that is likely to lead to a loss of value. These may be loans that are at least two months in arrears, outstanding debts that are already the object of a disputed recovery process, or commitments with respect to counterparties whose financial situation has deteriorated and is reflected in a risk of non-recovery.

A credit risk is deemed proven within three months of the occurrence of one or more missed payments (six months for home loans), or in cases where an over-indebtedness plan has been requested from the Banque de France even if these loans present no payment default. Once risk is proven, the relevant outstanding loans and commitments are identified in a specific category.

An impairment is then recorded on the difference between the book value and the net present value of the expected cash flows, discounted at the original effective interest rate, and determined taking account of the financial situation of the creditor and the current value of guarantees received. In the case of terminated non-performing loans backed by a guarantee where the amount outstanding is greater than a given minimum amount, an expert appraisal is performed in order to determine the amount of the provision. For amounts below that threshold and performing loans, a prudent estimate is made, which factors in the acquisition cost of the asset.

Loans guaranteed by a private individual or loans with no guarantee are impaired in full.

The amount of this impairment is recognised as "Cost of risk" in the profit and loss statement and the value of the financial asset is reduced via the establishment of an impairment item.

By applying the contagion principle, all loans outstanding to the same beneficiary are provisioned as soon as one loan to that beneficiary is provisioned within the Group.

In the event of reclassification of impaired home loans, provisions may be reversed fully or in part and loans reclassified as performing loans when all arrears have been paid and regular payment of the amounts corresponding to the contractual instalments have been made again, for a period of at least two months.

Collective loan impairment

In addition, loans that are not impaired on an individual basis are analysed and impaired on the basis of homogeneous portfolios presenting similar risk features and, where required, impaired on a collective basis. This process involves a group of "sensitive loans" indicating initial signs of default, similar at portfolio level to objective evidence of impairment, even though such impairment cannot be individually allocated.

These cases are provisioned on the basis of a likelihood of a switch to doubtful status, calculated based on historical observations. The risk

of loss that takes the nature of the guarantee into account is calculated in the same way as for doubtful cases, and is the subject of a provision, based on the discounted recoverable cash flows.

The amount of this impairment is recognised as “Cost of risk” in the profit and loss statement and the value of the financial asset is reduced via the establishment of an impairment item.

Impairment of overdrafts

The provisioning of unauthorised overdrafts applies to active and closed accounts. Downgrades are performed on a monthly basis, and factor in the amount and length of the overdraft for each account. Receivables for very small amounts are immediately expensed as losses.

Provisions recorded for active accounts factor in the loan recovery performance for the year just ended according to the level of risk. For closed accounts, the provisions are calculated according to a customer recovery rate based on longer track records.

The Bank examines the position of irregular debits in excess of 30 consecutive days or when a payment incident occurs. Impairments on these accounts are then recorded and change with the account balance. The contagion principle applies to other loans of the same category. Beyond a certain period, the account is declared closed.

Forbearance transaction

Forborne loans are receivables for which the entity has modified the original financial conditions due to the borrower’s financial difficulties.

The discount noted when a loan is forborne is recorded under cost of risk. It is the difference between the nominal value of the debt before the restructuring and the discounted value at the original effective rate of the new expected future flows.

For un-provisioned forborne loans, this discount is accounted for in the interest rate margin over the residual maturity of the relevant loans.

Financing commitments

Financing commitments that are not viewed as derivative instruments are not shown on the balance sheet.

Guarantees

Guarantee commitments are valued according to the likelihood of these guarantees being exercised. Provisions are charged under liabilities.

1.6.2.2 Financial assets and liabilities at fair value through profit and loss

Securities classified in this category represent financial assets and liabilities held for transaction purposes, i.e. securities originally acquired with the intention of reselling them or buying them back in the short-term, together with assets and liabilities that the Group intended to classify as valued at fair value through profit and loss from the beginning, pursuant to the option provided by IAS 39, subject to compliance with the conditions set out in that standard, namely:

- ▶ eliminating or significantly reducing accounting mismatch. This is how the Group assesses the fair value of certain structured issues through profit or loss;
- ▶ group of financial assets/liabilities whose management and performance are assessed at fair value;
- ▶ compound financial instruments containing one or more embedded derivatives. The Group has specifically chosen to register some portions of compound financial instruments as financial assets at fair value through profit and loss, without separating out the embedded derivatives that should be recognised separately.

Movements in fair value are recorded in profit (or loss) for the period under “Net gains or losses on financial instruments at fair value through profit or loss”. The same applies to dividends from variable-rate securities and capital gains or losses on disposals. Income received on fixed-rate securities is recorded in “Interest and similar income”.

1.6.2.3 Financial assets held to maturity

Financial assets held to maturity are listed financial assets with a fixed or determinable income and maturity that the Group intends and is able to hold until maturity, and that it has not chosen to classify as financial instruments at fair value through profit and loss, or as financial instruments available for sale.

With a few limited exceptions, IAS 39 prohibits the sale or transfer of these securities before they mature. Infringing this rule may result in the Group being prohibited from classifying securities in this category for two financial years.

Interest-rate risk hedging transactions on this category of securities are not eligible for hedge accounting as defined by IAS 39.

At year-end, the securities are valued at amortised cost according to the effective interest rate method, which includes amortisation of the premiums and discounts that correspond to the difference between their acquisition and repayment values.

Income received in respect of these securities is shown in “Interest and similar income” in the profit and loss statement.

Where there is objective evidence of impairment, a provision is recorded to represent the difference between book value and estimated recovery value, discounted at the original effective interest rate. This impairment charge is offset against the cost of risk. In the event of a subsequent improvement, the excess provision, which is redundant, is written back.

1.6.2.4 Financial assets available for sale

Financial assets available for sale form a category by default, and include financial assets that are not classified as loans and receivables, or as financial assets held to maturity or at fair value through profit and loss.

These assets are recognised on the balance sheet at their market value at the time of their acquisition and at subsequent year-ends until they are sold. Movements in fair value are recorded in a specific line in equity capital: “Unrealised or deferred gains and losses”. These unrealised gains and losses recognised in equity capital are not recognised in the profit and loss statement unless they are sold or impaired. Income accrued or received from fixed-income securities is recognised in profit and loss according to the effective net interest method in “Interest and similar income”. Dividends received on variable-income securities are recognised in “Net gains or losses on financial assets available for sale” in the profit and loss statement.

When the securities are sold, unrealised gains and losses that were previously recorded in equity capital are recycled through the profit and loss statement in “Net gains or losses on financial assets available for sale”.

Impairment

In the event of a prolonged or material reduction in the fair value of equity instruments, an impairment charge is recorded on financial assets available for sale. The same applies to debt securities in the event of a significant deterioration in the credit risk. The fall in the fair value of a security is deemed to be significant when an equity instrument has lost at least 40% of its value between the acquisition date and year-end. When such objective evidence of impairment is observed, the unrealised loss that had hitherto been directly recognised in equity

capital is automatically recognised through profit and loss. The fall in the fair value of a security is assumed to be long-term when the ongoing fall extends over a period of more than 24 months. In this case, the Group examines whether there are grounds to recognise the impairment through profit and loss, depending on the level of significance of the unrealised losses.

This approach does not rule out the line-by-line examination of objective evidence of impairment.

Moreover the CNP Assurances Group uses specific criteria to determine evidence of impairment on securities available for sale as part of its insurance company management process. These criteria are not re-estimated when CNP is included in the Group's consolidated financial statements via the equity method. This principle takes into account the specific management and risk framework that is inherent to CNP Assurances.

For debt instruments such as bonds, an impairment is recorded when there is a proven counterparty risk.

Losses on the impairment of variable income securities recognised in profit and loss cannot be reversed while the instrument concerned is shown on the balance sheet. They are recognised in "Net gains or losses on financial assets available for sale". Losses on the impairment of fixed-income securities are reversible and are recognised in cost of risk when they involve credit risk.

1.6.2.5 Date of entry

Securities are recorded on the balance sheet at their settlement and delivery date, while derivative instruments are entered at their negotiation date. Movements in fair value between the negotiation date and the settlement and delivery date are entered in profit and loss or in equity capital, depending on their accounting classification. Loans and receivables are recorded on the balance sheet at their payment date.

1.6.2.6 Reclassification of financial assets

A financial asset with a fixed or determinable yield, which was initially recognised in the "Financial Assets Available-for-Sale" category, but which is no longer tradable on an active market, and which the Group intends and is able to hold for a foreseeable period or until maturity may be reclassified in the "Loans and Receivables" category.

Reclassifications are carried out at market value on the date of reclassification and financial assets transferred in this way are then valued according to the rules applicable to their new category. The transfer price at the reclassification date represents the initial cost of the asset when determining potential impairment charges. A new EIR is then calculated in order to enable the new depreciated cost to converge towards the repayment value of the instrument. At the same time, profits and losses that were previously recorded in equity capital are amortised in the profit and loss statement over the residual life of the instrument using the effective interest rate method.

1.6.2.7 Debt

Debt that is not classified in financial liabilities at fair value is initially recorded at cost, which corresponds to the fair value of the amounts borrowed net of transaction costs. At year-end, the debt is valued at amortised cost according to the effective interest rate and recorded in the balance sheet under "Debt payable to credit institutions", "Debt payable to customers", "Debt represented by a security" or "Subordinated debt", except in cases where it has been hedged at fair value.

Debt payable to credit institutions and customers

Debt payable to credit institutions and to customers is broken down according to their initial maturity or nature of the debt: overnight debt (overnight deposits, ordinary accounts) or long-term debt (special scheme savings accounts). This debt includes securities and shares assigned under buyback agreements.

Debt represented by a security

Financial instruments are classified as debt instruments if the issuer is required to remit cash or other financial assets or to exchange instruments under potentially unfavourable conditions. Debt represented by a security consists of negotiable debt securities issued by La Banque Postale.

The debt is initially recognised at face value and is then valued at amortised cost using the effective interest rate method at subsequent year-ends.

Subordinated debt

Subordinated debt includes debt where repayment is only possible once other senior or secured creditors have been repaid in the event that the debtor's assets are liquidated. This debt is valued according to the amortised cost method, except where it has been hedged at fair value.

1.6.2.8 Distinction between debt and equity: super-subordinated, indefinite term notes

A debt instrument or a financial liability amounts to a contractual obligation to remit cash or other financial assets, or to exchange instruments under potentially unfavourable conditions. An equity capital instrument is a contract that highlights a residual interest in the net assets of an entity.

Subordinated securities are classified as debt or equity instruments according to the analysis of their features, and more specifically according to whether or not their method of payment is discretionary.

In light of the conditions specified by IAS 32 for the analysis of the contractual substance of these instruments, and given their contractual characteristics, the perpetual super-subordinated notes issued by the CNP Group are classified as "debt instruments".

Subordinated bonds convertible into common shares issued also meet the criteria for classification as "debt instruments", even though the coupons are treated as dividends arising from a reduction in equity. The active deferred tax associated with the distribution of coupons, representative of a tax saving, is an ancillary to coupons paid and as such is recognised in equity in line with the recognition of coupons.

Subordinated bonds convertible into common shares were analysed, in accordance with IAS 32, as hybrid instruments comprising a debt component and an equity component.

1.6.2.9 Financial derivatives and hedge accounting

According to IAS 39, a derivative is a financial instrument or other contract that has the following three characteristics:

- ▶ its value fluctuates according to an interest rate, the price of a financial instrument, the price of a commodity, an exchange rate, a price or share price index, a credit rating or credit index, or another variable known as the underlying asset;
- ▶ it requires a low or nil initial net investment, or a net investment that is lower than the investment required by a non-derivative financial instrument in order to achieve the same sensitivity to the underlying asset;
- ▶ it is unwound at a future date.

Financial derivatives are broken down into two categories:

Derivatives held for transaction purposes

Derivatives belong to the category of financial instruments held for trading, except for derivatives that are used for hedging purposes. Their fair value is recognised in the balance sheet in "Financial instruments at fair value through profit and loss". Movements in fair value and interest accrued or received are recognised in "Net gains and losses on financial instruments at fair value through profit and loss".

Hedging derivatives

Hedging derivatives that qualify as hedging instruments according to IAS 39 criteria are classified in the "Fair value hedges" or "Cash flow hedges" category, depending on the circumstances. They are recognised among "Hedging derivatives" on the balance sheet. Other derivative instruments are classified in "Assets or liabilities at fair value through profit and loss" by default, even if they have been entered into in order to hedge one or several transactions from an economic perspective.

In order to classify a financial instrument as a hedging derivative, the Group must establish the hedge relationship from the outset (hedging strategy, description of the risk hedged, the item hedged, the hedging instrument and the method used to assess its effectiveness). Effectiveness is assessed at inception and at each year-end while it remains in place.

Depending on the nature of the risk covered, the derivative financial instrument is designated as a fair value hedge, a cash flow hedge, or as an exchange rate hedge linked to a net foreign investment.

Fair value hedge

Fair value hedges enable exposure to fluctuations in the fair value of financial assets or liabilities to be hedged; they are primarily used to hedge interest rate risk on fixed-rate assets and liabilities and on overnight deposits, according to the options approved by the European Union.

Any revaluation of the derivative is recognised in profit and loss in a way that mirrors the revaluation of the item hedged. Gains or losses attributable to the hedged risk are recognised in "Net gains or losses on financial instruments at fair value through profit and loss" in the profit and loss statement. As soon as the hedge relationship becomes effective, movements in the fair value of the hedged item are mirrored by the movements in the fair value of the hedging instrument. Any potential failure in the hedge is directly recognised in profit and loss. The portion relating to the accrued income or expenses of the derivative instrument is recognised in Income and interest expense in the profit and loss statement at the same time as the interest income and expense relating to the hedged item.

As soon as the derivative financial instrument no longer meets the effectiveness criteria specified by the standard, and especially if it is sold, hedge accounting is prospectively discontinued: the derivative is transferred to "Financial assets at fair value through profit or loss" or "Financial liabilities at fair value through profit or loss" while the re-measurement adjustment of the hedged item is amortised over the remaining period based on the initial life of the hedge.

In the event that the hedged item disappears, the hedging instrument, no longer described as a hedging instrument but still existing, remains recognised on the balance sheet at fair value through profit or loss. A gain or loss on the sale of the hedged item is eventually recognised in profit and loss.

Macro-hedging

The Group applies the provisions of IAS 39, as adopted by the European Union, to macro-hedging transactions that are performed as part of the asset & liability management of fixed-rate positions.

Macro-hedging instruments are mainly interest-rate swaps designated as fair value hedges for the Group's fixed-rate resources.

Macro-hedging derivatives are accounted for according to the same principles as those described above. The revaluation of the hedging component is recognised in "Revaluation differences on portfolios hedged against interest rate risk".

Cash flow hedges

Cash flow hedges are used to hedge exposure to movements in cash flows from financial assets or liabilities, firm commitments or future transactions. More specifically, they are used to cover interest-rate risk on reviewable-rate assets and liabilities.

The effective portion of movements in the fair value of a derivative instrument is entered on a specific line in equity capital, while the ineffective portion is recognised in net profit and loss in "Net gains or losses on financial instruments at fair value through profit and loss."

The portion relating to the accrued income or expenses of the derivative instrument is recognised in "Income and interest expense on hedging transactions" in the profit and loss statement at the same time as the interest income and expense relating to the hedged item.

Hedged instruments continue to be recognised according to the rules that apply to their accounting category.

In the event of a break in the hedging relationship, or as soon as the derivative instrument no longer meets the effectiveness criteria specified by the standard, or especially if it is sold, the hedge accounting ceases. The aggregate amounts entered in equity in respect of the revaluation of the hedging derivative are gradually transferred to profit and loss as interest income or expense, or immediately recognised in profit and loss. In the event that the hedged item is sold or redeemed, the derivative is reclassified in "Financial assets at fair value through profit and loss", while the revaluation of the hedged item entered in equity capital is immediately recognised in profit and loss.

Hedging a net foreign currency investment

The Group does not use this type of hedging.

Embedded derivatives

An embedded derivative is a component of a hybrid instrument. It is separated out of the host contract and recorded separately when, from the beginning of the contract, its economic characteristics and the related risks are not closely linked to those of the host contract, except where the hybrid instrument is valued at fair value through profit or loss.

Day one profit

The Group does not generate any margin when negotiating structured instruments.

1.6.2.10 Guarantees commitments

Financial guarantees

According to IAS 39, a contract meets the definition of a financial guarantee if it includes an indemnity clause, according to which the issuer shall compensate the beneficiary for losses that the latter has suffered due to the default of a debtor who was specifically designated to make a payment on a debt instrument.

According to IAS 39, the financial guarantees provided are valued at their initial fair value at the date they were entered into. They are subsequently valued at the higher of the amount of the commitment and the amount initially recorded, less the commission guarantee, where applicable. In the event of objective evidence of impairment, the financial guarantees given are the subject of a provision under balance sheet liabilities. The provision is offset against the cost of risk.

1.6.2.11 Determining fair value or market value

IFRS 13 defines fair value as the price received for the sale of an asset or paid for the transfer of a liability in a standard transaction between market participants on the valuation date.

When an instrument is initially recognised, its fair value is generally the transaction price.

IFRS 13 recommends using a price quoted on an active market in the first instance to determine the fair value of a financial asset or liability. A market is considered to be active if prices are easily and regularly available from a stock exchange, a broker (multiple inputs), an intermediary or a regulatory agency, and if those prices represent real transactions (volume and price range) under normal competition conditions. In the absence of an active market, the fair value must be determined using valuation techniques. These techniques include the use of recent transactions performed in a normal competition environment. They are based on market data, on the fair value of substantially identical instruments, or on cash flow or option valuation discount models, and involve recognised valuation methods. The aim of a valuation technique is to establish what the price of an instrument would be under normal market conditions. For example, the fair value of bond securities or of variable-income securities and futures is determined by using quoted prices. The use of valuation techniques that are based on market data usually concerns over-the-counter derivatives, securities where income is taxed at source (Treasury bills, Certificates of deposit, etc.) and repo deposits.

Financial instruments are presented in Note 6.2 over three levels in descending order of observability of values and parameters used for their valuation:

- ▶ level 1: Instruments valued using quoted prices (non-adjusted) in active markets for identical assets or liabilities.

These specifically include listed shares and derivatives on organised markets (futures, options, etc.);

- ▶ level 2: Instruments valued using inputs other than quoted prices included in Level 1 that are observable for the asset or liability concerned, either directly (i.e. prices) or indirectly (i.e. derived from prices);

These are instruments measured employing valuation techniques that use observable parameters and standard models or instruments that are valued by reference to similar instruments quoted on an active market. This classification concerns interest-rate swaps, caps, floors, etc.;

- ▶ level 3: instruments valued using data that are not based on observable market data.

This primarily involves unlisted investment securities, such as venture capital funds (FCPR) or innovation funds (FCPI).

The market value of unlisted equity securities classified as available for sale is determined by reference to criteria such as net assets, profitability outlook and discounting of future cash flows. Non-consolidated equity investments whose fair value cannot be assessed on a reliable basis are valued at cost.

The price quoted for an asset held or a liability to be issued is usually the bid price, and it is the offer price for a liability held or an asset to be acquired.

The fair value of financial instruments recognised in the balance sheet at amortised cost is presented in Note 6.1. All these instruments are considered Level 2, the most significant parameters in terms of the market value of these instruments are considered as being indirectly observable.

1.6.2.12 Derecognition of financial assets or liabilities

Financial assets are derecognised when the contractual rights to the cash flows attached to the financial asset expire or when such rights and virtually all the risks and benefits associated with ownership have been transferred to a third party.

When certain risks and advantages have been transferred and while control of the financial asset is retained, that asset remains on the balance sheet so as to reflect the ongoing involvement in the asset concerned.

A gain or loss on disposal is then recorded in the profit and loss statement, at an amount equal to the difference between the book value of the asset and the amount received in exchange.

Financial liabilities are derecognised when the contractual obligation is extinguished, cancelled, or expires.

Repurchase agreements

The assignor does not derecognise the securities. The Group records a liability that represents its commitment to refund the cash received. This debt represents a financial liability, which is recorded at amortised cost and not at fair value.

The assignee does not recognise the assets received, but recognises a receivable on the cash loaned by the assignor. At subsequent year-ends, the assignor continues to value the securities according to the rules applicable to their original category. The nominal value of the receivable is shown in Loans and receivables.

Securities lending

The lending and borrowing of securities cannot be treated as a financial asset transfer according to IFRS. Therefore, these transactions cannot result in derecognition of the loaned securities. They remain recognised in their original accounting category and valued according to the rules of that category.

1.6.2.13 Offsetting of financial assets and liabilities

A financial asset and liability are offset and a net balance is shown on the balance sheet only if the Group has a legally enforceable right to offset the amounts recognised, and if it has the intention either to settle the net amount or to realise the asset and settle the liability simultaneously. The legally enforceable right must be irrevocable and must be enforceable under all circumstances.

Repo transactions where the operating principles meet both the criteria required by the standard are offset on the balance sheet.

- ▶ they relate to the same counterparty;
- ▶ they have the same maturity dates set from the outset;
- ▶ they are realised in the same currency;
- ▶ they are settled via a settlement/delivery system that guarantees the delivery of the securities against receipt of the associated cash;
- ▶ the securities are deposited with the same depository.

Offsetting primarily concerns repurchase agreements with the LCH Clearnet clearing house.

1.6.3 Capital lease transactions

Lease transactions are classified as capital lease transactions when they substantially result in the transfer of the risk and benefits relating to the leased asset to the lessee. They are analysed as a financing granted to the lessee for the purchase of an asset.

The present value of the payments due in respect of the agreement, plus the residual value, where applicable, is recorded as a receivable and is shown under customer loans and receivables on the balance sheet.

The interest included in the lease payments is recorded under Interest and similar income in the profit and loss statement.

The lease payments received are spread over the term of the capital lease agreement, by dividing them into amortisation of the principal and interest, so as to generate a regular and constant rate of return on the net investment. The interest rate used is the implicit interest rate in the agreement.

In the event of a decrease in the value of the unguaranteed residual values selected for calculating the net investment, the discounted value of this decrease is recorded under expenses relating to other businesses through a reduction in the capital lease receivable under balance sheet assets.

1.6.4 Tangible and intangible assets

Fixed assets shown on the balance sheet include tangible and intangible operating assets, *i.e.* assets used for administrative purposes. The Group has no investment property.

Fixed assets are recognised at their acquisition cost plus acquisition expenses that are directly related and required to put them in working order so that they can be used.

Following their initial recognition, fixed assets are valued at cost less accumulated depreciation and any potential loss of value.

The portion of a fixed asset that can be depreciated is determined after deducting its residual value net of disposal costs, if that value can be measured and is significant.

Fixed assets are depreciated in accordance with the estimated consumption rate of the expected economic benefits, which usually corresponds to the life of the asset.

When a fixed asset includes several components that may be replaced at regular intervals, have different uses, or provide economic benefits at different rates, each component is recognised separately from the outset and is depreciated according to a specific depreciation schedule.

Depending on their components, buildings are therefore amortised over periods ranging between 10 and 80 years:

- ▶ structural work: 80 years;
- ▶ roofing: 60 years;
- ▶ joinery and external works: 40 years;
- ▶ major equipment items: 20 years;
- ▶ small equipment items, and fixtures and fittings: 10 years.

When they meet the criteria for fixed assets, proprietary software packages are recognised at their development cost, including third-party expenses and the cost of the staff directly assigned to the project.

They are usually amortised over a period of between three and seven years, depending on their useful life.

Fixed assets that are depreciated are subject to impairment tests in cases where evidence of a loss of value is identified at year-end. Fixed assets that are not depreciated are subject to impairment tests in cases where potential evidence of a loss of value is identified at year-end, and at least once a year.

If evidence of a loss of value is recorded, the recoverable value of the asset is compared with its net book value. In the event of a loss of value, an impairment charge is recorded in the profit and loss statement. That impairment changes the depreciation schedule of the asset going forwards. The impairment is reversed in the event of a change in the estimated recoverable value or the evidence of impairment disappears.

Depreciation, amortisation and impairment charges are recognised in "Depreciation, amortisation and provisions for impairment of tangible and intangible fixed assets" in the profit and loss statement.

Gains and losses on the disposal of operating fixed assets are recorded in the profit and loss statement on the "Net gains on other fixed assets" line.

1.6.5 Special savings accounts

Home loan savings accounts (CEL) and home loan savings plans (PEL) offered to retail customers under the provisions of the law of 10 July 1965 include two stages: a gathering funds phase in the form of remunerated savings and granting home loans.

They generate two kinds of commitments for the lending institution:

- ▶ an obligation to remunerate future savings at a rate fixed at the opening of the account for an indefinite period for PEL accounts opened before 28 February 2011, and at a rate that is reviewed annually for new generation accounts;
- ▶ an obligation to grant customers who request it a fixed rate loan when signing the agreement.

These commitments have potentially unfavourable consequences for the Group, and are the subject of provisions shown in the "Provisions" line in balance sheet liabilities. Movements in those provisions are recorded in the net banking income interest margin.

The provisions are estimated on the basis of customer behaviour statistics and market data for each generation of plans, in order to cover any future expenses arising from the potentially unfavourable interest rate conditions attached to these products relative to the rates offered to retail customers on similar products where the remuneration is unregulated. The provisions only relate to the commitments for home loan savings accounts and schemes that exist at the date the provision is calculated.

Provisions are calculated for each generation of home loan savings schemes, without offsetting commitments for different generations of home loan savings schemes, and for all the home loan savings accounts representing one generation.

At the savings stage, the commitments to be provisioned are evaluated according to the difference between average forecast savings deposits and minimum forecast savings deposits, both of which are determined on a statistical basis by factoring in historical observations on actual customer behaviour.

At the lending stage, the commitments to be provisioned include loans that have already been granted but not yet released at the year-end date, as well as future loans that are viewed as statistically likely based on balance sheet deposits as at the calculation date, and on historical observations on actual customer behaviour.

A provision is recorded when the net present value of future income is negative for a given generation of loans.

That income is assessed relative to the rates offered to retail customers on equivalent savings and lending products that have the same term as the deposits and were agreed on the same day.

1.6.6 Provisions

Provisions recorded in balance sheet liabilities, other than those relating to credit risk or employees benefit obligation, are liabilities whose length or amount is uncertain. A provision is recorded when the Group has an obligation towards a third party and that obligation is likely or certain to cause an outflow of funds for the benefit of the third party with no expectation of a counter-payment that is at least equivalent.

The net present value of the expected outflow is calculated as soon as the impact of that net present value becomes material.

Provisions and provision reversals are recorded in profit and loss on the lines that correspond to the nature of the future expenditure involved.

1.6.7 Interest income and expense

Interest income and expense are recognised in the profit and loss statement for all financial instruments valued at amortised cost using the effective interest rate.

The effective interest rate is the rate that discounts future cash outflows or inflows exactly over the expected life of the financial instrument, so as to arrive at the net book value of the financial asset or liability. The calculation of this rate factors in commissions received or paid, which are by nature an integral part of the effective contract rate.

1.6.8 Commission income and expenses

The Group recognises commissions in profit and loss depending on the services supplied and the way in which the financial instruments to which that service relates are recognised:

Commissions paid for ongoing services are recognised in profit and loss over the length of the service (commissions on means of payment).

Commissions paid for one-off services or for a major transaction are recognised in profit and loss in full when the service is provided or the transaction performed (account management commissions, commissions on payment issues).

Commissions treated as additional interest are an integral part of the effective interest rate.

1.6.9 Cost of risk

The cost of credit risk includes impairment charges and reversals on fixed-income securities, and customer loans and receivables, as well as charges and reversals of impairment relating to guarantee commitments given, losses on receivables, and the recovery of amortised receivables.

1.6.10 Income tax

Tax payable

La Banque Postale and eleven of its French subsidiaries of which it holds, directly or indirectly, more than 95%, are part of Le Groupe

La Poste's scope of fiscal integration: SF2, La Banque Postale Conseil en Assurances, SCI CRSF DOM and SCI CRSF Métropole, La Banque Postale Crédit Entreprises, Easybourse, La Banque Postale Asset Management, La Banque Postale Structured Asset Management, BPE, La Banque Postale Home Loan SFH and La Banque Postale Gestion Privée.

Deferred tax

A deferred tax charge is recognised on all temporary differences between the book value of an asset or liability and its tax basis, except in exceptional cases.

The tax rates used for valuation purposes are the rates that are expected to be applied when the asset is realised or when the liability is extinguished, to the extent that those rates have been adopted or virtually adopted at year-end.

Net deferred tax assets are only taken into account if it is likely that the entity involved has a chance of recovering the tax within a determined time frame.

The Group uses the losses carried forward by its subsidiaries only inasmuch as these entities demonstrate their ability to make them up over a determined and reasonable timeframe via a multi-year business plan.

Deferred tax is recognised as tax income or expense in the profit and loss statement, except for tax relating to unrealised gains and losses on assets available for sale, and for movements in the value of derivatives classified as cash flow hedges, for which deferred tax is charged directly to equity capital.

1.6.11 Employee benefits

La Banque Postale Group provides different types of benefits to its employees, civil servants and contract staff. These benefits fall into four categories:

Short-term benefits

Short-term benefits primarily include salaries, annual paid leave, incentives, profit-sharing and bonuses that are paid within 12 months of the end of the financial year and relate to that year.

They are recognised as expenses for the financial year, including amounts still owing at year-end.

Long-term benefits

Long-term benefits are benefits that usually relate to length of service and are paid to working employees more than 12 months after the end of the financial year, like the Working Hours Savings Accounts, for example.

A provision equivalent to the value of these commitments is recorded at year end.

Termination benefits

These are benefits paid to employees when their work contract is terminated before retirement, whether as a result of termination or as part of a voluntary redundancy plan. A provision is recorded for termination benefits. The commitment is valued on the basis of the entitlements earned by all working employees, mainly according to employee turnover, the estimated future salary of beneficiaries at the time they leave the Company, including social security contributions where applicable, and mortality tables (INSEE TH/TF00-02). A net present value is calculated for indemnities payable more than 12 months after year-end.

Post-employment benefits

Post-employment benefits for employees include retirement benefits, pensions and benefits for pensioners.

The pension scheme for contracted staff is a scheme known as a "defined contribution scheme". Such schemes are based on payments to independent bodies that are responsible for paying the amounts due to employees, thus releasing the employer from any subsequent obligation. Therefore, once the contributions have been paid, no liability or commitment is shown in the Group's financial statements. Contributions paid to independent bodies are expensed in the period concerned.

A provision is recorded in balance sheet liabilities for Group employee commitments that are not covered by contributions that are expensed and paid to retirement or insurance funds, primarily for retirement benefits.

These commitments are valued according to the projected unit credit method, in accordance with IAS 19R. Actuarial appraisals are performed every year.

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

The provision recorded on the balance sheet for defined benefit post-employment schemes corresponds to the present value of the commitment at year-end, adjusted for actuarial differences and the cost of past services that have not been recognised. Actuarial differences are now recognised in the overall profit and the cost of services recorded in the profit and loss statement. The present value of the commitment is calculated on an annual basis using the projected credit unit method. That value is determined by calculating the net present value of expected future outflows based on the market rate for top-tier corporate bonds, denominated in the currency in which the benefit will be paid. In addition, the term of the bonds selected is close to the average estimated length of the underlying commitment.

The actuarial assumptions used to value employment commitments to employees are reviewed and updated once a year at year-end.

The calculations factor in the following assumptions:

- ▶ the likelihood of working employees staying within the Group, life expectancy trends and estimated salary trends;
- ▶ retirement assumptions;
- ▶ discount rates that enable the present value of commitments to be determined. The discount rates used for the 2014 and 2013 actuarial valuations, based on private top-tier bonds, are as follows:

Commitment length	5 years	10 years	15 years	20 years
Discount rate 2014 (euro zone)	0.7%	1.3%	1.8%	2.2%
Discount rate 2013 (euro zone)	1.4%	2.5%	2.8%	3.0%

1.6.12 Share-based payments

Share-based payments involve transactions where payment takes the form of shares issued by some Group subsidiaries, regardless of whether they are settled by the allocation of shares or paid in cash. The amount paid depends on changes in the value of the shares.

The share-based payment plans introduced by these subsidiaries are the kind of plans that unwind through cash payments. An expense equivalent to the fair value of the liability is recognised under "Employee benefits expenses" in the Group financial statements from the date the employee share plans are granted. The amount is spread over the length of the entitlement period and offset by a debt, which is revaluated at fair value at each year-end.

1.6.13 Non-current assets held for sale and discontinued activities

When the Group decides to sell non-current assets, and when it is highly likely that the sale will occur within 12 months, these assets are shown separately on the balance sheet under "Non-current assets held for sale". Any liabilities associated with these are also reported under a specific item, "Debts linked to non-current assets held for sale".

In this context, the assets are no longer depreciated and are valued at the lower of their book value or estimated sale price. Impairment losses on an asset or a group of assets held for sale are recognised in profit and loss as an impairment that is reversible until the disposal date.

Financial instruments continue to be measured using the IAS 39 accounting principles. Securities classified as financial assets available for sale and held for sale continue to be valued at their year-end market value, and changes in fair value, with the exception of impairment, are recorded under a separate item in equity (see Note 1.6.2.4).

1.6.14 Use of estimates in the preparation of the financial statements

The preparation of the financial statements involves making assumptions and estimates that may or may not prove accurate in the future. These estimates, which are based on the information available at year-end, call upon the judgement of managers and the parties involved in preparing the financial statements, particularly where assessing the fair value of financial instruments is concerned.

Future achievements depend on many factors: fluctuations in interest and foreign exchange rates, the economic environment, changes in regulations or legislation, etc., which means that the final outcome of the transactions concerned may differ from these estimates and have an impact on the financial statements.

The main valuation processes that require the use of assumptions and estimates:

- ▶ the valuation of financial instruments not listed on organised markets involves the use of models based on observable market data for most OTC instruments. The determination of the value of certain complex instruments that are not traded on an active market is based on valuation techniques which, in certain cases, rely on parameters that are deemed to be non-observable;
- ▶ the determination of the market value of unlisted equity securities classified as "Assets available for sale";
- ▶ the valuation of financial assets and liabilities recognised at cost and for which fair value information must be provided in the notes to the financial statements;
- ▶ credit risk valuations: provisions calculated on a portfolio basis make specific use of estimates on the probability of default and general use of expert judgements;
- ▶ calculations relating to expenses linked to future employee benefits are based on discount rate assumptions, and employee turnover and salary trend assumptions;

- ▶ the valuation of provisions other than those linked to credit risk is also, by its nature, subject to estimates, as it involves liabilities where the maturity or amount is not accurately determined, and where it is likely or certain that there will be an outflow of funds for the benefit of a third party, with no consideration in an amount that is at least equivalent expected from that beneficiary. Notably, the valuation of the Home Savings provision uses assumptions of changes in customer behaviour based on historical observations which are not necessarily accurate;
- ▶ the value of goodwill recognised when business combinations occur;
- ▶ performing goodwill impairment tests involves a certain number of assumptions;
- ▶ assessing the effectiveness of hedges in place requires the use of assumptions and estimates of their impact on the hedging;
- ▶ valuing commitments to buy out minority shareholders;
- ▶ the determination of insurance companies' underwriting reserves.

NOTE 2 LA BANQUE POSTALE GROUP'S EXPOSURE TO CREDIT RISKS

Introduction: The note on Risk exposure and regulatory ratios is contained in the Risk Management section of the Registration Document.

The information required under IFRS 7 that is presented – which is part of the Notes to the consolidated Financial Statements – is covered by the Report on the consolidated Financial Statements issued by the Statutory Auditors.

2.1 La Banque Postale Group's exposure to credit risks

(€ '000s)	31.12.2014	31.12.2013 Restated
Financial assets at fair value through profit and loss	9,376,732	5,253,191
Transaction derivatives	296,964	127,764
Hedging derivatives	1,532,205	221,270
Financial assets available for sale	13,101,974	12,792,699
Loans and receivables – Credit institutions	83,314,646	82,893,845
Loans and receivables – Customers	67,856,592	59,212,206
Assets held to maturity	28,296,514	32,265,882
Balance sheet exposure net of impairment charges	203,775,627	192,766,857
Financing commitments given	17,947,758	20,501,270
Guarantees given	3,435,645	3,690,033
Off-balance sheet exposure net of impairment charges	21,383,403	24,191,303
TOTAL NET EXPOSURE	225,159,030	216,958,160

2.2 Additional information on sovereign exposures

Sovereign exposure has been identified in accordance with the scope defined by the European Banking Authority (EBA), i.e. by selecting exposure to regional authorities, central authorities and to companies that benefit from a Government guarantee among the data.

The exposure shown below summarises the exposure for subsidiaries in which La Banque Postale owns an interest of 50% or more.

The information regarding CNP's exposure is specifically shown in the Highlights section and in the financial information issued by that company.

Sovereign exposure 2014

La Banque Postale has no exposure to Cyprus, Hungary or Egypt.

(€ '000s)	Total Bank Portfolio	Assets at fair value through p&l	Total direct exposure ⁽¹⁾	Off-balance sheet	Total direct and indirect exposure ⁽²⁾	Exposure (%)
Greece	-	-	-	-	-	0.0%
Ireland	2,184	-	2,184	-	2,184	0.0%
Italy	1,170,291	-	1,170,291	-	1,170,291	3.9%
Portugal	-	-	-	-	-	0.0%
Spain	849,432	-	849,432	-	849,432	2.8%
Total PIIGs	2,021,907	-	2,021,907	-	2,021,907	6.7%
Germany	2,715,242	-	2,715,242	-	2,715,242	9.0%
Austria	22,830	-	22,830	-	22,830	0.1%
Belgium	1,559,032	-	1,559,032	-	1,559,032	5.1%
France	20,915,414	782,728	21,698,142	-	21,698,142	71.6%
Great Britain	-	-	-	-	-	0.0%
Luxembourg	18,364	-	18,364	-	18,364	0.1%
Netherlands	199,583	-	199,583	-	199,583	0.7%
Poland	23,591	-	23,591	-	23,591	0.1%
Slovakia	1,126	-	1,126	-	1,126	0.0%
Slovenia	6,223	-	6,223	-	6,223	0.0%
Switzerland	6,155	-	6,155	-	6,155	0.0%
Supra-national	1,142,275	-	1,142,275	-	1,142,275	3.8%
Total Europe	26,609,835	782,728	27,392,563	-	27,392,563	90.4%
Rest of the world	878,025	-	878,025	-	878,025	2.9%
TOTAL	29,509,767	782,728	30,292,495	-	30,292,495	100%

(1) Direct exposure: net carrying amount (including impairment) of exposure on the Bank's own account.

(2) Direct and indirect exposure: direct exposure to which should be added indirect exposure in the form of guarantees provided to the Group's UCITS.

Identification based on the scope defined by the EBA, including local and regional authorities or bodies benefiting from a Government guarantee.

Reminder of sovereign exposure 2013 (restated)

(€ '000s)	Total Bank Portfolio	Assets at fair value through p&l	Total direct exposure ⁽¹⁾	Off-balance sheet	Total direct and indirect exposure ⁽²⁾	Exposure (%)
Greece	-	-	-	-	-	0.0%
Ireland	2,234	-	2,234	94,951	97,185	0.3%
Italy	1,305,271	1,512	1,306,783	191,837	1,498,620	4.3%
Portugal	-	-	-	36,496	36,496	0.1%
Spain	1,186,399	-	1,186,399	-	1,186,399	3.4%
Total PIIGs	2,493,904	1,512	2,495,416	323,284	2,818,700	8.1%
Germany	2,966,749	-	2,966,749	-	2,966,749	8.6%
Austria	24,713	-	24,713	-	24,713	0.1%
Belgium	1,628,798	13,517	1,642,315	20,071	1,662,386	4.8%
France	24,695,892	141,728	24,837,620	20,889	24,858,509	71.7%
Great Britain	-	-	-	-	-	0.0%
Luxembourg	46,262	-	46,262	-	46,262	0.1%
Netherlands	-	-	-	-	-	0.0%
Poland	21,878	-	21,878	-	21,878	0.1%
Slovakia	1,143	-	1,143	-	1,143	0.0%
Slovenia	5,119	-	5,119	-	5,119	0.0%
Switzerland	5,720	-	5,720	-	5,720	0.0%
Supra-national	1,387,018	-	1,387,018	-	1,387,018	4.0%
Total Europe	30,783,292	155,245	30,938,537	40,960	30,979,497	89.3%
Rest of the world	888,590	-	888,590	-	888,590	2.6%
TOTAL	34,165,786	156,757	34,322,543	364,244	34,686,787	100.0%

(1) Direct exposure: net carrying amount (including impairment) of exposure on the Bank's own account.

(2) Direct and indirect exposure: direct exposure to which should be added indirect exposure in the form of guarantees provided to the Group's UCITS.

Identification based on the scope defined by the EBA, including local and regional authorities or bodies benefiting from a Government guarantee.

Change in sovereign exposure to PIIGs 2014

Change in direct exposure⁽¹⁾

(€ '000s)	Dec 2013 Restated Nominal	Impairment	Maturities	Disposals	Acquisitions ⁽²⁾	Transfer ⁽³⁾	Dec. 2014 Nominal	Dec. 2013 Restated Balance Sheet Value	Dec. 2014 Balance Sheet Value
Greece	-	-	-	-	-	-	-	-	-
Ireland	2,000	-	-	-	-	-	2,000	2,234	2,184
Italy	104,813	-	(1,000)	-	-	(49,881)	53,932	109,782	63,000
Portugal	-	-	-	-	-	-	-	-	-
Spain	715,822	-	(10,000)	(310,300)	-	-	395,522	753,291	415,574
Total Financial assets available for sale	822,635	-	(11,000)	(310,300)	-	(49,881)	451,454	865,307	480,758
Greece	-	-	-	-	-	-	-	-	-
Ireland	-	-	-	-	-	-	-	-	-
Italy	1,161,618	-	(80,000)	-	-	-	1,081,618	1,195,490	1,107,291
Portugal	-	-	-	-	-	-	-	-	-
Spain	431,000	-	-	-	-	-	431,000	433,108	433,858
Total Financial assets held to maturity	1,592,618	-	(80,000)	-	-	-	1,512,618	1,628,598	1,541,149
Greece	-	-	-	-	-	-	-	-	-
Ireland	-	-	-	-	-	-	-	-	-
Italy	-	-	-	-	-	-	-	-	-
Portugal	-	-	-	-	-	-	-	-	-
Spain	-	-	-	-	-	-	-	-	-
Total loans and receivables	-	-	-	-	-	-	-	-	-
Greece	-	-	-	-	-	-	-	-	-
Ireland	-	-	-	-	-	-	-	-	-
Italy	1,514	-	-	-	-	(1,514)	-	1,512	-
Portugal	-	-	-	-	-	-	-	-	-
Spain	-	-	-	-	-	-	-	-	-
Total financial assets at fair value through profit and loss	1,514	-	-	-	-	(1,514)	-	1,512	-

(1) Direct exposure: net carrying amount (including impairment) of exposure on the Bank's own account, not including indirect exposure from guarantees provided to the Group's UCITS.

(2) Amount corresponding to the initial fair value of the securities acquired.

(3) Transfer of securities to non-sovereign exposure.

Identification based on the scope defined by the EBA, including local and regional authorities or bodies benefiting from a Government guarantee.

Focus on sovereign exposure to certain European Union countries

As the exposure of the Insurance sector is not material, it is not shown separately from the banking exposure portfolio.

Identification by category

(€ '000s)	Bank Portfolio*				Assets at fair value through p&l	Balance sheet total after impairment	Off-balance sheet	Balance sheet and off-balance sheet total
	Loans and receivables	Assets available for sale	Assets held to maturity	Total Bank Portfolio				
Greece	-	-	-	-	-	-	-	-
Ireland	-	2,184	-	2,184	-	2,184	-	2,184
Italy	-	63,000	1,107,291	1,170,291	-	1,170,291	-	1,170,291
Portugal	-	-	-	-	-	-	-	-
Spain	-	415,574	433,858	849,432	-	849,432	-	849,432
TOTAL	-	480,758	1,541,149	2,021,907	-	2,021,907	-	2,021,907

* The values shown are expressed according to the net book value on the balance sheet.

Breakdown of unrealised gains and losses recorded in reserves

(€ '000s)	Assets available for sale	Unrealised gains & losses recorded in reserves	Fair Value ranking
Greece	-	-	
Ireland	2,184	111	N1
Italy	63,000	8,845	N1
Portugal	-	-	
Spain	415,574	12,603	N1
TOTAL	480,758	21,559	

Impact of impairments

(€ '000s)	Balance sheet and off-balance sheet total	of which impairment	Total before impairments
Greece	-	-	-
Ireland	2,184	-	2,184
Italy	1,170,291	-	1,170,291
Portugal	-	-	-
Spain	849,432	-	849,432
TOTAL	2,021,907	-	2,021,907

Breakdown by maturity

(€ '000s)	Total Balance Sheet and Off-balance sheet	Years remaining						
		1	2	3	4	5	<=10	>=10
Greece	-	-	-	-	-	-	-	-
Ireland	2,184	-	2,184	-	-	-	-	-
Italy	1,170,291	596,692	185,918	-	276,690	70,276	26,308	14,407
Portugal	-	-	-	-	-	-	-	-
Spain	849,432	373,375	444,967	-	24,384	-	-	6,706
TOTAL	2,021,907	970,067	633,069	-	301,074	70,276	26,308	21,113

2.3 Non-sovereign exposure of several European Union countries

Non-sovereign exposure of several European Union countries in 2014

(€ '000s)	Bank	Corporate	Public administration	Securitisation	Total
Greece	-	-	-	-	-
Ireland	49,961	101,252	-	-	151,213
Italy	251,587	243,399	-	-	494,986
Portugal	-	-	-	-	-
Spain	1,049,695	96,589	-	-	1,146,284
Total financial assets available for sale	1,351,243	441,240	0	0	1,792,483
Greece	-	-	-	-	-
Ireland	-	-	-	-	-
Italy	-	-	-	-	-
Portugal	-	-	-	-	-
Spain	-	-	-	-	-
Total Financial assets held to maturity	0	0	0	0	0
Greece	-	-	-	-	-
Ireland	30,490	-	-	-	30,490
Italy	-	-	-	-	-
Portugal	-	-	-	-	-
Spain	-	-	-	-	-
Total loans and receivables	30,490	0	0	0	30,490
Greece	-	-	-	-	-
Ireland	-	35,117	-	-	35,117
Italy	583,951	180,713	-	-	764,664
Portugal	-	-	-	-	-
Spain	562,268	71,398	-	-	633,666
Total financial assets at fair value through profit and loss	1,146,219	287,228	0	0	1,433,447

Reminder of non-sovereign exposure of several European Union countries in 2013 Restated

(€ '000s)	Bank	Corporate	Public administration	Securitisation	Total
Greece	-	814	-	-	814
Ireland	104,416	77,785	-	-	182,201
Italy	106,842	217,012	-	-	323,854
Portugal	-	-	-	-	-
Spain	483,117	114,619	-	-	597,736
Total financial assets available for sale	694,375	410,230	0	0	1,104,605
Greece	-	-	-	-	-
Ireland	-	-	-	-	-
Italy	-	-	-	-	-
Portugal	-	-	-	-	-
Spain	-	-	-	-	-
Total financial assets held to maturity	0	0	0	0	0
Greece	-	-	-	-	-
Ireland	-	-	-	-	-
Italy	-	-	-	-	-
Portugal	-	-	-	-	-
Spain	-	-	-	-	-
Total loans and receivables	0	0	0	0	0
Greece	-	-	-	-	-
Ireland	-	-	-	-	-
Italy	343,056	52,029	-	-	395,085
Portugal	-	-	-	-	-
Spain	172,026	47,992	-	-	220,018
Total financial assets at fair value through profit and loss	515,082	100,021	0	0	615,103

NOTE 3 BALANCE SHEET NOTES

3.1 Cash and central banks

(€ '000s)	31.12.2014	31.12.2013 Restated
Cash	1,005,497	273,656
Central banks	944,152	1,296,328
CASH AND CENTRAL BANKS	1,949,649	1,569,984

3.2 Financial assets and liabilities at fair value through profit or loss

Assets and liabilities at fair value through profit and loss

(€ '000s)	31.12.2014			31.12.2013 Restated		
	Transaction	Fair value option	Total	Transaction	Fair value option	Total
Government paper and similar securities	782,728	0	782,728	104,912	0	104,912
Bonds and other fixed-income securities	8,548,876	0	8,548,876	5,097,025	0	5,097,025
Equities and other floating-rate securities	45,128	0	45,128	51,253	0	51,253
Financial assets at fair value through profit and loss	9,376,732	0	9,376,732	5,253,190	0	5,253,190
Debt represented by a security	0	4,552	4,552	0	5,761	5,761
Financial liabilities at fair value through profit and loss	0	4,552	4,552	0	5,761	5,761

Derivatives held for transaction purposes

(€ '000s)	31.12.2014		31.12.2013 Restated	
	Assets	Liabilities	Assets	Liabilities
Interest rate derivatives	279,336	281,896	117,972	73,432
Credit derivative instruments	-	3,266	-	-
Exchange rate derivatives	11,303	518	2,823	6,266
Other derivative instruments	6,325	41,767	6,969	32,362
TRADING DERIVATIVES AT FAIR VALUE THROUGH PROFIT AND LOSS	296,964	327,447	127,764	112,060

(€ '000s)	31.12.2014		31.12.2013 Restated	
	Assets	Liabilities	Assets	Liabilities
Total assets and liabilities at fair value through profit and loss	9,673,696	331,999	5,380,954	117,821

(€ '000s)	31.12.2014		31.12.2013 Restated	
	Positive fair value	Negative fair value	Positive fair value	Negative fair value
Conditional transactions	6,325	41,767	6,969	32,362
Interest rate options	6,325	41,767	6,969	32,362
Other derivatives	290,639	285,680	120,795	79,698
Exchange rate contract	11,303	518	2,823	6,266
Interest rate swaps	279,336	281,896	117,972	73,432
Credit derivatives	0	3,266	-	-
TOTAL	296,964	327,447	127,764	112,060

3.3 Hedging derivatives

Fair value hedging derivatives

(€ '000s)	31.12.2014		31.12.2013 Restated	
	Assets	Liabilities	Assets	Liabilities
Interest rate derivatives	1,358,548	432,195	128,963	371,550
FAIR VALUE HEDGING DERIVATIVES	1,358,548	432,195	128,963	371,550

(€ '000s)	Hedging derivatives		
	Notional amount	Positive fair value	Negative fair value
Rates cap	885,857	3,135	42
Interest rate swaps	32,025,491	1,355,413	432,153
TOTAL	32,911,348	1,358,548	432,195
Reminder Total 31 December 2013	19,387,758	128,963	371,550

Cash flow hedge derivatives

(€ '000s)	31.12.2014		31.12.2013 Restated	
	Assets	Liabilities	Assets	Liabilities
Interest rate derivatives	173,657	0	92,307	0
CASH FLOW HEDGE DERIVATIVES	173,657	0	92,307	0

(€ '000s)	Hedging derivatives		
	Notional amount	Positive fair value	Negative fair value
Interest rate swaps	700,000	77,195	
Futures on bonds	2,761,178	96,462	
TOTAL	3,461,178	173,657	
Reminder Total 31 December 2013	700,000	92,307	0

Total hedging derivatives (fair value and cash flow)

(€ '000s)	31.12.2014		31.12.2013 Restated	
	Assets	Liabilities	Assets	Liabilities
TOTAL HEDGING DERIVATIVES	1,532,205	432,195	221,270	371,550

3.4 Financial assets available for sale

(€ '000s)	31.12.2014	31.12.2013 Restated
Government paper and similar securities	2,212,602	2,085,503
Bonds and other fixed-income securities	9,427,020	9,404,675
Equities and other floating-rate securities	1,344,586	1,175,889
Non-consolidated equity investments	117,766	126,632
FINANCIAL ASSETS AVAILABLE FOR SALE	13,101,974	12,792,699
<i>Including net unrealised gains and losses on fixed-income securities recorded in reserves</i>	<i>101,808</i>	<i>78,033</i>
<i>Including net unrealised gains and losses on floating-rate securities recorded in reserves</i>	<i>58,562</i>	<i>52,197</i>

Details of non-consolidated equity investments

(€ '000s)	31.12.2014					31.12.2013 Restated
	Book value of securities	Related advances & receivables	Impairment	Net value	Interest held in %	Net value of securities
Crédit Logement	93,593	0	0	93,593	6%	97,598
AMLab ⁽²⁾	0	0	0	0		5,387
Mandarine Gestion	3,640	0	0	3,640	15%	0
Thiriet Gestion ⁽¹⁾	0	0	0	0		3,006
Ciloger	3,055	0	0	3,055	45%	3,055
Oséo	3,924	0	0	3,924	0.15%	3,924
Transactis	2,474	0	0	2,474	50%	2,474
Titres Cadeaux	2,200	0	0	2,200	50%	2,200
Europay	1,339	0	0	1,339	6%	1,339
XAnge Private Equity	1,237	0	0	1,237	90%	1,237
Vernier Roosevelt ⁽²⁾	0	0	0	0		1,134
Other	6,352	900	(948)	6,304		5,278
TOTAL EQUITY INVESTMENTS AND ADVANCES	117,814	900	(948)	117,766		126,632

(1) Thiriet Gestion securities are reclassified as current assets held for sale.

(2) The AMLab and Vernier Roosevelt companies were subject to a transfer of assets to La Banque Postale Asset Management.

Non-consolidated equity investments that are not listed on an active market and for which fair value cannot be assessed on a reliable basis are valued at cost. These investments amounted to €20,581 thousand as at 31 December 2014 against €22,513 thousand as at 31 December 2013.

3.5 Loans and receivables from financial institutions and similar

(€ '000s)	31.12.2014	31.12.2013 Restated
Current accounts in debit	188,180	135,567
Deposits and loans	79,488,425	78,571,747
Securities received under repo agreements	1,506,878	1,653,526
Subordinated and participating loans	190,251	190,673
Impairment	(4)	(3)
Accounts and loans – Credit institutions and similar	81,373,730	80,551,510
Securities equivalent to loans and receivables	1,940,916	2,342,335
Securities equivalent to loans and receivables	1,940,916	2,342,335
LOANS AND RECEIVABLES – CREDIT INSTITUTIONS AND SIMILAR	83,314,646	82,893,845

Securities equivalent to loans and receivables are fixed or determinable-rate non-derivative financial assets that are not traded on an active market. As at 31 December 2014, there were no longer any securities from the "Assets available for sale" category, reclassified as at 1 July 2008 under the October 2008 amendment to IAS 39, under "Loans and receivables to credit institutions".

The Livret A, Livret de Développement Durable and the Livret d'Épargne Populaire funds centralised in the Caisse des dépôts et Consignations and shown on the "Accounts and Loans" line amounted to €78,063 million as at 31 December 2014, compared with €76,568 million as at 31 December 2013.

3.6 Loans and receivables to customers

(€ '000s)	31.12.2014	31.12.2013 Restated
Current accounts in debit – Customers ⁽¹⁾	883,718	841,845
Factoring business	38,057	9,488
Short-term credit facilities	4,043,134	3,403,979
Home loans	53,630,672	49,984,437
Corporate loans	1,914,776	1,187,548
Loans to local authorities	3,596,600	2,185,078
Other customer loans	61,760	56,979
Securities received under repo agreements	1,747,817	349,938
Impairment	(379,940)	(309,861)
Loans and receivables – Customers	65,536,594	57,709,431
Capital lease transactions	952,699	561,643
Impairment	(1,738)	(624)
Capital lease transactions	950,961	561,019
Securities equivalent to loans and receivables	1,369,037	941,756
Impairment	0	0
Securities equivalent to loans and receivables	1,369,037	941,756
LOANS AND RECEIVABLES – CUSTOMERS	67,856,592	59,212,206

(1) Deferred card payments are presented with the current accounts in debit.

Securities equivalent to loans and receivables are fixed or determinable-rate non-derivative financial assets that are not traded on an active market. Following the reclassifications carried out on 1 July 2008

under the October 2008 amendment to IAS 39, securities from "Assets available for sale" now only represent €4.3 million.

Capital lease transactions

(€ '000s)	31.12.2014	31.12.2013 Restated
Amount of gross investments	1,060,846	649,378
Less than 1 year	126,788	76,163
Between 1 and 5 years	387,532	253,721
More than 5 years	546,526	319,494
Discounted value of minimum payments receivable	903,397	547,604
Less than 1 year	124,186	75,478
Between 1 and 5 years	352,382	233,319
More than 5 years	426,829	238,807
Unearned financial income	152,825	99,291
Unguaranteed residual values accruing to the lessor	4,624	2,483

3.7 Impairment of assets

(€ '000s)	31.12.2013 Restated	Provisions	Reversals	Accretion	Other ⁽¹⁾	31.12.2014
Loans and receivables – Customers	(310,488)	(335,289)	271,605	8,129	(15,639)	(381,682)
<i>of which collective provisions</i>	<i>(84,008)</i>	<i>(64,472)</i>	<i>56,260</i>	<i>1,256</i>	<i>61,201</i>	<i>(29,763)</i>
Assets available for sale	(11,444)	(1,753)	1,649	0	(31)	(11,579)
<i>of which equity investments</i>	<i>(719)</i>	<i>(229)</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>(948)</i>
Financial assets held to maturity	0	0	0	0	0	0
Other impairment charges ⁽²⁾	(15,812)	(7,115)	6,080	0	(148)	(16,995)
Impairment of assets	(337,744)	(344,157)	279,334	8,129	(15,818)	(410,256)

(1) The "Other" column corresponds to SOFIAP's inclusion within the scope of consolidation for (-€15.7 million), and reclassifications of consumer credit impairment from "Collective impairments" to "Individual impairments" for €61 million.

(2) Other impairments include mainly impairments on doubtful insurance premiums.

3.8 Financial assets held to maturity

(€ '000s)	31.12.2014	31.12.2013 Restated
Government paper and similar securities	25,921,061	28,888,877
Bonds and other fixed-income securities	2,375,453	3,377,005
FINANCIAL ASSETS HELD TO MATURITY	28,296,514	32,265,882

3.9 Current and deferred tax assets and liabilities

(€ '000s)	31.12.2014	31.12.2013 Restated
Deferred tax assets	193,786	112,693
Other tax receivables	200,596	138,972
Tax assets	394,382	251,665
Deferred tax liabilities	129,863	100,368
Other tax payables	30,744	15,375
Tax liabilities	160,607	115,743

Deferred tax assets primarily involve the home loan savings provision, temporary differences on swap provisions and on the spreading of loan commissions at the EIR.

Deferred taxes unwinding in 2014 are recorded at a 38% rate and those unwinding in 2015 are recorded at a 34.43% rate.

Tax assets are restricted to the capacity of each tax entity to recover them in the near future; deferred tax assets on unrecognised tax losses stand at €42.5 million.

Breakdown of deferred taxes by type

(€ '000s)	31.12.2013 Restated	Net profit	Equity	Other	Changes in scope	31.12.2014
Provisions for home savings plan	106,246	45,348		(58)		151,536
Retirement provisions	4,340	1,598				5,938
Other non-deductible provisions	12,915	20,902		9,583	7,765	51,165
Other sources of timing differences	(27,319)	96,054		(7,189)		61,546
Deferred taxes arising from timing differences	96,182	163,902	0	2,336	7,765	270,185
Fair value of financial instruments and actuarial differences	(83,857)	(80,105)	(42,300)			(206,262)
Deferred taxes relating to IFRS guidelines valuation methods	(83,857)	(80,105)	(42,300)	0	0	(206,262)
NET DEFERRED TAX	12,325	83,797	(42,300)	2,336	7,765	63,923

3.10 Accruals & and other assets

(€ '000s)	31.12.2014	31.12.2013 Restated
Prepaid expenses and income receivable	247,848	313,087
Collection accounts	5,582	93,105
Other accruals	593,167	1,053,357
Accruals	846,597	1,459,549
Sundry debtors	1,114,170	1,051,892
Securities transaction settlement accounts	2,838	10,231
Impairment	(16,995)	(15,812)
Sundry assets	1,100,014	1,046,311
Reinsurance companies' share of underwriting reserves	3,234	2,611
Other insurance assets	337,533	245,242
Other insurance assets and reinsurance companies' share of underwriting reserves	340,767	247,853
ACCRUALS AND OTHER ASSETS	2,287,378	2,753,713

3.11 Investments in associates

(€ '000s)	31.12.2014		31.12.2013 Restated	
	Valuation of associates consolidated using the equity method	Of which profit	Valuation of associates consolidated using the equity method	Of which profit
Groupe CNP Assurances	2,836,602	198,980	2,528,838	199,549
INVESTMENTS IN ASSOCIATES	2,836,602	198,980	2,528,838	199,549

The data published by the CNP Assurances Group show a balance sheet total of €395,401 million, revenues of €30,536 million and a net profit, Group share of €1,080 million as at 31 December 2014. The market value of CNP Assurances was €10,110 million as at

31 December 2014. Lastly, the MCEV (Market Consistent Embedded Value) calculated and published by CNP remains markedly higher than its value in the Group's financial statements, as accounted for via the equity method.

3.12 Tangible and intangible assets

(€ '000s)	31.12.2014			31.12.2013 Restated		
	Gross amount	Depreciation, amortisation & impairment	Net amount	Gross amount	Depreciation, amortisation & impairment	Net amount
Software and IT development costs	944,084	(705,607)	238,477	845,139	(607,938)	237,201
Intangible assets in progress	66,077	0	66,077	42,491	0	42,491
Other intangible assets	260,508	(41,640)	218,868	257,206	(20,526)	236,680
Intangible assets	1,270,669	(747,247)	523,422	1,144,836	(628,464)	516,372
Land	170,158	(108)	170,050	97,869	(113)	97,756
Buildings	516,403	(175,449)	340,954	568,630	(145,921)	422,709
Plant, equipment and tools	106,354	(63,746)	42,608	96,916	(29,029)	67,887
IT hardware	4,866	(4,009)	857	3,393	(3,046)	347
Property, plant and equipment in progress	6,932	0	6,932	4,804	0	4,804
Other property, plant and equipment	525,980	(395,849)	130,131	506,670	(387,801)	118,869
Property, plant and equipment	1,330,693	(639,161)	691,532	1,278,282	(565,910)	712,372
TOTAL INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT	2,601,362	(1,386,408)	1,214,954	2,423,118	(1,194,374)	1,228,744

3.13 Goodwill

Movements during the period

(€ '000s)	31.12.2014	31.12.2013 Restated
Net value as at 1 January	146,608	146,608
Goodwill arising on investments	-	-
Disposals	-	-
Impairments during the period	-	-
Other movements	-	-
Net value as at 31 December 2014	146,608	146,608

Breakdown of goodwill

(€ '000s)	31.12.2014	31.12.2013 Restated
Tocqueville Finance Group	27,498	27,498
La Banque Postale Asset Management	24,810	24,810
La Banque Postale Prévoyance	94,300	94,300
Easybourse	4,722	4,722
Total goodwill (gross)	151,330	151,330
Impairment of goodwill	(4,722)	(4,722)
TOTAL GOODWILL (NET)	146,608	146,608

3.14 Payables – Credit institutions and similar

(€ '000s)	31.12.2014	31.12.2013 Restated
Current accounts in credit	262,130	81,834
Accounts and loans	1,527,341	2,567,135
Securities assigned under repo agreements	13,342,830	12,079,850
Other amounts payable	24,423	28,631
PAYABLES – CREDIT INSTITUTIONS AND SIMILAR	15,156,724	14,757,450

3.15 Payables – Customers

(€ '000s)	31.12.2014	31.12.2013 Restated
Livret A accounts	62,696,312	64,314,403
Home loan savings schemes and accounts	28,211,226	26,986,467
Other special accounts	22,066,774	22,565,595
Special scheme savings accounts	112,974,312	113,866,465
Current accounts in credit – Customers	50,400,415	47,672,485
Securities loaned	3,034,704	4,008,066
Accounts in credit	722,111	847,801
Customer financial borrowings	216,422	259,927
Other amounts payable	562,753	230,907
Payables – Customers	54,936,405	53,019,186
CUSTOMER TRANSACTIONS	167,910,717	166,885,651

3.16 Debt represented by a security

(€ '000s)	31.12.2014	31.12.2013 Restated
Certificates of deposit and treasury notes	5,769,909	2,763,419
Bond borrowings*	3,620,281	1,536,390
Other debt represented by a security	388	615
SPECIAL SCHEME SAVINGS ACCOUNTS	9,390,578	4,300,424

* Including €2,230 million of covered bonds issued by La Banque Postale Home Loan SFH compared to €1,118 million as at 31 December 2014.

3.17 Accruals and other liabilities

(€ '000s)	31.12.2014	31.12.2013 Restated
Expenses payable & Advances	373,646	356,827
Other accruals	1,289,535	1,261,797
Accruals	1,663,181	1,618,624
Securities-related payables	519,779	439,762
Conditional instruments sold	8	0
Guarantee deposits received	1,591,446	477,560
Sundry payables	958,336	1,031,152
Securities transaction settlement accounts	8,916	10,572
Sundry liabilities	3,078,485	1,959,046
Other insurance liabilities	157,759	111,571
Other insurance liabilities	157,759	111,571
ACCRUALS AND OTHER LIABILITIES	4,899,425	3,689,241

3.18 Underwriting reserves of insurance companies

(€ '000s)	31.12.2014	31.12.2013 Restated
Life insurance technical reserves	697,027	636,130
Non-life insurance technical reserves	371,888	455,896
Equalisation reserves	14,033	63,185
Other provisions	591,284	281,850
TECHNICAL RESERVES	1,674,232	1,437,061

(€ '000s)	31.12.2014	31.12.2013 Restated
Deferred participating liabilities in profits	113,194	56,457
SHADOW ACCOUNTING	113,194	56,457

These are reserves built up by La Banque Postale Prévoyance.

The provision for deferred profit-sharing arises from the application of "shadow accounting": it represents the share of policy-holders, life insurance subsidiaries, in unrealised gains and losses and impairment

charged on assets, when the remuneration of contracts is tied to their returns.

3.19 Provisions

(€ '000s)	31.12.2013 Restated	Provisions	Reversals	Unused reversals	Other	31.12.2014
Provisions for employee benefits	13,087	1,837	(27)	0	2,120	17,017
Provisions for risks on Home Loan Savings	308,608	131,883	0	0	0	440,491
Provisions for employee litigation and expenses	6,577	4,870	(4,094)	(203)	2	7,152
Provisions for signed commitments*	119,112	0	(75,409)	(8,071)	0	35,632
Other provisions	230,735	77,160	(9,096)	(14,814)	872	284,857
PROVISIONS	678,119	215,750	(88,626)	(23,088)	2,994	785,149

* This provision records the guarantee granted to Group funds with a capital guarantee at maturity and which were affected by the restructuring of the Greek debt. An initial fund matured in January 2014 with no impact on net profit. The second matured on 16 January 2015, with no impact on the Group's financial statements.

Home savings information (in millions of euros)

Generations	Provision 2013	Deposits collected	Loans granted in respect of PEL and CEL accounts	Provision 2014	Net movements
More than 10 years	96	5,809		93	(3)
4 to 10 years	100	7,714		110	10
Less than 4 years	39	9,531		203	164
Total Home Loan Savings Plan	235	23,054	118	406	171
Total Home Loan Savings account	73	5,157	735	34	(39)
TOTAL	308	28,211	853	440	132

3.20 Subordinated debt

(€ '000s)	31.12.2014	31.12.2013 Restated
Subordinated debt ⁽¹⁾	2,458,098	1,629,315
TOTAL	2,458,098	1,629,315

(€ '000s)	Date of issue	Maturity date	Rate	Currency of origin	31.12.2014
Long-term subordinated debt ⁽²⁾	31.12.2010	31.12.2020	4.375%	EUR	750,000
Long-term subordinated debt ⁽³⁾	23.04.2014	23.04.2026	2.750%	EUR	750,000
Perpetual subordinated debt ⁽⁴⁾	13.12.2013		8.000%	EUR	800,000
TOTAL					2,300,000

(1) Carrying amount including hedging effect and accrued interest.

(2) The issue includes a mechanism for conversion to senior debt with a 30 basis point reduction in the coupon in the event that the instrument is disqualified by the regulatory authorities.

(3) See Highlights over the period.

(4) Issue of perpetual debt convertible into shares and repayable in the event of tax, accounting or regulatory change or of changes on the first call date. This debt is admitted by regulation in core equity capital (Tier 1). Coupons are payable annually.

3.21 Breakdown of balance sheet items by residual maturity

Introduction: The note on liquidity risk is contained in the Risk Management section of the Registration Document.

The disclosures required by IFRS 7 included in this section – and which are an integral part of the notes to the consolidated financial statement – have been approved by the Statutory Auditors.

La Banque Postale's structural liquidity gap complies with its one, three and five-year limits (see Registration Document, Chapter 5, "Financial management risks", "Liquidity risk exposure"), reflecting excess liquidity of €14 billion, €11.8 billion and €9 billion respectively.

The ratio of financial liabilities to total liabilities was 11.97% as at the end of 2014 (versus 11.88% at end 2013).

Almost 75% of these financial liabilities mature in less than one year (issue of certificates of deposit, repurchase agreements and unsecured borrowing) and are covered by a larger liquidity reserve (€24.6 billion based on the one-year structural liquidity gap) arising in particular from the high-quality financial assets portfolio mentioned above.

The financial commitments (€18 billion) mainly have an overnight drawdown date. However, the cash facilities (€8.3 billion) may be revoked by the bank at any time provided that the notification requirements are fulfilled (see Note 5 "Off-balance sheet at 31 December 2014").

Regarding transactions with the Banque de France, La Banque Postale deposits funds with the Banque De France in order to build mandatory reserves, and marginally, its short-term excess liquidity (€0.9 billion as at 31 December 2014, corresponding to the reserve requirement, see 3.1 Cash and central banks), while it gathers the regulatory minimum enabling the market settlement systems to operate via the 3G pool.

The tables below show the maturity of the Group's financial assets and liabilities according to their contractual maturity date.

Fixed-income securities, loans and debt are broken down according to their contractual maturity date.

Investment securities and UCITs have been entered in the "Undetermined" column.

Overnight receivables and debt are shown in the "Less than three months" column.

The amounts presented in this schedule correspond to those on the balance sheet (including the effects of discounting).

Balance sheet items by remaining periods to maturity as at 31 December 2014

(€ '000s)	Less than 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Indefinite	Total
ASSETS						
Cash and central banks	1,949,649	0	0	0	0	1,949,649
Financial held-for-trading assets	3,721,759	5,614,092	130,843	207,002	0	9,673,696
Financial assets at fair value through profit and loss	0	0	0	0	0	0
Hedging derivatives – Assets	4,236	11,784	82,609	1,433,576	0	1,532,205
Financial assets available for sale	272,498	1,953,809	7,597,776	2,141,460	1,136,431	13,101,974
Loans and receivables – Credit institutions	79,680,759	450,706	2,275,722	907,459	0	83,314,646
Loans and receivables – Customers	4,821,576	4,737,991	19,550,395	38,746,630	0	67,856,592
Revaluation differences on interest rate risk hedged portfolios – Assets	247	3,432	137,904	89,713	0	231,296
Financial assets held to maturity	919,423	3,211,994	10,384,073	13,781,024	0	28,296,514
TOTAL	91,370,147	15,983,808	40,159,322	57,306,864	1,136,431	
LIABILITIES						
Central banks	0	0	0	0	0	0
Financial held-for-trading liabilities	1,523	29,846	68,373	227,705	0	327,447
Financial liabilities at fair value on option	0	0	4,552	0	0	4,552
Hedging derivatives – Liabilities	3,671	13,175	261,559	153,790	0	432,195
Payables – Credit institutions	11,026,846	2,963,278	964,654	201,945	0	15,156,723
Payables – Customers	156,531,000	1,996,583	8,320,184	1,062,950	0	167,910,717
Debt represented by a security	3,711,030	2,333,066	872,264	2,474,218	0	9,390,578
Subordinated debt	0	0	0	1,658,098	800,000	2,458,098
Revaluation differences on interest rate risk hedged portfolios – Liabilities	4	7,657	5,198	906,097	0	918,956
TOTAL	171,274,074	7,343,605	10,496,784	6,684,803	800,000	

Balance sheet items restated by remaining periods to maturity as at 31 December 2013

(€ '000s)	Less than 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Indefinite	Total
ASSETS						
Cash and central banks	1,569,984	0	0	0	0	1,569,984
Financial held-for-trading assets	1,969,261	3,176,908	199,746	35,038	0	5,380,953
Financial assets at fair value through profit and loss	0	0	0	0	0	0
Hedging derivatives – Assets	1,492	775	120,946	98,057	0	221,270
Financial assets available for sale	65,698	1,273,991	8,048,884	2,322,931	1,081,195	12,792,699
Loans and receivables – Credit institutions	77,656,496	1,351,759	3,298,544	587,046	0	82,893,845
Loans and receivables – Customers	3,026,527	4,394,530	16,518,808	35,272,341	0	59,212,206
Revaluation differences on interest rate risk hedged portfolios – Assets	97	3,346	55,267	71,647	0	130,357
Financial assets held to maturity	613,927	3,353,890	11,818,336	16,479,729	0	32,265,882
TOTAL	84,903,482	13,555,199	40,060,531	54,866,789	1,081,195	
LIABILITIES						
Central banks	0	0	0	0	0	0
Financial held-for-trading liabilities	4,797	10,300	68,692	28,271	0	112,060
Financial liabilities at fair value on option	5,530	131	100	0	0	5,761
Hedging derivatives – Liabilities	1,187	26,855	222,961	120,547	0	371,550
Payables – Credit institutions	8,100,003	4,204,460	2,084,481	368,505	0	14,757,449
Payables – Customers	157,202,468	668,403	4,219,928	4,794,852	0	166,885,651
Debt represented by a security	2,193,718	806,097	150,000	1,150,609	0	4,300,424
Subordinated debt	0	0	0	829,315	800,000	1,629,315
Revaluation differences on interest rate risk hedged portfolios – Liabilities	6,263	0	0	2,373	0	8,636
TOTAL	167,513,966	5,716,246	6,746,162	7,294,472	800,000	

NOTE 4 NOTES TO THE PROFIT AND LOSS STATEMENT

4.1 Interest income and expense, and similar items

(€ '000s)	31.12.2014		31.12.2013 Restated	
	Income	Expenses	Income	Expenses
Interest and similar income on cash and inter-bank transactions	1,668,032	(22,135)	2,037,032	(34,973)
Interest and similar income on customer transactions	2,202,987	(1,816,026)	2,095,927	(2,088,326)
Interest on hedged transactions	210,713	(111,150)	148,683	(175,573)
Interest on assets available for sale and held to maturity	1,163,176	0	1,375,013	0
Interest on debt represented by a security	0	(105,652)	0	(50,752)
Interest income and expense	5,244,908	(2,054,963)	5,656,655	(2,349,624)
NET INTEREST INCOME AND EXPENSE	3,189,945		3,307,031	

Interest income received in respect of the centralisation of the Livret A, LDD and LEP funds amounted to €1,564 million as at 31 December 2014, compared with €1,895 million as at 31 December 2013.

Includes a reclassification in 2013 of cash payments of swaps for €32 million of interest on hedging transactions to net gains or losses on assets available for sale.

4.2 Commissions

(€ '000s)	31.12.2014		31.12.2013 Restated	
	Income	Expenses	Income	Expenses
Commissions on cash and inter-bank transactions	21,749	(2,856)	18,777	(2,066)
Commissions on customer transactions	1,474,482	(57,121)	1,364,691	(54,700)
Commissions on financial services supplied	532,055	(155,653)	520,871	(161,216)
Commissions on securities transactions	252,891	(16,820)	242,080	(3,084)
Commissions on insurance services supplied	83,432	(47,176)	68,228	(28,294)
Commissions on financial instruments	0	(576)	0	(168)
Other commissions	33,634	(12)	28,369	(75)
Commission income and expenses	2,398,243	(280,214)	2,243,016	(249,603)
NET COMMISSIONS	2,118,029		1,993,413	

4.3 Net gains and losses on financial instruments at fair value through profit and loss

(€ '000s)	31.12.2014	31.12.2013 Restated
Net income from financial instrument held for trading (excluding derivatives)	50,426	36,313
Net income from trading derivatives	(29,850)	(2,761)
Net income from the revaluation of hedged items and hedge derivatives	474	(12,420)
Income from financial assets designated at fair value through profit and loss	(628)	5,352
Net income from financial liabilities designated at fair value through profit and loss	(1,006)	(376)
NET GAINS AND LOSSES ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS	19,416	26,108

4.4 Net gains and losses on assets available for sale

(€ '000s)	31.12.2014	31.12.2013 Restated
Gains on disposals of fixed-income securities	262,484	161,486
Losses on disposals of fixed-income securities	(160,313)	(102,821)
Dividends and similar income	68,971	55,657
Gains on disposals of floating-rate securities	9,162	6,983
Losses on disposals of floating-rate securities and loss of value	(11,379)	(4,612)
Net gains and losses on disposals of loans and receivables	(2)	425
NET GAINS AND LOSSES ON ASSETS AVAILABLE FOR SALE	168,923	117,118

Includes a reclassification in 2013 of cash payments of swaps for €32 million of interest on hedging transactions to net gains or losses on assets available for sale.

4.5 Income and expenses from other activities

(€ '000s)	31.12.2014		31.12.2013 Restated	
	Income	Expenses	Income	Expenses
Income paid-out, re-invoiced expenses and transfers of expenses	26,916	0	31,822	0
Other sundry operating income and expenses	167,012	(216,322)	62,754	(120,558)
Insurance income and expense	711,796	(490,059)	584,124	(413,949)
Provisions and other operating expenses	17,503	(39,848)	15,257	(29,586)
Income and expenses from other activities	923,227	(746,229)	693,957	(564,093)
NET INCOME AND EXPENSE FROM OTHER ACTIVITIES	176,998		129,864	

4.6 General operating expenses

(€ '000s)	31.12.2014	31.12.2013 Restated
Employee benefits expense	(435,532)	(386,118)
Taxes and duties	(104,171)	(207,006)
External services	(3,770,742)	(3,765,351)
Other expenses	(156,383)	(150,950)
Other general operating expenses	(4,031,296)	(4,123,307)
GENERAL OPERATING EXPENSES	(4,466,828)	(4,509,425)

4.7 Cost of risk

(€ '000s)	31.12.2014	31.12.2013 Restated
Impairments on customer accounts	(338,104)	(517,788)
Reversals of impairment on customer accounts	271,620	467,598
Losses on unrecoverable impaired receivables	(155,626)	(83,778)
Losses on un-provisioned unrecoverable receivables	(28,221)	(26,296)
Recovery of amortised receivables	5,619	5,388
Impairment on past-due financial assets	0	0
Reversals of impairment on past-due financial assets	0	0
Provisions to/reversals from other impairments	81,702	488
COST OF RISK	(163,010)	(154,388)

4.8 Gains and losses on other assets

(€ '000s)	31.12.2014	31.12.2013 Restated
Capital gains or losses on sale of intangible & tangible assets	(620)	1,521
Capital gains or losses on sale of consolidated equity investments	0	0
GAINS AND LOSSES ON OTHER ASSETS	(620)	1,521

4.9 Change in value of goodwill

(€ '000s)	31.12.2014	31.12.2013 Restated
CNP		8,107
BPE	263	
GOODWILL	263	8,107

4.10 Income tax and deferred taxes

(€ '000s)	31.12.2014	31.12.2013 Restated
Current tax	(418,371)	(332,974)
Deferred tax	83,797	2,644
TAXES	(334,574)	(330,330)

Deferred taxes are recorded at the rate of 38% for temporary differences settled in 2015. The rate is 34.43% for temporary differences settled subsequently.

Breakdown of the tax charge

(€ '000s)	31.12.2014		31.12.2013 Restated	
Net profit, Group share	677,186		575,571	
Non-controlling interests	24,761		20,152	
Share of income from equity associates	(198,980)		(199,549)	
Goodwill	(263)		(8,107)	
Income tax expense	334,574		(330,330)	
Accounting result before tax	837,278	38.00%	718,397	38.00%
Theoretical tax charge	(318,166)		(272,991)	
Impact of permanent timing differences	(18,238)	2.18%	(57,763)	8.04%
Impact of tax rates	10,235	-1.22%	5,625	-0.78%
Impact of dividend taxation	(3,873)	0.46%	(2,037)	0.28%
Other impacts	(4,532)	0.54%	(3,164)	0.44%
RECOGNISED TAX CHARGE	(334,574)	39.96%	(330,329)	45.98%

NOTE 5 COMMITMENTS GIVEN AND RECEIVED

Contractual value of commitments given and received:

(€ '000s)	31.12.2014	31.12.2013 Restated
FINANCING COMMITMENTS		
To credit institutions and similar	200,302	304,659
To customers	17,747,456	20,196,611
Total financing commitments given	17,947,758	20,501,270
From credit institutions and similar	2,551,647	3,316,501
From customers	740,035	970,001
Total financing commitments received	3,291,682	4,286,502
GUARANTEES		
To of credit institutions and similar	369,669	412,168
To customers*	3,065,976	3,277,865
Total guarantees given	3,435,645	3,690,033
From credit institutions and similar	29,351,940	29,516,173
From customers	8,687,215	8,542,797
Total guarantees received	38,039,155	38,058,970
COMMITMENTS ON SECURITIES		
Deliverable securities	1,039,830	2,074,800
Total commitments given on securities	1,039,830	2,074,800
Securities receivable	108,442	236,029
Total commitments received on securities	108,442	236,029
OTHER COMMITMENTS		
Other commitments given	6,658,677	5,029,107
Total other commitments given	6,658,677	5,029,107

* Includes capital guarantees and performance guarantees given to holders of UCITS units issued by Group entities.

Crédit Logement commitment

La Banque Postale has committed to maintain Crédit Logement's basic equity capital at a level equivalent to their holding in the company, i.e. 6%, so that the company can maintain its solvency ratio. La Banque Postale has agreed to replenish Crédit Logement's mutual guarantee fund if required, which underwrites borrower defaults on

loans secured by the company. This commitment, which is equivalent to the portion of amounts outstanding granted by La Banque Postale, amounted to €369 million as at 31 December 2014, compared to €412 million as at 31 December 2013.

Fair value of assets received as guarantee and which are available to the Group

The fair value of securities acquired under repo agreements stood at €3,255 million as at 31 December 2014.

Margin calls on repo securities and derivatives amounted to €1.7 billion as at 31 December 2014.

Other commitments given

Mainly the amount of shares pledged for the benefit of the European Central Bank as part of the financing commitment received from the latter (financing 3G). This guarantee commitment given is recorded at the market value of pledged securities before taking into account different haircuts for securities and receivables into account. The commitment given (€2,437 million) is in return for a financing

commitment received (€2,301 million) from the Banque de France (3G funding).

As of 2013, other commitments also include €3,995 million in home loans pledged to cover the bond issues launched by the Group's home loans company (La Banque Postale Home Loan SFH).

Other commitments

La Banque Postale received a project refinancing commitment (colleges, hospital, optical fibre) from the EIB for a total amount of €300 million.

La Banque Postale granted LBP Home Loan SFH an Uncommitted Facility Agreement for an amount of €1.1 billion.

NOTE 6 FAIR VALUE OF BALANCE SHEET ITEMS

6.1 Fair value of balance sheet items recognised at amortised cost

The table below shows the fair value of balance sheet items recognised at amortised cost.

(€ '000s)	31.12.2014		31.12.2013 Restated	
	Carrying amount	Fair value	Carrying amount	Fair value
ASSETS				
Loans and receivables – Credit institutions	83,314,646	83,563,873	82,893,845	83,102,114
Loans and receivables – Customers	67,856,592	71,508,473	59,212,206	61,640,876
Financial assets held to maturity	28,296,514	31,875,644	32,265,882	34,591,517
LIABILITIES				
Payables – Credit institutions	15,156,724	15,735,275	14,757,450	14,840,476
Payables – Customers	167,910,717	171,152,035	166,885,651	166,905,122
Debt represented by a security	9,390,578	8,968,069	4,300,424	4,307,334
Subordinated debt	2,458,098	2,601,363	1,629,315	1,677,450

Fair value of loans

The scope selected includes all loans drawn on La Banque Postale and shown on its balance sheet. Loans that are granted but not yet drawn down are not taken into account: the assumption is that since their rates were recently set, their value should not diverge from the nominal amount loaned.

The main assumptions underlying the determination of fair value are as follows for the loans marketed by the Bank:

- ▶ the fair value of overnight overdrafts is presumed to correspond to the book value due to their short duration (the customer is required to return the account to credit within one month);
- ▶ the fair value of loans is determined on the basis of internal models, which consist in discounting future recoverable capital

and interest flows over the residual maturity, which are discounted based on the rate of internal disposals.

Fair value of deposits

The main underlying assumptions for the calculation are as follows:

- ▶ for deposits where the remuneration rate is regulated, Livret B accounts, savings accounts for young people, national savings accounts and term deposits, fair value is assumed to be the carrying amount of the amount outstanding;
- ▶ the fair value of overnight deposits is assumed to correspond to the net book value of the amount outstanding, net of the fair cost value of the swaps used to hedge overnight deposits (via the carve-out option).

Held or issued debt instruments

The fair value of listed financial instruments corresponds to the closing price. The fair value of unlisted financial instruments is determined by discounting future cash flows at current year-end market rates.

All these instruments are considered Level 2, the most significant parameters in terms of the market value of these instruments are considered as being indirectly observable.

6.2 Ranking of the financial assets and liabilities recognised on the balance sheet by fair value

Financial instruments are presented in Note 6.2 over three levels in descending order of observability of values and parameters used for their valuation:

- ▶ level 1: Instruments valued using quoted prices (non-adjusted) in active markets for identical assets or liabilities.

These include listed shares and derivatives on organised markets (futures, options, etc.);

- ▶ level 2: Instruments valued using inputs other than quoted prices included in Level 1 that are observable for the asset or liability concerned, either directly (*i.e.* prices) or indirectly (*i.e.* derived from prices).

These are instruments measured employing valuation techniques that use observable parameters and standard models or instruments that are valued based on similar instruments listed on an active market. This classification concerns interest-rate swaps, caps, floors, etc;

- ▶ level 3: Instruments valued using data that are not based on observable market data (non-observable data).

This category mainly includes unlisted investment securities.

The market value of unlisted equity securities classified as available for sale is determined by reference to criteria such as net assets, profitability outlook and discounting of future cash flows. Non-consolidated equity investments whose fair value cannot be assessed on a reliable basis are valued at cost.

The price quoted for an asset held or a liability to be issued is usually the bid price, and it is the offer price for a liability held or an asset to be acquired.

Financial assets

	31.12.2014			31.12.2013 Restated		
	Value determined using listed prices on an active market (Level 1)	Valuation technique using observable data (Level 2)	Valuation technique using non-observable data (Level 3)	Value determined using listed prices on an active market (Level 1)	Valuation technique using observable data (Level 2)	Valuation technique using non-observable data (Level 3)
(€ '000s)						
Government paper and similar securities	782,728	0	0	104,912	0	0
Bonds and other fixed-income securities	2,803,328	5,745,548	0	1,719,006	3,378,019	0
Equities and other floating-rate securities	45,128	0	0	51,253	0	0
Financial assets at fair value through profit and loss	3,631,184	5,745,548	0	1,875,171	3,378,019	0
Equities and other floating-rate securities	0	0	0	0	0	0
Financial assets designated at fair value through profit and loss	0	0	0	0	0	0
Interest rate derivatives	0	279,336	0	0	117,972	0
Exchange rate derivatives	0	11,303	0	0	2,823	0
Equity and equity-index derivatives	0	6,325	0	0	6,969	0
Transaction derivatives	0	296,964	0	0	127,764	0
Interest rate derivatives	0	1,358,548	0	0	128,963	0
Fair value hedging derivatives	0	1,358,548	0	0	128,963	0
Interest rate derivatives	96,462	77,195	0	0	92,307	0
Cash flow hedge derivatives	96,462	77,195	0	0	92,307	0
Government paper and similar securities	2,176,801	35,801	0	2,049,446	36,057	0
Bonds and other fixed-income securities	8,765,582	661,438	0	9,283,448	121,227	0
Equities and other floating-rate securities	963,072	265,042	116,472	1,175,889	0	0
Non-consolidated equity investments	0	0	117,766	(0)	0	126,632
Financial assets available for sale	11,905,455	962,281	234,238	12,508,783	157,284	126,632

Transfers from Level 1 to Level 2: €439.7 million (after the streamlining of the fair value ranking procedure), €40.2 million (switch to Mark-to-Model of a fixed-income security), €11.8 million (3 securities whose prices are no longer representative of the price quoted on an active market).

Transfers from Level 1 to Level 3: €104.4 million (after the streamlining procedure on the fair value ranking).

Transfers from Level 2 to Level 1: €6.9 million (switch to Mark-to-Market of a fixed-income security).

Financial liabilities

	31.12.2014			31.12.2013 Restated		
	Value determined using listed prices on an active market (Level 1)	Valuation technique using observable data (Level 2)	Valuation technique using non-observable data (Level 3)	Value determined using listed prices on an active market (Level 1)	Valuation technique using observable data (Level 2)	Valuation technique using non-observable data (Level 3)
(€ '000s)						
Debt represented by a security	0	4,552	0	0	5,761	0
Financial liabilities designated at fair value through profit and loss	0	4,552	0	0	5,761	0
Interest rate derivatives	0	281,896	0	0	73,432	0
Exchange rate derivatives	0	518	0	0	6,266	0
Other derivative instruments	0	23,423	0	0	20,373	0
Credit derivatives	0	3,266	0	0	0	0
Equity and equity-index derivatives	0	18,344	0	0	11,989	0
Transaction derivatives	0	327,447	0	0	112,060	0
Financial liabilities at fair value through profit and loss	0	331,999	0	0	117,821	0
Interest rate derivatives	0	432,195	0	0	371,549	0
Fair value hedging derivatives	0	432,195	0	0	371,549	0

Transfers from Level 1 to Level 2: none
Transfers from Level 2 to Level 1: none

Fair value measurements pertaining to Level 3: reconciliation of opening and closing balances

	31.12.2014					
	Financial assets at fair value through profit and loss	Financial assets designated at fair value through profit and loss	Transaction derivatives	Hedging derivatives	Financial assets available for sale	Total
(€ '000s)						
OPENING					126,632	126,632
Total gains and losses recorded in profit and loss					(1,963)	(1,963)
Total gains and losses recorded in equity					1,201	1,201
Purchases					30,030	30,030
Sales					(11,175)	(11,175)
Issues					0	0
Repayments					0	0
Transfer to or outside Level 3					94,688	94,688
Transfer within Level 3					0	0
Other movements					(5,175)	(5,175)
CLOSING					234,238	234,238

Financial assets available for sale measured at fair value pertaining to Level 3 are non-consolidated equity investments that do not have a market price and are valued at cost, as well as variable-income securities (primarily venture capital funds (FCPR) and innovation funds (FCPI)).

Fair value measurements pertaining to Level 3: profits and losses for the period recognised in income

None

NOTE 7 RECLASSIFICATION OF FINANCIAL ASSETS

The Group took the opportunity to reclassify certain financial assets available for sale in the "loans and receivables" category made available by the 13 October 2008 amendment to IAS 39 and IFRS 7. The transfer of a portion of the securities held in the assets available for sale portfolio that no longer displayed the expected liquidity to the Loans and receivables portfolio enables the perception of the way the Bank allocates its resources in the financial statements to be improved.

These reclassifications were carried out at fair value on 1 July 2008.

No reclassifications were made in the financial years 2014 and 2013.

Reclassifications amounted to €4.3 million compared with €5.2 million as at 31 December 2013.

The fair value of these securities stood at €4.2 million and interest recorded during the financial year was €19,000, compared with €4.2 million and €4,000 respectively on 31 December 2013.

NOTE 8 OFFSETTING OF FINANCIAL ASSETS AND LIABILITIES

A financial asset and liability are offset and a net balance is shown on the balance sheet, when the Group has a legally enforceable right to offset the amounts recognised, and has the intention either to settle the net amount or to realise the asset and settle the liability simultaneously.

A financial asset and liability covered by master offsetting agreements or similar agreements fulfilling the definition of an enforceable contract (legally enforceable right to offset securities with the same maturity against cash), which can be exercised under all conditions

but does not meet the offsetting criteria, are presented as net value where they are realised with the same legal entity.

The tables below show the amounts of financial assets and liabilities that were offset in the Group's consolidated balance sheet as well as the amounts that could be offset in compliance with the master offsetting agreements or similar agreements, but which are not eligible to be offset in the consolidated financial statements.

The net positions resulting from these offsetting agreements are not intended to measure the Group's exposure to counterparty risk on these financial instruments.

Financial Year 2014

	(a)	(b)	(c) = (a) - (b)	(d)		(e)	(f) = (c) - (d) - (e)
	Gross book value of financial assets	Gross value of financial liabilities offset in the financial statements	Financial assets presented net	Amounts not offset		Financial instruments received as guarantee	Net value
				Financial instruments	Cash collateral received		
(€ '000s)							
Financial instruments at market value through profit and loss	9,673,696		9,673,696	586,955	1,200,550	-	7,886,192
Of which Portfolio of transaction securities			-				-
Of which Portfolio valued at market value through profit and loss			-				-
Of which Financial derivatives (includes hedging derivatives)	1,829,144	-	1,829,144	586,955	1,200,550		41,640
Loans and receivables – Credit institutions and customers	155,359,390	4,188,152	151,171,238	532,429	171	2,715,511	147,923,127
Of which repurchase transactions	7,436,314	4,188,152	3,248,162	532,429	171	2,715,511	51
Accruals and other assets	2,287,378		2,287,378	3,249			2,284,129
Of which guarantee deposits given	5,015		5,015	3,249			1,766
Other assets not offset	49,706,533		49,706,533				49,706,533
TOTAL ASSETS	217,026,997	4,188,152	212,838,845	1,122,633	1,200,721	2,715,511	207,799,980

	(a)	(b)	(c) = (a) - (b)	(d)		(e)	(f) = (c) - (d) - (e)
	Gross book value of financial liabilities	Gross value of financial assets offset in the financial statements	Financial liabilities presented net	Amounts not offset		Financial instruments given as guarantee	Net value
				Financial instruments	Cash collateral paid		
(€ '000s)							
Financial instruments at market value through profit and loss	764,194		764,194	586,955	130,014	-	47,226
Of which Portfolio valued at market value through profit and loss	4,552		4,552				4,552
Of which Financial derivatives (includes hedging derivatives)	736,191		736,191	586,955	130,014		19,222
Payables – Credit institutions and customers	187,255,593	4,188,152	183,067,441	532,429	91,219	15,645,392	166,798,401
Of which repurchase transactions	20,561,833	4,188,152	16,373,681	532,429	91,219	15,645,392	104,641
Other debt not subject to offsetting (excluding Equity)	20,400,239		20,400,239				20,400,239
TOTAL LIABILITIES	208,420,026	4,188,152	204,231,874	1,119,384	221,233	15,645,392	187,245,865

Offsetting of financial assets and liabilities in 2013

	(a)	(b)	(c) = (a) - (b)	(d)		(e)	(f) = (c) - (d) - (e)
	Gross book value of financial assets	Gross value of financial liabilities offset in the financial statements	Financial assets presented net	Amounts not offset		Financial instruments received as guarantee	Net value
				Financial instruments	Cash collateral received		
(€ '000s)							
Financial instruments at market value through profit and loss	5,602,224		5,602,224	145,358	148,138		5,308,728
Of which Portfolio of transaction securities	5,251,570		5,251,570				5,251,570
Of which Loans	-		-				-
Of which Repurchase agreements							-
Of which Portfolio valued at market value through profit and loss	-		-				-
Of which Other financial assets	1,621	-	1,621	724	897	-	-
Of which Financial derivatives (includes hedging derivatives)	349,033	-	349,033	144,634	147,241	-	57,158
Loans and receivables – Credit institutions and Customers	144,937,714	2,831,663	142,106,051	-	6,130	1,984,738	140,115,183
Of which Repurchase agreements	4,827,758	2,831,663	1,996,095	-	6,130	1,984,738	5,227
Other assets not offset	53,668,490		53,668,490				53,668,490
TOTAL ASSETS	204,208,428	2,831,663	201,376,765	145,358	154,268	1,984,738	199,092,401

	(a)	(b)	(c) = (a) - (b)	(d)		(e)	(f) = (c) - (d) - (e)
	Gross book value of financial liabilities	Gross value of financial assets offset in the financial statements	Financial liabilities presented net	Amounts not offset		Financial instruments given as guarantee	Net value
(€ '000s)				Financial instruments	Cash collateral paid		
Financial instruments at market value through profit and loss	489,371		489,371	145,358	229,442	-	114,571
Of which Portfolio valued at market value through profit and loss	5,761		5,761				5,761
Of which Financial derivatives (includes hedging derivatives)	483,611	-	483,613	145,358	229,442	-	108,813
Payables – Credit institutions and customers	184,474,764	2,831,663	181,643,101		111,259	15,764,996	165,766,846
Of which Repurchase agreements	18,913,995	2,831,663	16,082,332	-	111,259	15,764,996	206,077
Other debt not subject to offsetting (excluding Equity)	11,914,996		11,914,996				11,914,996
TOTAL LIABILITIES	196,879,131	2,831,663	194,047,468	145,358	340,701	15,764,996	177,796,413

NOTE 9 SEGMENT INFORMATION

La Banque Postale Group is structured around the following divisions:

- **retail Banking**, which includes the business activities of La Banque Postale, the CRSF Métropole and CRSF Dom Limited Property Investment Partnerships that own the business premises of La Banque, La Banque Postale Financement, Easy-bourse, La Banque Postale Crédit aux Entreprises, La Banque Postale Collectivités Locales, La Banque Postale Home Loan SFH, BPE as well as the SF2 holding company and FCT Elise 2012;
- **the Insurance Division** consists of the CNP Assurances Group, La Banque Postale Prévoyance, La Banque Postale Assurance

Santé, La Banque Postale Assurances IARD, La Banque Postale Conseil en Assurances and Sopassure;

- **asset management**, which includes La Banque Postale Asset Management Group, La Banque Postale Structured Asset Management, Tocqueville Finance Holding, Tocqueville Finance SA and La Banque Postale Gestion Privée.

Except for CNP Assurances' foreign subsidiaries, the Group conducts its business activities in France.

Inter-segment and intra-segment transactions are performed under commercial market conditions.

9.1 Breakdown of results by business segment

Net Banking Income by business segment as at 31 December 2014

	Retail banking		Insurance		Asset management	
	External activity	Of which inter-segment eliminations	External activity	Of which inter-segment eliminations	External activity	Of which inter-segment eliminations
(€ '000s)						
Interest and similar income	5,235,428	99	9,468	0	12	74
Interest and similar expense	(2,054,944)	(49)	(19)	0	0	(124)
Commission income	2,060,621	242,576	84,677	5,270	252,945	30,021
Commission expenses	(203,122)	(34,935)	(48,527)	(139,422)	(28,565)	(103,510)
Net gains and losses on financial instruments at fair value through profit and loss	14,900	0	4,514	0	2	0
Total net gains and losses on AFS assets	129,277	0	41,091	0	(1,445)	0
Total income and expense from other activities	(43,011)	0	221,433	0	(1,424)	0
Internal/External net banking income	5,139,149	207,691	312,637	(134,152)	221,525	(73,539)
Net banking income by segment	5,346,840		178,485		147,986	
NET BANKING INCOME			5,673,311			

Net Banking Income restated by business segment as at 31 December 2013

(€ '000s)	Retail banking		Insurance		Asset management	
	External activity	Of which inter-segment eliminations	External activity	Of which inter-segment eliminations	External activity	Of which inter-segment eliminations
Interest and similar income	5,648,772	13,788	7,853	211	30	3
Interest and similar expense	(2,349,599)	(3)	(15)	(13,844)	(10)	(155)
Commission income	1,929,586	199,279	67,771	8,236	245,659	19,165
Commission expenses	(190,092)	(26,676)	(29,814)	(97,993)	(29,697)	(102,011)
Net gains and losses on financial instruments at fair value through profit and loss	20,670	0	5,435	0	3	0
Total net gains and losses on AFS assets	75,925	0	39,856	0	1,337	0
Total income and expense from other activities	(40,152)	0	170,204	0	(188)	0
Internal/external net banking income	5,095,110	186,388	261,290	(103,390)	217,134	(82,998)
Net banking income by segment	5,281,498		157,900		134,136	
NET BANKING INCOME			5,573,534			

Net profit by business segment as at 31 December 2014 (excluding the remuneration cost of equity capital for each segment)

(€ '000s)	Retail banking	Insurance	Asset management	Total
Net banking income	5,346,840	178,485	147,986	5,673,311
General operating expenses	(4,305,499)	(90,801)	(70,528)	(4,466,828)
Net depreciation, amortisation and impairments of tangible and intangible non-current assets	(199,155)	(3,500)	(2,920)	(205,575)
Gross operating income	842,186	84,184	74,538	1,000,908
Cost of risk	(152,292)	(10,718)	0	(163,010)
Operating income	689,894	73,466	74,538	837,898
Share of profit of equity associates	0	198,980	0	198,980
Gains and losses on other assets	(620)	0	0	(620)
Goodwill	263	0	0	263
Profit before tax	689,537	272,446	74,538	1,036,521
Income tax	(272,271)	(34,944)	(27,359)	(334,574)
Consolidated net profit	417,266	237,503	47,179	701,948
Non-controlling interests	14,877	9,635	250	24,761
NET INCOME, GROUP SHARE	402,389	227,868	46,929	677,186

Net profit by business segment as restated at 31 December 2013 (excluding the remuneration cost of equity capital for each segment)

(€ '000s)	Retail banking	Insurance	Asset management	Total
Net banking income	5,281,498	157,900	134,136	5,573,534
General operating expenses	(4,365,522)	(77,871)	(66,032)	(4,509,425)
Net depreciation, amortisation and impairments of tangible and intangible non-current assets	(188,109)	(2,885)	(1,851)	(192,845)
Gross operating income	727,867	77,144	66,253	871,264
Cost of risk	(145,969)	(8,389)	(30)	(154,388)
Operating income	581,898	68,755	66,223	716,876
Share of profit of equity associates	0	199,549	0	199,549
Gains and losses on other assets	1,521	0	0	1,521
Goodwill	0	8,107	0	8,107
Profit before tax	583,419	276,411	66,223	926,053
Income tax	(275,136)	(33,743)	(21,451)	(330,330)
Consolidated net profit	308,283	242,668	44,772	595,723
Non-controlling interests	9,689	7,524	2,939	20,152
NET INCOME, GROUP SHARE	298,594	235,145	41,833	575,571

9.2 Balance sheet items by business segment

Balance sheet items by business segment as at 31 December 2014

(€ '000s)	Retail banking	Insurance	Asset management	Inter-segment eliminations	Total
SEGMENT ASSETS					
Cash and central banks	1,949,649	0	0	0	1,949,649
Financial assets at fair value through profit and loss	9,623,876	49,820	0	0	9,673,696
Hedging derivatives	1,532,205	0	0	0	1,532,205
Financial assets available for sale	12,584,302	1,896,940	70,622	(1,449,890)	13,101,974
Loans and receivables	151,153,284	2,875	54,417	(39,338)	151,171,238
Investments in associates	0	2,836,602	0	0	2,836,602
SECTOR LIABILITIES					
Liabilities at fair value through profit and loss	331,999	0	0	0	331,999
Hedging derivatives	432,195	0	0	0	432,195
Inter-bank transactions and similar: Payables – Credit institutions	15,155,467	2,544	(75)	(1,212)	15,156,724
Customer transactions	167,936,050	657	12,136	(38,126)	167,910,717
Debt represented by a security	9,390,578	0	0	0	9,390,578

Balance sheet items restated by business segment as at 31 December 2013

(€ '000s)	Retail banking	Insurance	Asset management	Inter-segment eliminations	Total
SEGMENT ASSETS					
Cash and central banks	1,569,984	0	0	0	1,569,984
Financial assets at fair value through profit and loss	5,324,471	56,483	0	0	5,380,954
Hedging derivatives	221,270	0	0	0	221,270
Financial assets available for sale	12,586,800	1,555,166	72,580	(1,421,847)	12,792,699
Loans and receivables	142,096,970	5,245	46,616	(42,780)	142,106,051
Investments in associates	0	2,528,838	0	0	2,528,838
SEGMENT LIABILITIES					
Liabilities at fair value through profit and loss	117,821	0	0	0	117,821
Hedging derivatives	371,550	0	0	0	371,550
Inter-bank transactions and similar: Payables – Credit institutions	14,753,956	6,098	(32)	(2,572)	14,757,450
Customer transactions	166,905,414	599	19,846	(40,208)	166,885,651
Debt represented by a security	4,300,424	0	0	0	4,300,424

NOTE 10 RELATED PARTY DISCLOSURES

The parties related to La Banque Postale Group include the main directors of Le Groupe La Poste and the companies consolidated by that Group, wholly or jointly controlled subsidiaries, and companies over which the Group has a significant influence. La Banque Postale is an entity controlled by La Poste.

10.1 Relationships between consolidated entities

As transactions between La Banque Postale Group's fully consolidated entities are eliminated on consolidation, the data provided below refer only to reciprocal transactions with companies over which the Group exercises joint control in respect of the portion of those activities not eliminated on consolidation and to those companies over which it exercises a material influence.

(€ '000s)	31.12.2014			31.12.2013 Restated		
	With Le Groupe La Poste entities*	With La Banque Postale Group entities		With Le Groupe La Poste entities*	With La Banque Postale Group entities	
		Proportional consolidation	Equity Method		Proportional consolidation	Equity Method
Interest	(1,959)	0	0	(4,073)	0	0
Commissions	13,679	0	569,283	13,166	0	524,366
Net income from other activities	1,529	0	21,454	7,901	0	0
NBI items shared with related parties	13,249	-	590,737	16,994	-	524,366
Loans	0	0	0	8,063	0	0
Other financial assets	0	0	0	0	0	0
Other assets	148,328	0	146,182	141,711	0	115,718
Total assets with related parties	148,328	-	146,182	149,774	-	115,718
Debt	1,459,636	111	0	1,103,034	100	0
Other financial liabilities	0	0	0	0	0	0
Other liabilities	86,831	0	121,566	43,257	0	130,851
Total liabilities with related parties	1,546,467	111	121,566	1,146,291	100	130,851
Commitments given	575,000	0	23,683	572,004	0	0
Commitments received	115	0	138,927	0	0	0
Total commitments shared with related parties	575,115	-	162,610	572,004	-	-

* This consists almost exclusively of transactions made with La Poste.

10.2 Directors' compensation

The Group treats members of the Executive Board and the members of the Executive Committee as related parties according to the meaning of IAS 24.

Executive Board members have no contract of employment with La Banque Postale. They therefore receive no remuneration other than that paid in respect of their appointment as company officers. Likewise, they receive no remuneration in respect of their appointments as company officers of subsidiaries of La Banque Postale Group.

Philippe Wahl received a remuneration amount from La Poste due to the fact that he has an employment contract, which was made

necessary by the Post Office Banking system that appointed him Head of the La Poste Financial Services Department (Financial Centres). This remuneration has been included in the amounts presented below.

The remuneration of Management Board members consists of a yearly fixed remuneration component, which may be increased by a yearly capped variable component.

The total gross remuneration paid to members of the Management Board was €1,029 thousand as at 31 December 2014 and €1,537 thousand as at 31 December 2013.

The remuneration paid to members of the Executive Committee other than members of the Executive Board, is detailed below:

(€ '000s)	31.12.2014	31.12.2013
Remuneration and benefits in kind	4,819	4,057
Post-employment benefits	788	395
TOTAL	5,607	4,452

These items may be supplemented by severance payments in the event that their appointments at La Banque Postale are terminated.

NOTE 11 STATUTORY AUDITORS' FEES

For the financial year 2014

	Statutory Auditors of La Banque Postale				Other auditor playing an important role in the audit of La Banque Postale Group		Other auditor taking part in the audit of La Banque Postale Group	
	PricewaterhouseCoopers Audit		KPMG		Mazars		Other audit firms	
	Amount	%	Amount	%	Amount	%	Amount	%
(amount excluding tax, in € '000s)								
Statutory audit duties, review of the separate and consolidated financial statements	694	85%	488	78%	422	72%	7	100%
Parent company	332	40%	326	52%	0	0%	7	100%
Fully consolidated subsidiaries	362	44%	162	26%	422	72%	0	0%
Other services relating directly to the Statutory Auditors' remit	103	13%	139	22%	1	0%	0	0%
Parent company	89	11%	126	20%	0	0%	0	0%
Fully consolidated subsidiaries	14	2%	13	2%	1	0%	0	0%
Other services	23	0%	0	0%	164	28%	0	0%
Parent company	0	0%	0	0%	164	28%	0	0%
Fully consolidated subsidiaries	23	3%	0	0%	0	0%	0	0%
TOTAL	820	100%	627	100%	587	100%	7	100%

For the financial year 2013 (Restated)

	Statutory Auditors of La Banque Postale				Other auditor playing an important role in the audit of La Banque Postale Group		Other auditor taking part in the audit of La Banque Postale Group	
	PricewaterhouseCoopers Audit		KPMG		Mazars		Other audit firms	
	Amount	%	Amount	%	Amount	%	Amount	%
(amount restated excluding tax, in € '000s)								
Statutory audit duties, review of the separate and consolidated financial statements	734	83%	495	89%	337	57%	75	100%
Parent company	423	48%	381	69%	0	0%	8	11%
Fully consolidated subsidiaries	311	35%	114	21%	337	57%	67	89%
Other services relating directly to the Statutory Auditors' remit	147	17%	60	11%	5	1%	0	0%
Parent company	147	17%	60	11%	0	0%	0	0%
Fully consolidated subsidiaries	0	0%	0	0%	5	1%	0	0%
Other services	0	0%	0	0%	189	32%	0	0%
Parent company	0	0%	0	0%	189	32%	0	0%
TOTAL	881	100%	555	100%	531	100%	75	100%

Other services primarily include fees paid in connection with the due diligence performed when acquiring a company.

NOTE 12 SCOPE OF CONSOLIDATION

				% Control	% Interest	Method	% Control	% Interest
Companies	Nationality	Method ⁽¹⁾	Movements	31.12.2014	31.12.2014	31.12.2013 Restated	31.12.2013 Restated	31.12.2013 Restated
RETAIL BANKING								
La Banque Postale	French	Parent	-	100.00	100.00	Parent	100.00	100.00
SCI CRSF Dom ⁽²⁾	French	Full	-	99.94	99.94	Full	99.94	99.94
SCI CRSF Métropole ⁽²⁾	French	Full	-	99.99	99.99	Full	99.99	99.99
SCI Tertiaire Saint Romain ⁽²⁾	French	Full	-	100.00	100.00	Full	100.00	100.00
SF2	French	Full	-	100.00	100.00	Full	100.00	100.00
La Banque Postale Financement	French	Full	-	65.00	65.00	Full	65.00	65.00
La Banque Postale Crédit Entreprises	French	Full	-	100.00	100.00	Full	100.00	100.00
Easybourse	French	Full	-	100.00	100.00	Full	100.00	100.00
FCT Elise 2012	French	Full	-	95.00	95.00	Full	95.00	95.00
BPE	French	Full	-	99.99	99.99	Full	99.99	99.99
La Banque Postale Collectivités Locales	French	Full	-	65.00	65.00	Full	65.00	65.00
La Banque Postale Home Loan SFH	French	Full	-	100.00	100.00	Full	100.00	100.00
SOFIAP	French	Full	Acquisition	66.00	66.00	-	-	-
INSURANCE								
Groupe CNP Assurances	French	Equi.	-	36.25	20.15	Equi.	36.25	20.15
La Banque Postale Prévoyance	French	Full	-	50.00	50.00	Full	50.00	50.00
La Banque Postale Conseil en Assurances	French	Full	-	100.00	100.00	Full	100.00	100.00
SOPASSURE	French	Conj	-	50.02	50.02	Conj	50.02	50.02
La Banque Postale Assurances IARD	French	Full	-	65.00	65.00	Full	65.00	65.00
La Banque Postale Assurance Santé	French	Full	-	65.00	65.00	Full	65.00	65.00
ASSET MANAGEMENT								
La Banque Postale Gestion Privée	French	Full	-	100.00	100.00	Full	100.00	100.00
La Banque Postale Asset Management	French	Full	-	100.00	100.00	Full	100.00	100.00
La Banque Postale Structured Asset Management	French	Full	-	100.00	100.00	Full	100.00	100.00
OFC Finance	French	NI	TUP	-	-	Full	100.00	100.00
Tocqueville Finance Holding	French	Full	-	92.52	92.52	Full	92.52	92.52
Tocqueville Finance SA	French	Full	-	99.89	92.42	Full	99.89	92.42

- (1) Consolidation method:
 GLOB: Full consolidation
 EQUI: Consolidation using the equity method
 CONJ: Joint control recognised on the basis of a proportionate share of assets, liabilities and income held
 NI: Not incorporated

- (2) Real estate companies (SCI), which own the Bank's operating properties.

NOTE 13 IFRS12 – DISCLOSURE OF INTERESTS IN OTHER ENTITIES

La Banque Postale Group consists of 23 consolidated entities including one partnership, Sopassure, one significant associated company, the CNP Assurances Group consolidated by the equity method and one structured entity (Fonds Commun de Titrisation Elise). 9 subsidiaries

are fully owned by the Group with 100% interest (in terms of capital) either directly or indirectly. Non-controlling interests are present in 7 consolidated subsidiaries.

1.1 Consolidated subsidiaries

As at 31 December 2014, La Banque Postale Prévoyance and La Banque Postale Financement were determined as being companies with significant non-controlling interests in La Banque Postale Group, either in terms of equity or in terms of income.

La Banque Postale Prévoyance

The company is 50% owned by CNP and 50% by SF2, a fully-owned subsidiary of La Banque Postale SA. Minority shareholders hold 50% of the voting rights. The contributory balance sheet as at 31 December 2014 is as follows:

(€ '000s)	31.12.2014
ASSETS	
Financial held-for-trading assets	34,625
Financial assets available for sale	1,774,111
Overnight accounts and loans – Credit institutions	36
Accruals	4,254
Sundry assets	131,850
Other insurance assets and reinsurance companies' share of underwriting reserves	90,705
Intangible assets	173,543
Property, plant and equipment	1,000
Gross amounts of goodwill	94,300
TOTAL ASSETS	2,304,424

(€ '000s)	31.12.2014
LIABILITIES	
Overnight payables – Credit institutions	1,609
Tax liabilities	110,431
Accruals	60,202
Sundry liabilities	30,685
Other liabilities of the insurance business	80,063
Underwriting reserves of insurance companies	1,461,344
Shadow	113,194
Provisions	1,726
Non-controlling interests in equity	200,615
Equity attributable to the owners of the parent	244,556
TOTAL LIABILITIES	2,304,424

Net income as at 31 December 2014 is €26,103 thousand, of which €13,907 thousand in non-controlling interests. Dividends paid to non-controlling interests are €11,900 thousand for the 2014 financial year.

La Banque Postale Financement

The company is 65% owned by La Banque Postale and 35% owned by Franfinance. The contributory balance sheet as at 31 December 2014 is as follows:

(€ '000s)	31.12.2014
ASSETS	
Overnight accounts and loans – Credit institutions	1
Long-term loans and receivables – Customers	3,908,297
Financial assets held to maturity	384,243
Tax assets	8,139
Accruals	12,275
Sundry assets	1,325
Intangible assets	7,506
Property, plant and equipment	2,425
TOTAL ASSETS	4,324,211

(€ '000s)	31.12.2014
LIABILITIES	
Overnight payables – Credit institutions	3,821,549
Overnight payables – Customers	489
Tax liabilities	13,641
Accruals	-
Sundry liabilities	24,079
Provisions	2,205
Non-controlling interests in equity	-
Equity attributable to the owners of the parent	462,248
TOTAL LIABILITIES	4,324,211

Net income as at 31 December 2014 is €39,739 thousand, of which €13,909 thousand in non-controlling interests. No dividend was paid.

Statutory, contractual or regulatory restrictions may limit the Group's ability to access or transfer certain assets freely to or from other Group entities or to use them and settle the Group's liabilities.

La Banque Postale Group also identified the following points:

- ▶ the Group has made or has committed to make securities repurchase agreements, and pledges securities in favour of the Banque Centrale and Crédit Logement (see Note 3.14 and Note 5);
- ▶ the Group pledges property loans in order to hedge bond issues made by the Group's home finance company (La Banque Postale Home Loan SFH) in favour of holders (see Note 5);
- ▶ the Group has granted capital and performance guarantees to holders of UCITS units issued by the Group (see Note 3.14 and Note 5);
- ▶ the financial assets of insurance subsidiaries locked for the benefit of policy-holders (listed under shadow accounting in liabilities on the balance sheet) and in connection with the acceptance of risk reinsurance (see Note 3.4 and 3.18);
- ▶ guarantee deposits;
- ▶ pledges of securities relating to reinsurance contracts.

Consolidated structured entities

Pursuant to IFRS 10 and 11, and with regard to consolidation thresholds, La Banque Postale Group includes a consolidated structured entity, the securitisation mutual fund "FCT Elise 2012".

The "FCT Elise 2012" entity came within the scope of consolidation in October 2012. This is a French fund whose debt is 95% owned by La Banque Postale and 5% by Crédit Foncier de France.

This fund's assets include zero-interest loans granted to individual customers of La Banque Postale prior to 2010 (the launch date of the commercialisation of zero-interest loans in the Bank's balance sheet). As at 31 December 2014, it represents a total of about €0.7 billion. This fund is fully consolidated.

Partnership

Sopassure is a French entity that is 50% owned by La Banque Postale Group. Meeting the definition of a "joint enterprise", it is presented in the Group's consolidated financial statements on the basis of a proportionate share of assets, liabilities and income held.

The shareholders' agreement established between La Banque Postale and its partner, sets out the conditions for implementation of a joint arrangement and, pursuant to the operating method of the holding company's governance bodies, outlines the direct rights of individual partners on the interest of CNP Assurances, the main asset of Sopassure.

Sopassure has legal reserves that bind the Group to the payment of dividends.

Investments in Associates

The state, the Caisse des dépôts, BPCE, Le Group La Poste and Sopassure form a shareholders' agreement on CNP Assurances. This agreement was due to expire on 31 December 2008 and was extended until 31 December 2015 as part of the agreements reached between the partners in June 2006. The commercial agreements that bind

CNP Assurances to Caisses d'Épargne and La Banque Postale were also extended to end-2015. Pursuant to the contribution agreement between La Poste and La Banque Postale, the bank took over the rights and obligations arising from this pact in place of La Poste.

La Banque Postale Group has significant influence on the CNP Assurances Group with a percentage stake of 20.15% (including an option to purchase a further 2.01%) as at 31 December 2014.

Detailed information on CNP, the only associate company of La Banque Postale Group, is published in its annual report available

at <http://www.cnp.fr/Le-Groupe/Nos-publications/Les-documents-de-reference>.

All the information pertaining to CNP's profit and loss statement and balance sheet can be found in Note 3.11. As regards the statement of comprehensive income, this information is available in the appropriate note at the beginning of this document.

Reconciliation of financial information with the value obtained using the equity method:

(€ million)	31.12.2014	31.12.2013
Equity attributable to the owners of the parent	16,680	14,626
Restatement	(2,658)	(2,132)
Equity as a percentage of interest	2,825	2,517
Net goodwill	12	12
Valuation of associates consolidated using the equity method on the balance sheet	2,837	2,529
Market value	10,110	10,231

Non-consolidated structured entities

On 31 December 2014, La Banque Postale Group identified the following three groups:

- ▶ Securitisation;
- ▶ Asset management;
- ▶ Private Equity.

Structured entities with financial interests

By nature of operations	Securitisation Book value	Asset management	Private Equity
Selected financial assets recognised on the balance sheet	53,000	152,306	15,234
Derivatives		11	
Equity instruments	53,000	152,295	15,234
Debt securities			
Loans and advances			
Selected financial liabilities and equity recognised on the balance sheet		(219)	0
Equity instruments issued			
Derivatives		(17)	
Deposits		(202)	
Debt securities issued			
Off-balance sheet items			13,079
Income and losses	2,317	50,747	825
Recurring income	2,317	50,747	825
Non-recurring income			
Losses incurred			

The maximum exposure to risk of loss is, in most cases, limited to units held in funds, with the exception of funds in which La Banque Postale guarantees capital and performance.

In terms of the funds managed by La Banque Postale Structured Asset Management, and given the structuring of derivatives, the guarantee may only be exercised in the event of the default of the providers of performance swaps. The counterparties are market counterparties and the risk of default may be considered as low.

La Banque Postale has issued a capital guarantee for two of the Group's funds that were affected by the restructuring of Greek debt. The first fund matured in January 2014, and the exercise of the

guarantee had no impact on the result. The second fund matures in January 2015.

Information on structured entities with no financial link

Sponsors are defined as funds that are structured by a management company controlled by the Group, chiefly: La Banque Postale Structured Asset Management, La Banque Postale Asset Management, Caffil, Tocqueville and XAnge Private Equity.

Income drawn by the Group on these entities stands at €92 million and consist mainly of €61.5 million in management fees.

5.3 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. The Statutory Auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the financial statements and includes an explanatory paragraph discussing the Auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the financial statements.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

(Financial year ending 31 December 2014)

To the Shareholders,

La Banque Postale SA

115, rue de Sèvres

75275 PARIS Cedex 06

In accordance with the terms of the assignment entrusted to us by your Annual General Meeting, we hereby submit our report on the financial year ending 31 December 2014, regarding:

- ▶ our audit of the consolidated financial statements of La Banque Postale SA, as appended to this report;
- ▶ the justification of our assessments;
- ▶ the specific verification required by French law.

The consolidated financial statements were prepared by the Executive Board. Our role is to issue an opinion on those financial statements, based on our audit.

I - Opinion on the consolidated financial statements

We have conducted our audit in accordance with the professional standards applicable in France. These standards require that we implement procedures to obtain reasonable assurance that the consolidated financial statements are free of material misstatements. An audit involves examining, by means of spot checks and other selection methods, the evidence supporting the amounts and disclosures shown in the consolidated financial statements. It also involves assessing the accounting principles used, the significant estimates made and the overall presentation of the financial statements. We believe that the evidence we have gathered in order to form our opinion is sufficient and relevant.

We hereby certify that the consolidated financial statements for the financial year present a true and fair view of the net assets, financial position, and profit of the entity formed by the consolidated companies, in accordance with IFRS guidelines, as adopted by the European Union.

Without calling into question the opinion expressed above, we draw attention to Note 2.5 "Implementation of IFRS 10 and 11" in the Section "Legal and financial framework", to Notes 1.2 "Standards and interpretations applied by the Group as of 1 January 2014" and 1.4 "Impact of the implementation of the new standards IFRS 10 and IFRS 11" of Note 1 "Principal valuation and presentation rules applying to the consolidated financial statements" in the notes to the consolidated financial statements, which describe the impact of the implementation of these new standards on the Group's financial statements.

II - Justification of assessments

Pursuant to the provisions of Article L. 823-9 of the French Commercial Code pertaining to the documentation supporting our findings, we would like to bring the following information to your attention:

Impairment charges and provisions for direct and indirect credit risk

Your group recognises impairments and provisions to cover the direct and indirect credit risk that is inherent in its business activities (Notes 1.6.2.1, 3.7 and 4.7 in the Notes to the financial statements). We have examined the control procedures for monitoring risk, for the processes for identifying exposure, for impairment and provision methods, for risk assessment and the hedging of those risks via individual and collective impairment charges and provisions.

Valuation and impairment of financial instruments

Your Group holds positions in securities and other financial instruments. Notes 1.6.2.2 to 1.6.2.9 in the notes to the consolidated financial statements set out the accounting rules and policies relating to securities and financial instruments. We have examined the control procedures for the accounting classification of these positions, and for determining the parameters used to value them. We have verified the appropriateness of the accounting policies selected by the Group and of the information provided in the notes to the financial statements, and have satisfied ourselves that they are applied correctly.

Your Group records impairment charges on available-for-sale financial assets: for equity instruments where there is objective evidence of a prolonged or substantial decrease in the value of such assets (Notes 1.6.2.4 and 3.7 in the notes to the financial statements), and for debt instruments where there is a demonstrated counterparty risk (Note 1.6.2.3 in the notes to the financial statements). We have examined the control procedures for assessing these risks and for identifying evidence of loss of value, and we have reviewed the valuation of the most significant accounting items, and the estimates that resulted in using impairments to cover losses of value, where applicable.

Analysis of contingency and loss provisions

Your Group records provisions as liabilities in the statement of financial position, as indicated in Notes 1.6.5, 1.6.6 and 3.19 to the financial statements. Our work included assessing the data and assumptions on which these estimates are based, reviewing the calculations performed by the Company, and examining the procedures for approval of these estimates by management. More specifically, with respect to the provision intended to cover the risk of potentially unfavourable consequences of the commitments under Home Savings contracts, we have also examined the control procedures for checking the models and determining the parameters used.

Our assessments were made in the context of our audit of the consolidated financial statements, taken as a whole, and therefore assisted us in reaching our opinion as expressed in the first part of this report.

III - Specific checks

In accordance with the professional standards applicable in France, we have also performed specific checks on the information about the Group provided in the Group management report, in accordance with French law.

We have no observation to make regarding the fair presentation of this information, and its consistency with the consolidated financial statements.

Neuilly-sur-Seine and Paris la Défense, 23 February 2015

The Statutory Auditors

PRICEWATERHOUSECOOPERS AUDIT

Agnès Hussherr

KPMG Audit

A division of KPMG SA

Isabelle Goalec

5.4 SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2014

5.4.1 Parent company statement of financial position

(€ '000s)	Notes	31.12.2014	31.12.2013
CASH AND CENTRAL BANKS	2.1	1,949,228	1,569,048
Government paper and similar securities	5	28,465,955	30,555,903
Receivables on credit institutions and similar	3.1	90,468,563	86,459,748
Receivables – Customer transactions	4.1	55,879,503	50,742,114
Bonds and other fixed-income securities	5	22,466,338	20,358,069
Equities and other floating-rate securities	5	862,276	803,909
Equity investments and other long-term securities	6.2	7,658	7,358
Holdings in related companies	6.1	1,769,956	1,642,202
Intangible assets	7	315,458	294,695
Property, plant and equipment	7	569,715	579,563
Other assets	8.1	1,101,399	1,260,613
Accruals	8.1	1,275,668	1,204,431
TOTAL		205,131,717	195,477,652
LIABILITIES			
Central banks	2.2		
Payables – Credit institutions and similar	3.2	18,344,478	16,296,143
Customer transactions	4.2	167,175,981	166,086,225
Debt represented by a security	5.3	6,896,256	3,156,125
Other liabilities	8.2	2,350,050	1,165,422
Accruals	8.2	1,677,455	1,632,221
Provisions	9	939,149	686,457
Subordinated debt	11	2,310,341	1,553,744
General banking risk fund (GBRF)		22,000	22,000
Parent company equity capital (excluding GBRF)	13	5,416,007	4,879,316
▶ Subscribed capital		4,046,408	3,413,735
▶ Issue and transfer premiums		16,719	16,719
▶ Reserves		449,676	434,114
▶ Revaluation differences			
▶ Regulated provisions and investment subsidies		3	3
▶ Retained earnings		738,552	703,496
▶ Profit for the period		164,649	311,249
TOTAL		205,131,717	195,477,652

5.4.2 Parent company net profit

(€ '000s)	Notes	31.12.2014	31.12.2013
Interest and similar income			
▶ Cash and inter-bank transactions	18	1,734,672	2,071,672
▶ Customer transactions	19	1,852,640	1,818,601
▶ Bonds and other fixed-income securities	20	1,360,752	1,550,793
▶ Other interest and similar income	21	102,761	86,163
Interest and similar expenses			
▶ Cash and inter-bank transactions	18	(91,609)	(36,695)
▶ Customer transactions	19	(1,805,937)	(2,070,077)
▶ Bonds and other fixed-income securities	20	(232,141)	(216,199)
▶ Other interest and similar expenses	21	(43,755)	(108,567)
Income from floating-rate securities	22	128,228	73,480
Commissions (income)	23	2,279,754	2,133,921
Commissions (expenses)	23	(257,341)	(244,021)
Gains or losses on trading portfolio transactions	24	(121,046)	9,767
Gains or losses on investment portfolio transactions and similar	25	86,710	111,596
Other bank operating income	26	50,074	56,909
Other bank operating expenses	26	(96,683)	(99,927)
Net banking income		4,947,078	5,137,417
General operating expenses:			
▶ Employee benefits expense	27	(302,595)	(274,588)
▶ Other general operating expenses	28	(3,963,172)	(4,071,907)
▶ Re-invoicing	29	56,662	57,995
Depreciation, amortisation and impairment charges on intangible and tangible non-current assets	30	(171,750)	(168,304)
Gross operating profit		566,223	680,613
Cost of risk	31	(90,102)	(103,079)
Operating profit		476,121	577,534
Gains or losses on non-current assets	32	(648)	1,207
Pre-tax current profit		475,473	578,741
Non-recurring items			
Income tax	34	(310,824)	(267,492)
Net allocations to the GBRF and regulated provisions			
Parent company net profit		164,649	311,249
Parent company net earnings per share (in euros)		4.68	10.49

5.4.3 Parent company off-balance sheet statement

(€ '000s)	31.12.2014	31.12.2013
Financing and guarantee commitments and commitments on securities given		
► Financing commitments		
– To credit institutions	689,907	599,009
– To customers	16,567,555	19,495,500
► Guarantees		
– To credit institutions	369,669	412,168
– To customers	3,215,416	3,362,855
► Commitments on securities		
– Deliverable securities	1,030,185	2,068,214
Financing and guarantee commitments and commitments on securities received		
► Financing commitments		
– From credit institutions	2,537,198	3,287,918
– From customers	740,000	970,001
► Guarantees		
– From credit institutions	28,658,312	28,858,030
– From customers	7,382,285	8,361,487
► Commitments on securities		
– Securities receivable	98,797	234,443
Other commitments given and received		
► Other commitments given	6,635,475	5,010,680
► Other commitments received		

Off-balance sheet commitments relating to cash and forward foreign exchange transactions and to loans and/or borrowings are described in Note 14. Off-balance sheet commitments relating to forward financial transactions are described in Note 15.

Crédit Logement commitment: La Banque Postale has committed to maintain Crédit Logement's basic equity capital at a level equivalent to their holding in the company, *i.e.* 6%, so that the company can maintain its solvency ratio. Furthermore, La Banque Postale has undertaken to replenish, if necessary, Crédit Logement's mutual guarantee funds, which underwrite borrower defaults on loans secured by the company. This commitment, which is equivalent to the portion of loans granted by La Poste Network, amounted to €369.669 million as at 31 December 2014.

The financing commitments received from customers and deliverable securities largely correspond to repurchase agreements with UCITS.

The guarantee commitments received from customers (€7,382 million) correspond to the identification of the sureties received on the Bank's issued home loans by guarantee companies other than Crédit Logement.

Other commitments given: La Banque Postale pledges part of its financial assets for the 3G refinancing line with Banque de France (€2,437.365 million), with Crédit Logement (€202.558 million), and part of its outstanding home loans with its home loans company, LBP Home Loan SFH for €3,995.551 million.

Other commitments: La Banque Postale received a project refinancing commitment (colleges, hospital, optical fibre) from the EIB for a total amount of €300 million. La Banque Postale granted LBP Home Loan SFH an Uncommitted Facility Agreement for an amount of €1.1 billion.

Detailed summary of notes

Note 1	Accounting policies and principles	176	Note 34	Information on the audit of the financial statements	207
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NOTE 1 ACCOUNTING POLICIES AND PRINCIPLES

Main valuation and presentation rules applying to parent company financial statements

The parent company financial statements have been drawn up in accordance with the general accounting principles applicable to credit institutions in France. La Banque Postale, which is wholly owned by La Poste, is consolidated in that company's financial statements and is part of its tax consolidation scope. Given the terms of the agreement,

the tax charge recorded in La Banque Postale's financial statements is identical to the charge that would be recorded in the absence of any tax consolidation. Furthermore, La Banque Postale draws up the consolidated financial statements, of which it is the parent company.

Policy changes and comparability

1 Policy changes

There were no policy changes in the year just ended. The regulations that came into effect in 2014 had no impact on the financial statements.

2 Comparability of financial years

Where the balance sheet, profit and loss statement and off-balance sheet statement are concerned, the data shown for the 2014 financial year are directly comparable to those for the previous financial year.

Presentation and valuation rules

1 Foreign currency transactions

In accordance with CRBF Regulation 89-01, which was amended by Regulation 90-01 of 23 February 1990 and 95-04 of 21 July 1995 of the French Banking and Financial Regulatory Committee and Regulation 00-02 of 4 July 2000 of the Accounting Regulation Committee regarding the recognition of foreign currency transactions, assets, liabilities and off-balance sheet commitments denominated in foreign currencies are converted at the cash exchange rate on the last day of the accounting period.

Foreign exchange gains and losses arising on day-to-day transactions entered into in foreign currencies are recorded in the profit and loss statement.

Forward currency hedging transactions are recognised in the off-balance sheet statement. The position is originally recorded on the basis of the cash exchange rate, then the swap points (the difference between the forward rate and the cash rate) are recognised in profit and loss on a pro rata basis.

2 Credit institution and customer receivables – Signed commitments

Credit institution and customer receivables are broken down according to their initial maturity, or the nature of the receivable: overnight receivables (ordinary accounts and day-to-day transactions) and long-term receivables (loans, transactions relating to pensions) for credit institutions; commercial receivables, ordinary receivables, short-term credit facilities, equipment lease or home loans and other customer loans. These receivables include loans granted and overdrawn current accounts, as well as securities received via repo agreements and borrowed securities.

The sureties received are recorded in the off-balance sheet statement and revaluated on a regular basis. In any case, the recorded amount of surety received is limited to the book value of the loan.

CRC Regulation 2002-03, which was amended by Regulation 2005-03 of 3 November 2005 regarding the accounting treatment of credit risk in companies governed by the CRBF (French Banking and Finance Regulatory Committee) has been applied since 1 January 2003.

This regulation concerns all transactions that give rise to a credit risk (credit institution and customer receivables, fixed-income securities, signed commitments, and financial instruments).

The credit risk for a given counterparty is characterised by the existence of a potential loss relating to the possibility of that counterparty defaulting on the commitments that it has entered into.

The monitoring of receivables is based on an expert system, which uses external or internal ratings or a mix of the two, depending on the category of customers (individuals, corporate and institutional customers, etc.).

Loans

Loans are recorded under assets at their repayment value. The corresponding interest is recorded in the profit and loss statement on a pro rata basis.

Doubtful receivables

The doubtful receivables downgrading process applies to unauthorised overdrafts, home loans and consumer credit business, lease finance and loans to corporate and institutional customers. Receivables where the recovery outlook has deteriorated significantly are specifically identified as doubtful non-performing loans within the doubtful loans category.

The downgrading of unauthorised overdrafts applies to active and closed accounts. The effect of downgrading unauthorised overdrafts on active accounts is to downgrade performing loans to doubtful loans. Downgrades are performed on a monthly basis, and factor in the amount and length of the overdraft for each account. The effect of closing the account is to downgrade the receivable to a doubtful non-performing loan. Receivables for very small amounts are immediately expensed as losses.

Receivables for which the institution sees a probable risk of not receiving all or part of the amounts payable in respect of the commitments entered into by the counterparty are classified as doubtful.

Loans are downgraded to performing doubtful status within three months of the occurrence of one or more missed payments (six months for home loans and public sector entities), or in cases where an over-indebtedness plan has been requested from the Banque de France even though these loans present no payment default.

They must be identified when their term expires or when the relationship with the counterparty is terminated (in the case of undated receivables). In addition, loans are automatically downgraded to non-performing doubtful status one year after being classified as doubtful.

By applying the contagion principle, all loans outstanding to the same beneficiary are downgraded to 'doubtful receivables' as soon as one loan to that beneficiary is downgraded within La Banque Postale Group.

Doubtful home loans can be reclassified in performing loans when all arrears have been paid and regular payment of the amounts corresponding to the contractual instalments have been made again, for a period of at least two months.

Loans that are deemed definitely unrecoverable are recorded under losses, while the corresponding impairment charges are reversed.

Forborne loans

Forborne loans are receivables for which the entity has modified the original financial conditions due to the borrower's financial difficulties. Generally, restructuring consists of an extension or deferment of the

maturity period. Any discount recorded when restructuring a debt is recorded in cost of risk. It is the difference between the nominal value of the debt before the restructuring and the discounted value at the original effective rate of the new expected future flows. For unimpaired forborne loans, this discount is recognised as a decrease in loans and is added back to the interest margin on the remaining period of the loans in question, according to an actuarial calculation method. Doubtful forborne loans can be reclassified as performing loans where they comply with the terms of restructuring. Restructured receivables are identified within outstanding loans. When the debt, restructured vis-à-vis its initial conditions, goes unpaid once again, the debt is downgraded as doubtful receivables regardless of the restructuring conditions.

Impairment of loans on an individual basis

The Group begins by identifying whether there is objective evidence of an event occurring after a loan – or group of loans – was granted that is likely to lead to a loss of value. These may be loans that are at least two months in arrears, outstanding debts that are already the object of a disputed recovery process, or loans for which the financial situation of the counterparty has deteriorated and is reflected in a risk of non-recovery.

An impairment is then recorded on the difference between the book value and the net present value of the expected cash flows, discounted at the original effective interest rate, and determined taking account of the financial situation of the creditor and the current value of guarantees received. In the case of terminated non-performing loans backed by a guarantee where the amount outstanding is greater than a given minimum amount, an expert appraisal of the asset received as collateral is performed in order to determine the amount of the provision. For amounts below that threshold and performing loans, a prudent estimate is made, which factors in the acquisition cost of the asset.

Loans guaranteed by a private individual or loans with no guarantee are impaired in full.

The amount of this impairment is recognised in "Cost of risk" in the profit and loss statement, and the value of the financial asset is reduced through recording an impairment charge.

Collective loan impairment

In addition, loans that are not impaired on an individual basis are analysed and impaired on a collective basis, where required. This process involves a group of sensitive loans that form a sub-category of performing loans: they show preliminary signs of default, but they have not yet been downgraded to bad debts.

These cases are provisioned on the basis of a likely downgrade, which is calculated based on historical observations. The risk of loss that takes the nature of the guarantee into account is calculated in the same way as for doubtful cases, and is the subject of a provision, based on the discounted recoverable cash flows.

The amount of the impairment is recognised in "Cost of risk" in the profit and loss statement, and the value of the financial asset is reduced through recording an impairment charge.

Impairment of overdrafts

Provisions recorded for doubtful loans on active accounts factor in the loan recovery performance for the year just ended according to the level of risk. For doubtful loans on closed accounts, the provisions are calculated according to a customer recovery rate based on longer track records.

Financing commitments

Financing commitments that are not viewed as derivative instruments are not shown on the balance sheet.

Guarantees

Guarantee commitments are valued according to the likelihood of these guarantees being exercised. Provisions are charged under liabilities.

Interest on doubtful loans is recorded in net banking income and is fully impaired. Impairment charges are recorded under cost of risk.

Securities received under repo agreements and borrowed securities

These securities are recorded under assets in an account that represents the receivable arising from them. The corresponding income is recorded in profit and loss for the financial year on a pro rata basis. Securities received under repo agreements that are subsequently sold are recorded under securities-related debt under liabilities. They are valued at their market value at that point.

3 Securities

Securities are recorded on the balance sheet in accordance with their type:

- ▶ government paper (Treasury bills and similar securities);
- ▶ bonds and other fixed-income securities (negotiable debt securities, and inter-bank market securities);
- ▶ equities and other floating-rate securities.

In application of Regulation 90-01 as amended, of the Banking and Financial Regulations Committee (Comité de la réglementation bancaire et financière), these securities are recognised according to the destination portfolio, which corresponds to the economic purpose of holding them: transaction, held-for-sale, investment, equity holding securities and equity investments, other long-term securities and shares in related companies. They are subject to specific valuation rules for each portfolio category, as described below.

In the event of proven credit risk, fixed-income securities recorded in the held-for-sale or investment portfolio are identified as doubtful, according to the same criteria as those applicable to doubtful receivables and commitments.

Against the backdrop of the financial downturn, La Banque Postale has not made any transfers from the “transaction securities” and “held-for-sale securities” categories following the amendment of Regulation 90-01 issued by the French Banking and Financial Regulatory Committee by Regulation 2008-17 of 10 December 2008.

Transaction securities

Transaction securities include Treasury bills and negotiable debt securities, in addition to marketable securities. They are purchased or sold with the intention of reselling them or buying them back in the short term. They are traded on active markets.

Transaction securities are recognised at their acquisition price on the date of acquisition, excluding expenses and including accrued interest, where applicable. They are valued at their latest market price at each accounting period. Any revaluation differences arising from this valuation are recorded in profit and loss.

Unrealised or realised gains or losses are recorded in the profit and loss statement under the heading “Gains or losses on trading portfolio transactions”. The coupons received are recognised under interest income.

Transaction securities which are no longer held with the intention of selling them in the short term can be transferred to the “held-for-sale securities” or “investment securities” categories, if:

- ▶ an exceptional market situation requires a change in the holding strategy; or
- ▶ if fixed-income securities can no longer be traded in an active market after their acquisition, and if the Bank has the capacity to hold them for the foreseeable future or until their maturity.

The securities thus transferred are recorded under their new category at the market value on the date of transfer. If the characteristics of the market on which the transaction securities were purchased change, such that this market can no longer be considered active, the institution determines the revalued value of the concerned securities by using valuation techniques that take the new characteristics of the market into consideration.

Held-for-sale securities

Held-for-sale securities include securities that do not meet the conditions for classification in the transaction or investment portfolios.

Held-for-sale securities are recorded at their acquisition price, excluding expenses, at the date they are acquired. They are managed on a “first-in, first-out” basis and valued as follows, according to homogeneous security groups and without offsetting the gains recorded on other categories of securities:

- ▶ bonds: unrealised losses compared with market value, calculated on the basis of the closing price, are recorded as an impairment;
- ▶ treasury bills, negotiable debt securities and inter-bank market securities: impairment charges are recorded depending on the issuers’ solvency and according to market indicators.

Gains on micro-hedging transactions are taken into account when calculating the impairment charges.

Potential premiums or discounts are spread over the residual life of the security on an actuarial basis.

Income from held-for-sale securities are recognised in the profit and loss statement under interest income for fixed income securities, otherwise under income from floating-rate securities.

Realised gains or losses as well as impairment provisions and reversals are recorded in the profit and loss statement under the heading “Gains or losses on investment portfolio transactions and similar”.

Held-for-sale securities can be transferred to the investment securities category, if:

- ▶ an exceptional market situation requires a change in the holding strategy; or
- ▶ if fixed-income securities can no longer be traded in an active market after their acquisition, and if the Bank has the capacity to hold them for the foreseeable future or until their maturity.

The securities thus transferred are recorded under their new category at the market value on the date of transfer.

In the absence of an active market, accounting valuation must be determined using valuation techniques. These techniques include the use of recent transactions performed in a normal competition environment. They are based on market data, on the fair value of substantially identical instruments, or on cash flow or option valuation discount models, and involve recognised valuation methods. The aim of a valuation technique is to establish what the price of an instrument would be under normal market conditions. For example, the fair value of bond securities or of variable-income securities and futures is determined by using quoted prices. The use of valuation techniques that are based on market data usually concerns over-the-counter derivatives, securities where income is taxed at source (treasury bills, certificates of deposit, etc.) and repo deposits.

Investment securities

Investment securities consist of fixed-income securities, or securities reclassified from the “Held-for-sale securities” or “Transaction securities” category, with the clear intention of holding them until maturity. They are recorded at their acquisition price at the date they are acquired, excluding expenses.

Any unrealised losses that may exist between the book value of the securities and their market price are not impaired. Conversely, when it is likely that the institution will not receive all or part of the repayment value when the securities mature, an impairment charge is recorded. The difference between the acquisition and repayment price of the securities (premium or discount) is amortised on an actuarial basis.

The interest from these securities is recognised in the profit and loss statement under interest income on fixed-income securities. Impairment charge provisions or reversals are recognised in the profit and loss statement under the heading “Cost of risk”.

In case of disposal or transfer of securities to another category constituting a significant amount compared to the total amount of the other investment securities held, they can no longer be classified under this category for the ongoing period and for the two subsequent financial years. All the securities held and classified under “Investment securities” are then reclassified under the “Held-for-sale securities” category. In exceptional market situations that necessitate a change of strategy, if the transaction and held-for-sale securities were transferred to this category, the disposals realised before the maturity of these investment securities do not lead to the application of the rule of reclassification of other securities held, described above, if they can be traded once again on an active market.

Equity holdings

Equity holdings correspond to investments that are made on a regular basis, with a view to realising a medium-term capital gain, without any intention of investing in the expansion of the business assets on a long-term basis, or playing an active role in the operating management of the Company issuing the securities. They are recognised at their acquisition price.

An impairment charge is recorded to cover a permanent impairment in the value of the securities due to the intrinsic deterioration of the Company’s situation.

Income from equity holding securities is recognised in the profit and loss statement under “Income from floating-rate securities”. Realised gains or losses as well as impairment provisions and reversals are recorded in the profit and loss statement under the heading “Gains or losses on investment portfolio transactions and similar”.

Equity investments, other long-term securities and holdings in related companies

Equity investments are valued at their acquisition cost.

Dividends received on these securities are recognised under the heading “Income from floating-rate securities”.

They are valued at their value in use, which is estimated based on various criteria, such as net assets, the profitability outlook, and discounted future cash flows. An impairment charge is recorded in the event of permanent impairment of the Company’s value in use. Charges net of write-backs, and gains or losses on the disposal of these securities are recognised in the “Gains and losses on tangible assets” item.

4 Tangible and intangible assets

Fixed assets are valued at their acquisition cost, to which initial fixtures and fittings costs may be added in the case of buildings.

Six components have been selected for the Bank’s operating properties, within the application framework of CRC Regulation 2004-06: structural work, roofs, joinery and external works, major equipment items, small equipment items, fixtures and fittings, and land. Depreciation is calculated on a straight-line basis over the likely useful life. Depending on their components, buildings are therefore amortised over periods ranging between 10 and 80 years:

- ▶ structural work: 80 years;
- ▶ roofing: 60 years;
- ▶ joinery and external works: 40 years;
- ▶ major equipment items: 20 years;
- ▶ small equipment items, and fixtures and fittings: 10 years.

Installations, and fixtures and fittings are usually depreciated over ten years.

When they meet the criteria for fixed assets, proprietary software packages are recognised at their development cost, including third-party expenses and the cost of the staff directly assigned to the project. They are usually amortised over three to five years.

5 Debt payable to credit institutions, and customer accounts in credit

This debt includes deposits, agreed borrowings, securities assigned under repo agreements, and loaned securities.

Borrowings

Borrowings are recorded under liabilities at their repayment value. The corresponding interest is recorded in the profit and loss statement on a pro rata basis.

Securities assigned under repo agreements

The arising liability is recorded under liabilities. The securities are kept in their original portfolio and continue to be valued according to the rules applicable to that portfolio. The corresponding interest is recorded in the profit and loss statement on a pro rata basis.

6 Debt represented by a security

Debt represented by a security consists of negotiable debt securities issued by La Banque Postale.

Interest accrued and not received attached to these securities is included in a related debt account through profit and loss.

The issue costs are amortised on an actuarial basis over the term of the corresponding issues as well as the issue premiums and repayments.

7 Provisions

The following items are currently included under this heading:

- ▶ provisions recorded in order to meet employee-related commitments, which mainly correspond to retirement indemnities;
- ▶ other provisions recorded pursuant to the provisions of CRC Regulation 2000-06 regarding the recognition of liabilities. These provisions are intended to cover contingencies and charges where the purpose is clearly specified, and where the amount or maturity cannot be accurately determined. The recording of such provisions is conditional on the existence of an obligation towards a third party at the year-end, and on the absence of an amount that is least equivalent expected as consideration from that third party; -provisions to cover signed commitments, where the likelihood of a guarantee call has become very high;
- ▶ home loan savings accounts (CEL) and home loan savings plans (PEL) offered to retail customers under the provisions of the law of 10 July 1965 include two stages: gathering funds in the form of remunerated savings and granting home loans.

They generate two kinds of commitments for the lending institution:

- ▶ an obligation to remunerate future savings at a rate fixed at the opening of the account for an indefinite period for PEL accounts opened before 28 February 2011, and at a rate that is reviewed annually for new generation accounts;
- ▶ an obligation to grant customers who request it, a loan at a rate fixed when signing the agreement.

These commitments have potentially unfavourable consequences (Notice No. 2006-02 issued by the French National Accounting Council) for the Bank, and are the subject of provisions shown in the balance sheet liabilities (under "Provisions"); movements of these provisions are recorded in the net banking income interest margin.

The provisions are estimated on the basis of customer behaviour statistics and market data for each generation of plans, in order to cover any future expenses arising from the potentially unfavourable interest rate conditions attached to these products relative to the rates offered to retail customers on similar products where the remuneration is unregulated. The provisions only relate to the commitments for home loan savings accounts and schemes that exist at the date the provision is calculated.

Provisions are calculated for each generation of home loan savings schemes, without offsetting commitments for different generations of home loan savings schemes, and for all the home loan savings accounts representing one generation.

At the savings stage, the commitments to be provisioned are evaluated according to the difference between average forecast savings deposits and minimum forecast savings deposits, both of which are determined on a statistical basis by factoring in historical observations on actual customer behaviour.

At the lending stage, the commitments to be provisioned include loans that have already been granted but not yet released at the year-end date, as well as future loans that are viewed as statistically likely based on balance sheet deposits as at the calculation date, and on historical observations on actual customer behaviour.

A provision is recorded when the net present value of future income is negative for a given generation of loans.

That income is assessed relative to the rates offered to retail customers on equivalent savings and lending products that have the same term as the deposits and were agreed on the same day.

8 Subordinated debt

This item includes debt where repayment is only possible once other senior or secured creditors have been repaid in the event that the debtor's assets are liquidated. Interest accrued and payable is included in a related debt account through profit and loss.

9 General banking risk fund

The aim of this fund is to counter operational risk and the expenses inherent to the banking and financial asset management business that cannot be covered elsewhere.

10 Transactions on forward financial instruments

Transactions involving interest rate, foreign exchange, or equity futures are recorded in accordance with the provisions of Regulations 90-15, 92-04 and 95-04 issued by the French Banking and Financial Regulatory Committee. Commitments relating to these transactions are recorded in the off-balance sheet financial statements at the nominal value of the contract.

The recognition of income or losses on these instruments depends on the management intention.

Macro-hedging transactions

Income and expense relating to macro-hedging transactions are recorded in the profit and loss account on a pro rata basis. An amount offsetting this entry is recorded in accruals until the date when the funds are received or disbursed.

The balances recorded when interest-rate futures arrangements are terminated are immediately recognised in the profit and loss statement.

Micro-hedging transactions

The income or expense from instruments that are assigned to hedge an item or a homogeneous group from the outset are recorded in profit and loss in a manner that is symmetrical to the hedged item's income or expense.

The balances recorded when interest-rate futures arrangements are terminated are immediately recognised in the profit and loss statement.

Other transactions

These transactions are valued based on their market value at the closing date.

Where over-the-counter transactions corresponding to isolated open positions are concerned, the income or loss is recorded on a pro rata basis, or when the contract unwinds, depending on their nature. Unrealised gains are not recognised. Potential unrealised losses, defined as the difference between estimated market value and book value, are subject to a provision charge. Unrealised or realised gains or losses on transactions performed on an organised market are recorded directly in net profit for the financial year.

11 Off-balance sheet commitments

The off-balance sheet statement mainly shows the financing commitments given (cash facilities, overdrafts, irrevocable financing commitments) and the guarantee commitments received or given,

which have not led to fund movements. Other commitments given correspond primarily to the fair value of securities pledged in favour of the European Central Bank as part of the financing commitment received from the latter or as part of collateral for loans in favour of the home loan company of LBP Group (La Banque Postale Home Loan SFH).

12 Employee-related commitments

Most of the employee-related commitments are covered by contributions that are expensed.

In the case of employees' rights to retirement indemnities, which are not covered by insurance policies, pursuant to the preferential method specified in CNC Recommendation No. 03-R-01, these rights are provisioned according to an actuarial method that factors in the age and the seniority of the staff, life expectancies, and their likelihood of remaining at the Group until retirement age, as well as the estimated increase in remuneration.

The pension scheme for contracted staff is characterised by payments to bodies that release the employer from any subsequent obligation, as the body is responsible for paying the amounts due to the employee. Therefore, once the contributions have been paid, no liability or commitment is shown in the Group's financial statements. Contributions paid to independent bodies are expensed in the period concerned.

The Amending Finance Act of 2006 introduced a reform of the way in which the pensions for government employees attached to La Poste Group were financed, which was applied retroactively as at 1 January 2006.

Under the scheme introduced in 2006, the Group pays an employer contribution, which discharges it of its liabilities. As a result, no

provision for the retirement of civil servants is recorded in the financial statements.

13 Commission income and expenses

La Banque Postale recognises commissions in profit and loss depending on the services supplied and the way in which the financial instruments to which that service relates are recognised:

- ▶ Commissions paid for ongoing services are recognised in profit and loss over the length of the service (commissions on means of payment).
- ▶ Commissions paid for one-off services or for a major transaction are recognised in profit and loss in full when the service is provided or the transaction performed (account management commissions, commissions on payment issues).

14 Cost of risk

The cost of credit risk includes impairment charges and reversals on fixed-income securities and customer loans and receivables, as well as charges and reversals of impairment relating to guarantee commitments given, losses and discounts on receivables, and the recovery of amortised receivables.

15 Corporate income tax

Only the tax payable is recorded in the individual financial statements. The income tax expense indicated in the profit and loss statement corresponds to the corporate income tax payable for 2014.

The normal tax rate is 33.3%, plus a 4.7% social security contribution on earnings.

NOTE 2

2.1 Breakdown of cash and central banks

	31.12.2014	31.12.2013
Cash*	1,004,395	272,034
Central banks	944,789	1,296,805
Related receivables and central banks	44	209
CASH AND CENTRAL BANKS	1,949,228	1,569,048

* The change in cash follows the transfer to La Banque Postale SA of €632,673 million in post office cash owned by La Poste during the last quarter of 2014.

2.2 Central banks – Liabilities

(€ '000s)	31.12.2014	31.12.2013
Central banks		
Related liabilities, central banks (creditors)		
CENTRAL BANKS		

NOTE 3

3.1 Debt payable to credit institutions and similar

	31.12.2014	31.12.2013
Current accounts in debit	44,576	40,666
Overnight accounts and loans		
Securities borrowed overnight		
Securities received under repo agreements	1,501,530	1,647,943
Other securities borrowed		
Non-allocated securities	2,070	699
Doubtful receivables	4	3
Related receivables	5,348	5,583
Gross total	1,553,528	1,694,895
Impairment	(4)	(3)
Receivables repayable on demand – Credit institutions	1,553,524	1,694,891
Term accounts and loans ⁽¹⁾	88,684,171	84,540,864
Securities received under repo agreements		
Other securities borrowed		
Subordinated loans ⁽²⁾	190,095	190,095
Doubtful receivables		
Related receivables	40,773	33,897
Gross total	88,915,039	84,764,857
Impairment		
Long-term receivables – Credit institutions	88,915,039	84,764,857
RECEIVABLES ON CREDIT INSTITUTIONS AND SIMILAR	90,468,563	86,459,748

(1) Including accounts opened with the CDC: The balances transferred to the CDC include Livret A, Sustainable Development and National Savings account balances. The balances transferred to the Caisse des dépôts et Consignations amounted to a total of €77,961.406 million in 2014 versus €76,567.637 million in 2013. Including loans to subsidiaries of La Banque Postale Group (€ '000s): €9,317.160 million.

(2) These are subordinated loans granted to Crédit Logement to enable that company to comply with its prudential equity capital commitments.

3.2 Payables – Credit institutions and similar

	31.12.2014	31.12.2013
Current accounts in credit ⁽¹⁾	1,358,060	688,469
Overnight accounts and borrowings		
Securities loaned overnight		
Securities assigned under repo agreements		
Other amounts payable	17,130	20,001
Related liabilities		
Amounts payable on demand – Credit institutions	1,375,190	708,469
Term accounts and loans ⁽²⁾	3,594,495	3,495,724
Securities loaned		
Securities assigned under repo agreements	13,339,222	12,074,808
Related liabilities	35,571	17,142
Long-term payables – Credit institutions	16,969,288	15,587,673
PAYABLES – CREDIT INSTITUTIONS AND SIMILAR	18,344,478	16,296,143

(1) Including with subsidiaries of La Banque Postale Group: €1,100.493 million.

(2) Including with subsidiaries of La Banque Postale Group: €2,557.492 million.

NOTE 4

4.1 Receivables – Customer transactions

	31.12.2014	31.12.2013
Commercial receivables		
Current accounts in debit ⁽¹⁾	785,668	804,373
Loans to financial customers		
Short-term credit facilities	1,047,064	957,403
Home loans	48,926,574	46,762,859
Equipment leases	2,609,995	1,279,264
Export credits	0	0
Other loans	895,338	722,291
Non-allocated securities ⁽²⁾	61,263	56,157
Securities received under repo agreements	1,747,820	349,938
Subordinated loans		
Lease transactions and similar		
Customer transactions before impairment charges	56,073,723	50,932,286
Impairment of customer receivables		
▶ On current accounts in debit	(113,148)	(114,425)
▶ On customer loans	(81,073)	(75,747)
RECEIVABLES – CUSTOMER TRANSACTIONS	55,879,503	50,742,114
Of which related receivables	134,967	111,448
Of which gross doubtful receivables	217,287	198,566
Of which gross non-performing doubtful receivables	219,588	195,181
Of which performing restructured receivables	32,908	2,901

(1) Amount of receivables relating to subsidiaries: €111.965 million.

(2) This item primarily represents receivables relating to transactions on mandates.

4.2 Payables – Customer transactions

	31.12.2014	31.12.2013
Special overnight accounts	88,844,785	91,503,415
Long-term special accounts	23,716,032	21,957,589
Related Liabilities		
Special scheme savings accounts	112,560,817	113,461,003
Current accounts in credit ⁽¹⁾	50,090,611	47,272,585
Related Liabilities	11,514	17,084
Current accounts in credit – Customers	50,102,125	47,289,669
Customer financial borrowings	215,865	270,336
Term deposits in credit	702,649	821,474
Securities loaned		
Securities assigned under repo agreements	3,034,459	4,007,524
Other amounts payable to customers	551,247	222,108
Related Liabilities	8,819	14,111
Other payables – Customers	4,513,039	5,335,553
CUSTOMER TRANSACTIONS	167,175,981	166,086,225

(1) Including €119.795 million with subsidiary companies versus €60.187 million in 2013.

NOTE 5

5.1 Financial transactions – Breakdown by category

	31.12.2014				
	Securities				
	Transaction	Held-for-sale	Investment	Equity holdings	Total
GOVERNMENT PAPER AND SIMILAR SECURITIES*					
Repayment value	782,728	2,185,522	24,381,378		27,349,628
Residual premiums/discounts		41,441	423,954		465,395
Related receivables		51,917	599,015		650,932
Impairment					
Net book value	782,728	2,278,879	25,404,348		28,465,955
Of which loaned securities					
Of which listed securities	782,728	2,268,810	25,404,348		
BONDS AND OTHER FIXED-INCOME SECURITIES*					
Repayment value	8,544,178	9,547,236	4,128,832		22,220,246
Residual premiums/discounts		66,936	(33,095)		33,841
Related receivables		140,960	72,487		213,447
Impairment		(1,196)			(1,196)
Net book value	8,544,178	9,753,936	4,168,224		22,466,338
Of which loaned securities					
Of which listed securities	2,984,403	8,261,206	3,268,136		
EQUITIES AND OTHER FLOATING-RATE SECURITIES					
Gross value		838,181		48,867	887,048
Related receivables					
Impairment		(20,435)		(4,338)	(24,773)
Net book value		817,747		44,529	862,276
Of which loaned securities					
Of which listed securities		541,087			
NET TOTAL BY PORTFOLIO TYPE	9,326,906	12,850,562	29,572,572	44,529	51,794,570

* Details of counterparty risk related to fixed-income securities are given in Note 17.

	31.12.2013				
	Securities				
	Transaction	Held-for-sale	Investment	Equity holdings	Total
GOVERNMENT PAPER AND SIMILAR SECURITIES*					
Repayment value	104,912	1,973,322	27,261,473		29,339,707
Residual premiums/discounts		18,603	487,425		506,028
Related receivables		62,506	647,723		710,228
Impairment		(61)			(61)
Net book value	104,912	2,054,369	28,396,621		30,555,903
Of which loaned securities					
Of which listed securities	104,912	1,988,689	28,313,972		
BONDS AND OTHER FIXED-INCOME SECURITIES*					
Repayment value	5,091,795	9,858,066	5,197,692		20,147,553
Residual premiums/discounts		15,738	(38,647)		(22,908)
Related receivables		141,883	100,373		242,256
Impairment		(8,832)			(8,832)
Net book value	5,091,795	10,006,855	5,259,419		20,358,069
Of which loaned securities					
Of which listed securities	1,718,954	8,523,648	4,269,134		
EQUITIES AND OTHER FLOATING-RATE SECURITIES					
Gross value		765,728		46,191	811,919
Related receivables					
Impairment		(8,010)			(8,010)
Net book value		757,718		46,191	803,909
Of which loaned securities					
Of which listed securities		757,713		46,191	
NET TOTAL BY PORTFOLIO TYPE	5,196,707	12,818,943	33,656,040	46,191	51,717,882

* Details of counterparty risk related to fixed-income securities are given in Note 17.

The transaction securities amount is indicated under “market value”.
During the financial year 2014, no investment securities were transferred to investment portfolios.

There was no transfer of investment securities before their maturity during the financial year 2014.

As a reminder, in 2013 there was a transfer from investment portfolio to investment securities for a nominal amount of €1,774.200 million as stipulated by the standard and under materiality thresholds. Some securities have since been sold. These transactions were part of the Bank’s risk control policy.

5.2 Market value of financial transactions

	Held-for-sale securities		Investment securities		Equity holding securities	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013	31.12.2014	31.12.2013
GOVERNMENT PAPER AND SIMILAR SECURITIES						
Net book value*	2,278,879	2,054,369	25,404,348	28,396,621		
Market value	2,357,898	2,120,356	28,495,677	30,343,902		
BONDS AND OTHER FIXED-INCOME SECURITIES						
Net book value*	9,753,936	10,006,855	4,168,224	5,259,419		
Market value	9,976,942	10,200,538	4,648,613	5,659,981		
EQUITIES AND OTHER FLOATING-RATE SECURITIES						
Net book value	817,747	757,718			44,529	46,191
Market value and/or value in use for equity holdings	831,508	819,207			53,162	58,513

* Impairment charges are calculated taking into account unrealised gains and losses relating to any financial instruments assigned as hedges for investment securities.

5.3 Debt represented by a security

(€ '000s)	31.12.2014	31.12.2013
Short-term securities		
Related liabilities		
Short-term securities		
Inter-bank market securities		
Certificates of deposit	5,769,303	2,773,926
Related liabilities	606	246
Inter-bank market securities and negotiable debt securities	5,769,909	2,774,171
Bond borrowings and similar	1,122,000	380,000
Issue premium	(522)	(3,610)
Related liabilities	369	231
Bond borrowings and similar	1,121,847	376,622
Other debt represented by a security	4,500	5,000
Related Liabilities	1	332
Other debt represented by a security	4,501	5,332
DEBT REPRESENTED BY A SECURITY	6,896,256	3,156,125

NOTE 6

6.1 Portfolio breakdown – Holdings in related companies

(€ '000s)	31.12.2014					31.12.2013				
	Book value of securities	Advances	Impairment charges	Net value of securities	Interest held in %	Book value of securities	Advances	Impairment charges	Net value of securities	Interest held in %
La Banque Postale Gestion Privée	44,923			44,923	100.00%	44,923			44,923	100.00%
SF2	1,143,909			1,143,909	100.00%	1,143,909			1,143,909	100.00%
La Banque Postale Crédit Entreprise	220,000			220,000	100.00%	220,000			220,000	100.00%
BPE	112,716			112,716	99.99%	112,716			112,716	99.99%
LBP Home Loan SFH*	210,004			210,004	100.00%	120,004			120,004	100.00%
LBP Collectivités Locales	650			650	65.00%	650			650	65.00%
SOFIAP*	37,754			37,754	66.00%					
TOTAL EQUITY INVESTMENTS AND CONSOLIDATABLE ADVANCES	1,769,956			1,769,956		1,642,202			1,642,202	
<i>Of which listed investments</i>										

* The changes for the financial year can be explained by the €90m capital increase for La Banque Postale Home Loan SFH and by the acquisition of 66% of SOFIAP.

6.2 Portfolio breakdown – Equity investments and other long-term securities

(€ '000s)	31.12.2014					31.12.2013				
	Book value of securities	Advances	Impairment charges	Net value of securities	Interest held in %	Book value of securities	Advances	Impairment charges	Net value of securities	Interest held in %
OSEO	3,785			3,785	NS	3,785			3,785	NS
Transactis	2,474			2,474	50.00%	2,474			2,474	50.00%
Other	1,399			1,399	NA	1,099			1,099	NA
EQUITY INVESTMENTS AND OTHER LONG-TERM SECURITIES	7,658			7,658		7,358			7,358	
<i>Of which listed securities</i>										

NOTE 7 BREAKDOWN OF NON-CURRENT ASSETS

	01.01.2014	Change			31.12.2014			31/12/2013		
(€ '000s)	Gross amount	Additions	Transfers	Disposals	Gross amount	Aggregate depreciation, amortisation and impairment	Net amount	Gross amount	Aggregate depreciation, amortisation and impairment	Net amount
Land										
Buildings*	375,723				375,723		375,723	375,723		375,723
Other operating non-current assets	633,284	69,054	(398)	(34,004)	667,937	(473,946)	193,991	633,284	(429,444)	203,840
Property, plant and equipment	1,009,008	69,054	(398)	(34,004)	1,043,660	(473,946)	569,715	1,009,008	(429,444)	579,563
Start-up costs										
Franchises, licenses, and patents	239,846	30,640	375	(2,240)	268,621	(220,677)	47,944	239,846	(199,584)	40,261
Other intangible assets	646,710	83,767	23		730,500	(462,986)	267,514	646,710	(392,276)	254,434
Intangible assets	886,556	114,407	398	(2,240)	999,122	(683,663)	315,458	886,556	(591,861)	294,695
PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS	1,895,563	183,461		(36,244)	2,042,782	(1,157,609)	885,173	1,895,563	(1,021,305)	874,258

* This item consists of the amounts of equity investments in SCI CRSF and SCI Tertiaire Saint Romain in accordance with the 2007 recommendations of the French Prudential Control and Resolution Authority (Autorité de contrôle prudentiel et de résolution).

NOTE 8

8.1 Breakdown of accruals and other assets

(€ '000s)	31.12.2014	31.12.2013
Prepaid expenses	30,076	26,753
Income receivable on derivatives	142,123	105,995
Other income receivable	277,837	319,997
Revaluation of derivative and foreign exchange instruments	1	6
Collection accounts	410,596	86,965
Other accruals	415,036	664,714
Accruals	1,275,668	1,204,431
Conditional instruments purchased	17,937	13,418
Guarantee deposits paid	473,363	484,959
Securities transaction settlement accounts	2,792	10,194
Related receivables	828	128
Other assets*	616,214	757,168
Impairment	(9,735)	(5,254)
Sundry assets	1,101,399	1,260,613
ACCRUALS AND SUNDRY ASSETS	2,377,067	2,465,044

* Including €14.722 million with subsidiary companies.

8.2 Breakdown of accruals and sundry liabilities

(€ '000s)	31.12.2014	31.12.2013
Advances	281,189	270,224
Expenses payable on derivatives	136,416	146,784
Revaluation of derivative and foreign exchange instruments	1,251	251
Other accruals ⁽¹⁾	1,258,598	1,214,962
Accruals	1,677,455	1,632,221
Conditional instruments sold	31,665	17,302
Securities-related payables		
Sundry payables ⁽²⁾	2,309,888	1,137,538
Securities transaction settlement accounts	8,460	10,556
Related liabilities	37	25
Sundry liabilities	2,350,050	1,165,422
ACCRUALS AND SUNDRY LIABILITIES	4,027,505	2,797,643

(1) This item primarily represents accruals for means of payment transactions in the Financial Centres.

(2) Including €16.878 million with subsidiary companies.

NOTE 9 BREAKDOWN OF PROVISIONS RECORDED UNDER LIABILITIES

(€ '000s)	31.12.2013	Provisions	Write-back of used provision	Write-back of unused provision	Other changes	31.12.2014
Provisions for retirement and other employee-related commitments ⁽¹⁾	14,167	5,028	(2000)			17,194
Home savings provision	308,400	131,700				440,100
Other provisions	244,778	224,579	(8492)	(14,630)	(12)	446,223
Provisions (excluding counterparty risk)	567,345	361,307	(10,492)	(14,630)	(12)	903,517
Signed commitments ⁽²⁾	119,112		(75,409)	(8,071)		35,632
Provisions for counterparty risk recorded under liabilities	119,112		(75,409)	(8,071)		35,632
PROVISIONS	686,457	361,307	(85,901)	(22,701)	(12)	939,149

(1) La Banque Postale is not bound by any retirement commitments that are not indicated in its balance sheet.

(2) Provisions for signed commitments correspond to the risk of the capital and performance guarantees that La Banque Postale has granted on some of the Group's UCITS. An initial fund matured in January 2014 with no impact on net profit.

NOTE 10 BREAKDOWN OF HOME SAVINGS OPTIONALITY

(€ million)

Generation	Deposits collected	Loans granted in respect of PEL and CEL accounts	2014 Provision	2013 Provision	Change in provisions
Over 10 years	5,799		92	96	(4)
4 to 10 years	7,710		110	100	10
less than 4 years	9,523		203	39	164
PEL account total	23,033	118	406	235	171
CEL account total	5,154	735	34	73	(39)
TOTAL	28,187	853	440	308	130

NOTE 11 SUBORDINATED DEBT

	Date of issue	Maturity date	Rate	Currency of origin	31.12.2014	31.12.2013
Subordinated debt repayable ⁽¹⁾	30.11.2010	30.11.2020	4.375%	EUR	750,000	750,000
Subordinated debt repayable ⁽¹⁾	23.04.2014	23.04.2026	2.75%	EUR	750,000	
Perpetual subordinated debt ⁽²⁾	13.12.2013	NA	8.000%	EUR	800,000	800,000
Interest and similar					10,341	3,744
TOTAL					2,310,341	1,553,744

(1) Called Lower Tier 2 in the calculation of additional equity capital (Article 4d of CRBF Regulation 90-02). These debts are redeemable following approval by the ACPR on the anniversary date of the call or in the event of a regulatory or tax change. The change for financial year 2014 can be explained by the Lower Tier 2 issue subscribed to by La Poste for €750m.

(2) Called Hybrid Tier 1 in the calculation of additional equity capital (Article 4c of CRBF Regulation 90-02). This debt can, in particular, be repaid by the Bank in the event of changes in the accounting or tax legislation, in the event of changes in the regulations regarding determination of the solvency ratio or downgrading by rating agencies. These securities include a clause for automatic share conversion if the Tier 1 core equity capital ratio falls below 7%. Interest payment is discretionary.

NOTE 12 BREAKDOWN OF TRANSACTIONS WITH CREDIT INSTITUTIONS AND CUSTOMERS BY RESIDUAL MATURITY

(€ '000s)	Accrued interest	<= 3 months	3 months to 1 year	1 to 5 years	> 5 years	31.12.2014
ASSETS						
Receivables – Credit institutions and similar	16,375	80,830,293	1,755,487	5,105,732	2,760,675	90,468,563
Receivables – Customers	133,234	3,957,882	3,572,392	13,860,816	34,355,178	55,879,503
Securities portfolios (transaction, held-for sale and investment)						
Government paper and similar securities	5,093	958,056	4,059,156	10,306,612	13,137,038	28,465,955
Bonds and other fixed-income securities	2,021	3,920,937	6,702,703	9,083,746	2,756,932	22,466,338
LIABILITIES						
Payables – Credit institutions and similar	1,176	12,119,773	2,886,399	711,212	2,625,918	18,344,478
Payables – Customers	11,932	155,816,108	1,979,916	8,309,103	1,058,922	167,175,981
Debt represented by a security						6,896,256
Bond borrowings	365	3,694,057	2,075,486			5,769,909
Inter-bank market securities and negotiable debt securities			250,000	872,000		1,122,000
Other debt represented by a security	370			3,978		4,347
Subordinated debt	20,372				2,289,969	2,310,341

NOTE 13 EQUITY CAPITAL

(€ '000s)	General banking risk fund	Equity capital	Issue and transfer premiums	Legal reserves	Other reserves and earnings carried forward	Parent company net profit	Parent company equity capital (excluding GBRF)	Total parent company equity capital
Equity capital as at 31 December 2011	22,000	3,185,735	16,719	103,968	833,202	183,460	4,323,084	4,345,084
Allocation of N-1 net profit				9,173	174,287	(183,460)		
Dividend N paid for N-1 net profit					(185,604)		(185,604)	(185,604)
Other								
N net profit						460,769	460,769	460,769
Equity capital as at 31 December 2012	22,000	3,185,735	16,719	113,141	821,885	460,769	4,598,250	4,620,250
Allocation of N-1 net profit				23,038	437,731	(460,769)		
Dividend N paid for N-1 net profit					(258,183)		(258,183)	(258,183)
Capital increase ⁽¹⁾		228,000					228,000	228,000
N net profit						311,249	311,249	311,249
Equity capital as at 31 December 2013	22,000	3,413,735	16,719	136,179	1,001,433	311,249	4,879,316	4,901,316
Allocation of N-1 net profit				15,562	295,687	(311,249)		
Dividend N paid for N-1 net profit					(260,631)		(260,631)	(260,631)
Capital increase ⁽²⁾		632,673					632,673	632,673
N net profit						164,649	164,649	164,649
Equity capital as at 31 December 2014	22,000	4,046,408	16,719	151,742	1,036,489	164,649	5,416,007	5,438,007

(1) On 13 December 2013, La Banque Postale performed a capital increase for a total amount of €228.000 million, via the issue of 1,982,608 new shares. The total number of shares is now 29,684,650. This capital increase remunerates SCI Tertiaire Saint Romain's contribution and a related current account loan.

(2) On 18 November 2014, La Banque Postale performed a capital increase for a total amount of €632.673 million, via the issue of 5,501,503 new shares. The total number of shares is now 35,186,153. This capital increase remunerates the Post Office cash contribution.

NOTE 14 BREAKDOWN OF FOREIGN EXCHANGE TRANSACTIONS

(€ '000s)	31.12.2014	31.12.2013
Cash foreign exchange transactions:		
Euros purchased but not yet received		
Currencies purchased but not yet received	(511)	
Euros sold but not yet delivered		
Currencies sold but not yet delivered	(11,443)	(38)
Lending and borrowing transactions:		
Currencies lent but not yet delivered		
Currencies borrowed but not yet received		
Forward foreign exchange transactions:		
Euros receivable against currencies to be delivered	(426,373)	1,311,236
Currencies receivable against euros to be delivered	(445,319)	(431,655)
Currencies receivable against currencies to be delivered		
Currencies deliverable against currencies to be received		
Non-accrued swap points:		
Receivable	(332)	(410)
Payable	(20)	(613)

The 2013 data have been modified relative to the reported figures.

NOTE 15

15.1 Breakdown of financial futures

(€ '000s)	31.12.2014				31.12.2013			
	Position management transactions		Hedging transactions		Position management transactions		Hedging transactions	
	Notional amount	Fair value	Notional amount	Fair value	Notional amount	Fair value	Notional amount	Fair value
FIRM TRANSACTIONS	25,505,315	97,128	32,207,607	236,297	23,839,584	45,437	18,141,816	(112,975)
Organised markets	4,171,400	3,226			4,602,204	897		
Interest rate contracts	4,171,400	3,226			4,602,204	897		
Other contracts								
Over-the-counter markets	21,333,915	93,902	32,207,607	236,297	19,237,379	44,540	18,141,816	(112,975)
Interest rate swaps	18,570,887	(2,206)	32,205,756	236,651	19,235,529	44,675	18,002,232	(104,760)
Fras								
Other contracts	2,763,028	96,108	1,850	(354)	1,850	(135)	139,584	(8,216)
CONDITIONAL TRANSACTIONS	8,928,166	505,107	41,700	(611)	5,876,774	434,980	1,443,087	
Organised markets								
Interest rate options								
Other options								
Over-the-counter markets	8,928,166	505,107	41,700	(611)	5,876,774	434,980	1,443,087	
Caps and floors	8,163,386	(11,917)	41,700	(611)	5,236,774	(5,220)	1,443,087	
Swaptions	50,000	509			200,000	200		
Exchange rate options								
Credit derivatives	195,000	(3,266)						
Other options	519,780	519,780			440,000	440,000		

There was no financial futures transfer from one category to the other.

15.2 Counterparty risk relating to financial futures

A financial asset and liability are offset and a net balance is shown on the balance sheet when La Banque Postale has a legally enforceable right to offset the amounts recognised, and when it intends either to settle the net amount or to realise the asset and settle the liability simultaneously. A financial asset and liability covered by master offsetting agreements or similar agreements fulfilling the definition of an enforceable contract (legally enforceable right to offset securities with the same maturity against cash), which can be exercised under all conditions but does not meet the offsetting criteria, are presented as net value where they are realised with the same legal entity. The tables

below show the amounts of financial assets and liabilities that were offset in the Bank's balance sheet as well as the amounts that could be offset in compliance with the master offsetting agreements or similar agreements, but which are not eligible to be offset in the Bank's financial statements. The net positions resulting from these different offsetting agreements do not aim to assess the Bank's exposure to counterparty risk on these financial instruments.

2014 Assets

	(a)	(b)	(c) = (a) - (b)	(d)		(e)	(f) = (c) - (d) - (e)
	Gross book value of financial assets	Gross value of financial liabilities offset in the financial statements	Financial assets presented net	Amounts not offset		Securities delivered not recognised in the balance sheet	Net value
(€ '000s)				Financial instruments	Cash collateral received		
Derivatives (Market value)	1,924,319		1,924,319	586,980	1,283,701	-	53,638
Borrowed and loaned securities (amortised cost)	7,436,314	4,188,152	3,248,162	532,429	171	2,715,511	51
Other financial liabilities	3,249		3,249	23	3,226	-	-
TOTAL	9,363,882	4,188,152	5,175,731	1,119,433	1,287,098	2,715,511	53,689

2014 Liabilities

	(a)	(b)	(c) = (a) - (b)	(d)		(e)	(f) = (c) - (d) - (e)
	Gross book value of financial liabilities	Gross value of financial assets offset in the financial statements	Financial liabilities presented net	Amounts not offset		Securities delivered not recognised in the balance sheet	Net value
(€ '000s)				Financial instruments	Cash collateral paid		
Derivatives (Market value)	739,301		739,301	586,980	130,014	-	22,307
Borrowed and loaned securities (amortised cost)	20,561,833	4,188,152	16,373,681	532,429	91,219	15,645,392	104,641
Other financial liabilities	23		23	23		-	-
TOTAL	21,301,157	4,188,152	17,113,005	1,119,433	221,233	15,645,392	126,948

2013 Assets

	(a)	(b)	(c) = (a) - (b)	(d)		(e)	(f) = (c) - (d) - (e)
		Gross value of financial liabilities offset in the financial statements	Financial assets presented net	Amounts not offset		Securities delivered not recognised in the balance sheet	Net value
(€ '000s)	Gross value of financial assets			Financial instruments	Cash collateral received		
Derivatives (Market value)	349,033	-	349,033	144,633	147,241	-	57,159
Borrowed and loaned securities (amortised cost)	4,827,758	2,831,663	1,996,095	-	6,130	1,984,738	5,227
Other financial assets	1,621	-	1,621	724	897	-	-
TOTAL	5,178,412	2,831,663	2,346,749	145,357	154,268	1,984,738	62,386

2013 Liabilities

	(a)	(b)	(c) = (a) - (b)	(d)		(e)	(f) = (c) - (d) - (e)
		Gross value of financial assets offset in the financial statements	Financial liabilities presented net	Amounts not offset		Securities delivered not recognised in the balance sheet	Net value
(€ '000s)	Gross value of financial liabilities			Financial instruments	Cash collateral paid		
Derivatives (Market value)	469,503	-	469,503	144,634	229,442	-	95,428
Borrowed and loaned securities (amortised cost)	18,913,995	2,831,663	16,082,332		111,259	15,764,996	206,077
Other financial liabilities	724	-	724	724	-	-	-
TOTAL	19,384,222	2,831,663	16,552,559	145,358	340,701	15,764,996	301,505

NOTE 16 BREAKDOWN OF FINANCIAL INSTRUMENTS BY MATURITY

(€ '000s)	31.12.2014				31.12.2013			
	<= 1 year	1 to 5 years	> 5 years	Total	<= 1 year	1 to 5 years	> 5 years	Total
FIRM TRANSACTIONS	15,384,046	18,632,001	23,696,875	57,712,922	14,882,728	16,128,428	11,775,621	42,786,778
Interest rate contracts	4,071,400	100,000		4,171,400	4,452,204	150,000		4,602,204
Index contracts								
Interest rate swaps	10,027,792	17,051,976	23,696,875	50,776,643	10,292,753	15,974,802	11,775,621	38,043,177
Fras								
Other contracts	1,284,854	1,480,024		2,764,878	137,771	3,626		141,397
CONDITIONAL TRANSACTIONS	1,566,703	6,424,484	978,678	8,969,865	1,297,874	5,190,471	833,000	7,321,346
Caps and floors	1,515,038	5,787,987	902,061	8,205,086	1,097,874	4,798,471	785,000	6,681,346
Swaptions	50,000			50,000	200,000			200,000
Exchange rate options								
Credit derivatives		195,000		195,000				
Other options	1,665	441,497	76,617	519,779		392,000	48,000	440,000

NOTE 17

17.1 Credit risk

(€ '000s)	Gross performing loans	Gross doubtful performing loans	Gross doubtful non-performing loans	Gross 31.12.2014	Gross 31.12.2013
Receivables – Credit institutions	90,468,559	3	1	90,468,563	86,459,748
Receivables – Customers	55,636,852	217,284	219,587	56,073,723	50,932,286
<i>Of which demand deposit accounts</i>	659,618	23,548	102,501	785,668	804,373
<i>Of which short-term credit facilities</i>	1,046,268	647	150	1,047,064	957,403
<i>Of which home loans</i>	48,639,373	192,891	94,310	48,926,574	46,762,859
<i>Of which equipment leases</i>	2,609,995			2,609,995	1,279,264
<i>Of which export credits</i>					
<i>Of which other loans</i>	872,515	198	22,626	895,338	722,291
Held-for-sale and investment portfolio (fixed-income securities) ⁽¹⁾	22,466,338			22,466,338	20,358,069
Government paper ⁽²⁾	28,465,955			28,465,955	30,555,903
Financing commitments and guarantees given	20,837,518	5,029		20,842,547	23,869,531
TOTAL	217,875,222	222,316	219,588	218,317,126	212,175,537

(1) Excluding government paper.

(2) Excluding transaction securities.

17.2 Provisions for counterparty risk

(€ '000s)	31.12.2013	Provisions	Reversals	Other changes ⁽¹⁾	31.12.2014
Receivables – Credit institutions and similar	3	48	(47)		4
Receivables – Customers ⁽³⁾	190,173	277,560	(263,675)	(9,836)	194,222
Of which current accounts in debit	114,425	158,058	(158,541)	(794)	113,149
Of which short-term credit facilities	316	1,910	(1,276)	(17)	933
Of which home loans	47,721	117,592	(98,906)	(9,024)	57,383
Of which equipment leases					
Of which export credits					
Of which other loans	27,710		(4,953)		22,757
Sundry assets ⁽³⁾	4,995	1,351	(1,483)		4,864
Held-for-sale portfolio (Fixed-income securities)					
Investment portfolio					
Total fixed-income securities					
Impairment charges recorded under assets⁽³⁾	195,171	278,959	(265,205)	(9,836)	199,089
Execution risks on signed commitments ⁽²⁾	119,112		(83,480)		35,632
Other provisions for counterparty risk					
Provisions recorded under liabilities	119,112				35,632
TOTAL IMPAIRMENT CHARGES ON COUNTERPARTY RISK	314,283	278,959	(348,685)	(9,836)	234,721

(1) The other changes correspond to the accretion of impairments, which are recorded in the result under the item "interest to customers".

(2) The provision recorded under liabilities for the execution risk on signed commitments corresponds to the assessment of the risk that the guarantees granted on the capital and performance of some Group UCITS may come into play.

(3) Of which impairment charges on:

Gross performing loans	16,770	60,470	(56,231)	(4,054)	16,955
Gross doubtful performing loans	41,101	128,674	(124,319)	(3,562)	41,895
Gross doubtful non-performing loans	137,299	89,814	(84,654)	(2,220)	140,239

NOTE 18 INTEREST INCOME AND EXPENSE ON CASH AND INTER-BANK TRANSACTIONS

(€ '000s)	31.12.2014	31.12.2013
Interest on overdrawn current accounts	3,548	8,518
Interest on accounts and loans	1,655,419	1,991,931
Interest on securities borrowed		
Interest on securities received under repo agreements	46,242	35,581
Other interest and similar income	29,462	35,643
INTEREST AND SIMILAR INCOME ON CASH AND INTER-BANK TRANSACTIONS	1,734,672	2,071,672
Interest on current accounts in credit	(366)	(123)
Interest on overnight and term borrowings	(54,926)	(17,114)
Interest on securities assigned under repo agreements	(35,950)	(19,331)
Other interest and similar expenses	(367)	(127)
INTEREST AND SIMILAR EXPENSES ON CASH AND INTER-BANK TRANSACTIONS	(91,609)	(36,695)

Interest income on accounts and loans includes the return on funds transferred to the Caisse des dépôts et consignations.

This return includes the interest paid to depositors shown under "Interest and similar expenses – customers" and the additional remuneration received by La Banque Postale.

NOTE 19 INTEREST ON CUSTOMER TRANSACTIONS

(€ '000s)	31.12.2014	31.12.2013
Interest on overdrawn current accounts	59,674	58,063
Interest on commercial receivables and customer loans		
Interest on short-term credit facilities	22,370	12,940
Interest on equipment leases	40,914	17,018
Interest on home loans	1,684,911	1,676,160
Other interest	19,310	16,195
Interest on other loans and borrowed securities	43	
Interest on securities received under repo agreements		
Other interest and similar income ⁽²⁾	14,995	27,556
Doubtful interest	10,424	10,668
INTEREST AND SIMILAR INCOME ON CUSTOMER TRANSACTIONS	1,852,640	1,818,601
Interest on current accounts in credit	(22,299)	(25,276)
Interest on term accounts in credit, borrowings and securities loaned	(9,419)	(14,378)
Interest on securities assigned under repo agreements		
Interest on special savings accounts ⁽¹⁾	(1,774,219)	(2,030,423)
Other interest and similar expenses		
INTEREST AND SIMILAR EXPENSES ON CUSTOMER TRANSACTIONS	(1,805,947)	(2,070,077)

(1) Including €131.700 million corresponding to the provision for home savings in 2014.

(2) Including €22.800 million corresponding to the reversal of the provision for home savings in 2013.

NOTE 20 INTEREST ON FIXED-INCOME SECURITIES

(€ '000s)	31.12.2014	31.12.2013
Interest and similar income on held-for-sale securities	217,160	240,386
Interest and similar income on investment securities	1,016,160	1,215,162
Other interest and similar income	127,432	95,245
INTEREST AND SIMILAR INCOME ON BONDS AND OTHER FIXED-INCOME SECURITIES	1,360,752	1,550,793
Interest on negotiable certificates of deposit and negotiable medium-term bills	(12,233)	(9,668)
Interest and expenses on bond borrowings	(3,650)	
Other interest expenses	(104,811)	(170,518)
Interest on subordinated debt	(111,446)	(36,013)
INTEREST AND SIMILAR EXPENSES ON BONDS AND OTHER FIXED-INCOME SECURITIES	(232,141)	(216,199)

NOTE 21 OTHER INTEREST AND SIMILAR

(€ '000s)	31.12.2014	31.12.2013
Income from foreign exchange instruments		
Income from interest rate instruments	102,761	86,163
OTHER INTEREST AND SIMILAR INCOME	102,761	86,163
Expenses on foreign exchange instruments		
Expenses on interest rate instruments	(43,755)	(108,567)
OTHER INTEREST AND SIMILAR EXPENSES	(43,755)	(108,567)

NOTE 22 INCOME FROM FLOATING-RATE SECURITIES

(€ '000s)	31.12.2014	31.12.2013
Income from equities and other floating-rate securities	16,652	7,423
Income from equity holding securities	2	
Income from investments	111,574	66,057
INCOME FROM FLOATING-RATE SECURITIES	128,228	73,480

NOTE 23 COMMISSIONS

(€ '000s)	31.12.2014		31.12.2013	
	Income	Expenses	Income	Expenses
Cash and inter-bank transactions	9	(2,894)	6	(2,073)
Customer transactions	1,327,017	(77,801)	1,232,344	(75,050)
Securities transactions	99,200	(422)	102,739	(864)
Transactions on forward financial instruments		(576)		149
Supply of financial services	828,154	(175,648)	775,000	(166,184)
Foreign exchange transactions				
Other commissions	25,375		23,832	
COMMISSIONS	2,279,754	(257,341)	2,133,921	(244,021)

NOTE 24 PROFIT ON TRADING PORTFOLIO TRANSACTIONS

(€ '000s)	31.12.2014	31.12.2013
Profit on transaction securities transactions	45,285	36,215
Profit (loss) on foreign exchange instrument transactions	14,462	(19,043)
Loss on forward financial instrument transactions	(180,793)	(7,405)
GAINS OR LOSSES ON TRADING PORTFOLIO TRANSACTIONS	(121,046)	9,767

NOTE 25 PROFIT ON INVESTMENT PORTFOLIO TRANSACTIONS

(€ '000s)	31.12.2014	31.12.2013
Profit from disposal of held-for-sale securities	233,165	100,743
Other interest and expenses on held-for-sale securities		
Impairment charges and reversals on held-for-sale securities and profit (loss) on related hedging transactions	(146,240)	9,585
Gains or losses on investment portfolio transactions	86,925	110,328
Loss from disposal of equity holding securities	(215)	
Impairment charges and reversals on equity holding securities		1,268
Gains or losses on equity holding securities transactions	(215)	1,268
GAINS OR LOSSES ON INVESTMENT PORTFOLIO TRANSACTIONS AND SIMILAR	86,710	111,596

A reclassification was performed on the reported 2013 figures, with no impact on the total.

NOTE 26 OTHER BANKING OPERATING INCOME AND EXPENSES

(€ '000s)	31.12.2014		31.12.2013	
	Income	Expenses	Income	Expenses
Re-invoiced expenses, income paid out, and transfers of expenses	23,092		27,560	
Other sundry operating income and expenses	15,096	(60,734)	15,766	(72,165)
Provisions and reversals on other operating income and expenses	11,886	(35,949)	13,583	(27,761)
Other banking operating income and expenses	50,074	(96,683)	56,909	(99,927)
NET AMOUNT OF INCOME AND EXPENSES FROM BANKING OPERATIONS	(46,609)		(43,017)	

NOTE 27

27.1 Employee benefits expense

(€ '000s)	31.12.2014	31.12.2013
Wages and salaries	(162,798)	(151,444)
Pensions	(23,319)	(20,130)
Social security contributions	(64,073)	(58,152)
Incentives and employee profit-sharing	(13,579)	(8,877)
Tax, duties and similar payments on employee compensation	(32,599)	(30,093)
Other expenses	(6,227)	(5,893)
EMPLOYEE BENEFITS EXPENSE	(302,595)	(274,588)
Amount of attendance fees paid to directors	307	318

Compensation paid during the year to members of the Executive Board for the financial year amounted to €1.029 million.

No Executive Board member enjoys supplementary retirement benefits.

No other transaction was concluded with members of the Board under previous conditions.

27.2 Headcount

	31.12.2014	31.12.2013
Civil servant staff	601	566
Non-civil servant staff	1,815	1,735
TOTAL HEADCOUNT*	2,416	2,301
Executives	2,160	2,035
Non-executives	256	266
TOTAL HEADCOUNT*	2,416	2,301

* Headcount expressed as agent equivalents for the year ending 31 December.

NOTE 28 OTHER GENERAL OPERATING EXPENSES

(€ '000s)	31.12.2014	31.12.2013
Taxes and duties	(83,831)	(190,259)
Lease payments		
Rents and rental expenses	(106,573)	(100,811)
Fees	(69,205)	(67,622)
Other operating expenses*	(3,703,563)	(3,713,215)
OTHER GENERAL OPERATING EXPENSES	(3,963,172)	(4,071,907)

* This heading primarily includes the expenses relating to service agreements between La Poste and La Banque Postale, which amounted to €3,153.243 million.

NOTE 29 RE-INVOICING

(€ '000s)	31.12.2014	31.12.2013
Employee benefits expenses are re-invoiced on a euro for euro basis*	19,996	19,373
General expenses excluding employee benefits expenses are re-invoiced on a euro for euro basis	36,665	38,622
RE-INVOICING	56,662	57,995

* Including the re-invoicing of staff belonging to both companies of La Poste, which amounted to €7.202 million.

NOTE 30 DEPRECIATION, AMORTISATION AND IMPAIRMENT CHARGES

(€ '000s)	31.12.2014	31.12.2013
Depreciation and amortisation of operating non-current assets	(171,750)	(168,304)
<i>Of which amortisation of tangible operating non-current assets</i>	(77,838)	(75,872)
<i>Of which amortisation of intangible operating non-current assets</i>	(93,912)	(92,432)
Reversals of depreciation and amortisation on operating non-current assets		
Net depreciation and amortisation	(171,750)	(168,304)
Impairment of operating non-current assets		
Reversals of impairment charges on operating non-current assets		
Net impairment charges		
NET DEPRECIATION, AMORTISATION AND IMPAIRMENTS OF TANGIBLE AND INTANGIBLE NON-CURRENT ASSETS	(171,750)	(168,304)

NOTE 31 COST OF RISK

(€ '000s)	31.12.2014	31.12.2013
IMPAIRMENTS ON		
Customers and credit institutions	(277,608)	(191,337)
Signed commitments*		
Investment securities		
Held-for-sale securities		
Sundry debtors	(1,351)	(1,066)
Impairment charges	(278,959)	(192,404)
REVERSALS OF IMPAIRMENT CHARGES ON		
Customers and credit institutions	258,877	177,253
Signed commitments*	83,480	8,083
Investment securities		
Held-for-sale securities		
Sundry debtors	6,436	
Reversals of impairment charges	348,685	185,336
LOSSES AND RECOVERIES		
Losses on signed commitments*	(75,094)	
Losses on unrecoverable impaired receivables	(65,249)	(77,216)
Losses on unhedged unrecoverable impaired receivables	(24,946)	(24,133)
Recovery of amortised receivables	5,461	5,337
Losses and recoveries	(159,829)	(96,012)
COST OF RISK	(90,102)	(103,079)

* These reversals include a guarantee call on a guaranteed fund, which had been impacted by the Greek debt restructuring.

Changes in impairment charges relating to a counterparty risk are described in Note 17.

NOTE 32 GAINS OR LOSSES ON NON-CURRENT ASSETS

(€ '000s)	31.12.2014	31.12.2013
Gains or losses on disposal of property, plant and equipment	(629)	1,209
Gains or losses on disposal of intangible assets	(19)	(2)
Gains or losses on disposal of property, plant and equipment and intangible assets	(648)	1,207
Gains or losses on sale of investments, and gains or losses on advances		
Impairment charges and/or reversals		
<i>Including balance of profits or losses on investment securities transactions and advances</i>		
Gains or losses on disposal of investment securities and other long-term securities holdings		
Impairment charges and/or reversals		
<i>Including balance of profits or losses on investment securities and other long-term securities holdings transactions</i>		
Gains or losses from transactions on equity investments and other long-term securities		
GAINS OR LOSSES ON NON-CURRENT ASSETS	(648)	1,207

NOTE 33

33.1 Income tax expense

(€ '000s)	31.12.2014	31.12.2013
Corporate income tax	(310,824)	(267,492)
INCOME TAX EXPENSE	(310,824)	(267,492)
Losses carried forward		

33.2 Nature of differences

(€ '000s)		31.12.2014	31.12.2013
Temporary	Loans and Deposits	43,242	2,059
	Home Savings Provision Optionality	131,700	(22,800)
	Corporate Social Solidarity Contribution	(427)	291
	UCITS	2,231	33,687
	Financial instruments	156,940	931
	Other temporary differences	38,939	237
Permanent	Parent-subsidiary regime	(105,995)	(62,754)
	Tax credit	36,350	29,495
	Fines	45,489	153,913
	Other differences	1,350	1,735
DIFFERENCES		349,819	136,794

NOTE 34 INFORMATION ON THE AUDIT OF THE FINANCIAL STATEMENTS

Information on the Statutory Auditors' fees is given in the notes to the consolidated financial statements of La Banque Postale Group;

as a consequence, this information is not provided in the notes to the annual financial statements of La Banque Postale SA.

NOTE 35 BUSINESS LOCATION DETAILS

List of investments in countries that have not entered into a tax assistance agreement

Name	Status	% of capital held	Voting rights	Legal form	Business
None					

5.4.4 Information on subsidiaries and equity investments held by La Banque Postale – as at 31 December 2014

(in euros)	Subsidiaries (over 50% capital held)					
	La Banque Postale gestion privée ⁽¹⁾	SF ⁽²⁾	SCI Tertiaire Saint Romain ⁽³⁾	SCI CRSF Métropole ⁽⁴⁾	SCI CRSF Dom ⁽⁵⁾	BPE ⁽⁶⁾
SIREN number	428,767,941	424,176,238	478,301,286	445,061,369	445,047,442	384,282,968
Equity capital	1,000,000	1,053,573,881	64,001,500	256,411,996	2,333,111	97,061,000
Reserves and earnings carried forward before allocation of profit	5,100,339	270,489,123	17,654,831	9,758,792	46,487	14,314,221
Share of capital held (%)	100.00%	100.00%	99.99%	99.99%	99.94%	99.99%
Book value of securities held						
► Gross	44,922,935	1,143,908,526	116,999,885	256,391,996	2,331,611	112,716,426
► Net	44,922,935	1,143,908,526	116,999,885	256,391,996	2,331,611	112,716,426
Loans and advances granted by the Company and not yet repaid	-	-	111,000,000	-	-	1,467,141,211
Amount of sureties and guarantees given by the Company	-	-	-	-	-	7,500,000
Revenues* for the previous financial year (excluding tax)	38,986,229	135,715	13,501,062	37,703,874	918,193	53,461,837
Profit/(loss) for the last financial year	16,042,391	162,613,307	3,281,212	10,261,162	526,409	(3,389,734)
Dividends received by the Company in the previous financial year	10,237,500	90,721,058	0	10,614,629	0	0
Comments	Asset management company	Holding company	Property letting company	Property letting company	Property letting company	Bank

* Depending on the subsidiary's business, revenue is presented if it is a trading company and net banking income is presented if it is a bank or financial company.

(1) 115, rue de Sèvres 75275 PARIS Cedex 06

(2) 115, rue de Sèvres 75275 PARIS Cedex 06

(3) 35-39, boulevard Romain Rolland 75014 PARIS

(4) 115, rue de Sèvres 75275 PARIS Cedex 06

(5) 115, rue de Sèvres 75275 PARIS Cedex 06

(6) 62 rue du Louvre, 75002 PARIS

Subsidiaries (over 50% capital held)					Subsidiaries (10% to 50% capital held)				
LBP Home Loan SFH ⁽⁷⁾	LBP Collectivités Locales ⁽⁸⁾	La Banque Postale Crédit Entreprise ⁽⁹⁾	SOFIAP ⁽¹⁰⁾	Issy LBP ⁽¹¹⁾	Transactis ⁽¹²⁾	PayLib ⁽¹³⁾	GIE CR CESU ⁽¹⁴⁾	SGFGAS ⁽¹⁵⁾	GEXBAN ⁽¹⁶⁾
522,047,570	792,665,572	514,613,207	391,844,214	509,105,979	479,874,257	522,048,032	487,708,455	390,818,235	750,411,316
210,000,000	700,000	220,000,000	60,137,760	40,000	4,948,120	495,000	420,000	825,015	300,000
182,306	817,070	(20,657,619)	30,767,078	(32,658)					
100.00%	65.00%	100.00%	66.00%	100.00%	50.00%	33.33%	16.67%	14.30%	16.67%
210,004,000	649,997	220,000,000	37,754,126	40,000	2,474,062	165,000	25,000	140,465	50,000
210,004,000	649,997	220,000,000	37,754,126	40,000	2,474,062	165,000	25,000	140,465	50,000
0		2,142,623,443	1,407,395,128	-	28,050,000	-	-	-	-
-	-	145,331,809	-	-	-	-	-	-	-
3,293,008	3,000,000	127,695,223	15,329,598	-	NA		NA	NA	NA
1,297,200	334,314	(13,821,815)	(2,417,371)	(5,464)	NA		NA	NA	NA
0	0	-	0	0	-	0	-	-	-
Financial services advisory company	Mortgage brokerage company	Financial company	Financial company	Financial advisory company	Financial services holding company	Payment company	Universal employment services cheques	Guarantee fund management company	Company to protect the "banque" domain name

(7) 115, rue de Sèvres 75275 PARIS Cedex 06

(8) 115, rue de Sèvres 75275 PARIS Cedex 06

(9) 115, rue de Sèvres 75275 PARIS Cedex 06

(10) 7, rue Pierre Levée 75011 PARIS

(11) 115, rue de Sèvres 75275 PARIS Cedex 06

(12) 33, place des Corolles – Tour Europe La Défense II – 92400 COURBEVOIE

(13) 115, rue de Sèvres 75275 PARIS Cedex 06

(14) 155, avenue Galliéni 93170 BAGNOLET

(15) 13, rue Auber 75009 PARIS

(16) 36, rue Taitbout 75009 PARIS

5.4.5 La Banque Postale – Table featuring key financial data for the past five years

	2010	2011	2012	2013	2014
Financial position					
Equity capital	2,342,454,090	3,185,734,830	3,185,734,830	3,413,734,750	4,046,407,595
Number of shares	20,369,166	27,702,042	27,702,042	29,684,650	35,186,153
Overall profit					
Revenue*	8,184,746,728	8,050,572,378	8,652,820,008	7,912,903,096	7,474,544,915
Profit before corporate income tax, depreciation, amortisation and net provision charges	837,575,850	898,153,178	879,964,839	891,541,339	927,845,727
Income tax	(226,602,353)	(102,022,457)	(229,083,049)	(310,824,005)	(310,824,005)
Profit after corporate income tax, depreciation, amortisation and provisions	513,536,390	183,460,386	460,769,474	311,249,224	164,648,962
Proposed profit for distribution	292,908,607	185,603,681	258,183,031	260,631,227	304,712,085
Earnings per share					
Profit after corporate income tax, and before depreciation, amortisation and provisions	29.99	27.95	23.50	20.84	17.52
Profit after corporate income tax, depreciation, amortisation and provisions	25.21	6.62	16.63	10.49	4.68
Proposed profit for distribution	14.38	6.70	9.32	8.78	8.66
Employees					
Average headcount	1,980	2,072	2,159	2,275	2,389
Payroll expenses	116,788,838	127,027,761	134,089,621	142,101,291	153,564,624
Amounts paid for employee benefits (Social Security, social welfare organisations, etc.)	52,342,513	57,418,540	59,876,174	64,044,525	70,300,209

* This figure includes all income from banking operations (profits and losses on financial transactions are taken at their net amount).

5.5 STATUTORY AUDITORS' REPORT ON ANNUAL FINANCIAL STATEMENTS

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. The Statutory Auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the financial statements and includes an explanatory paragraph discussing the Auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the financial statements.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

La Banque Postale SA

Registered offices: 115, rue de Sèvres – 75275 Paris Cedex 06

Equity capital: €4,046,407,595

Financial year ending 31 December 2014

Ladies and Gentlemen,

In accordance with the terms of the assignment entrusted to us by your Annual General Meeting, we hereby submit our report on the financial year ending 31 December 2014, regarding:

- ▶ our audit of the separate financial statements of La Banque Postale SA, as appended to this report;
- ▶ the justification of our assessments;
- ▶ the specific checks and information required by law.

The separate financial statements have been prepared by the Executive Board. Our role is to issue an opinion on those financial statements, based on our audit.

I - Opinion on the separate financial statements

We have conducted our audit in accordance with the professional standards applicable in France. These standards require that we implement procedures to obtain reasonable assurance that the separate financial statements are free of material misstatements. An audit involves examining, by means of spot checks and other sampling methods, the evidence supporting the amounts and disclosures shown in the separate financial statements. It also involves assessing the accounting principles used, the significant estimates made and the overall presentation of the financial statements. We believe that the evidence we have gathered in order to form our opinion is sufficient and relevant.

We hereby certify that the separate financial statements for the financial year present a true and fair view of the results of the transactions for the year just-ended, as well as of the Company's financial position and net assets at the end of that financial year.

II - Justification of assessments

Pursuant to the provisions of Article L. 823-9 of the French Commercial Code relative to the justification of our assessments, we bring the following information to your attention:

Impairment charges and provisions for direct and indirect credit risk

Your Company records impairment charges and provisions to cover the direct and indirect credit risks inherent in its activities (Note 1 "Valuation principles and accounting policies – Presentation and valuation rules", Paragraphs "2 Receivables – Credit institutions and customers – Signed commitments"; "3 Securities"; "7 Provisions" and Notes "4.1 Receivables – Customer transactions", "9 Breakdown of provisions recorded under liabilities", "17.1 Credit risk", "17.2 Provisions for counterparty risk" and "31 Cost of risk" of the notes to the financial statements). We have examined the control procedures for monitoring risk, for the processes for identifying exposure, for impairment and provision methods, for risk assessment and the hedging of those risks via individual and collective impairment charges and provisions.

Valuation of securities and financial instruments

Paragraphs "3 Securities" and "10 Transactions on forward financial instruments" in Note 1 "Valuation accounting Principles and methods – Presentation and valuation rules" of the notes to the financial statements set forth the rules and accounting methods applicable to securities and financial instruments. We have examined the control procedures for the accounting classification of the bank's positions concerning securities and financial instruments, and for determining the parameters used to value them. We have verified the appropriateness of the accounting policies selected by your organisation, and have satisfied ourselves that they are applied correctly.

Analysis of contingency and loss provisions

Your organisation records provisions for liabilities in the statement of financial position, as indicated in Paragraph 7 "Provisions" of Note 1 "Valuation principles and accounting methods – Presentation and valuation rules" and in Note 9 "Breakdown of provisions recorded in liabilities" of the notes to the financial statements. Our work included assessing the data and assumptions on which these estimates are based, reviewing the calculations performed by the Company, and examining the procedures for approval of these estimates by management.

More specifically, with respect to the provision intended to cover the risk of potentially unfavourable consequences of the commitments under Home Savings contracts (Note 10 "Breakdown of home savings optionality"), we have also examined the control procedures for checking the models and determining the parameters used.

Our assessments were made in the context of our audit of the separate financial statements, taken as a whole, and therefore assisted us in reaching our opinion as expressed in the first part of this report.

III - Specific checks and information

We also performed the specific checks specified in law, in accordance with the professional standards applicable in France.

We have no observation to make as to the true and fair presentation and consistency with the separate financial statements of the information on the Company's financial position and annual accounts provided in the Executive Board's management report and in the documents sent to you.

With regard to the information provided pursuant to the provisions of Article L. 225-102-1 of the French Commercial Code on the remuneration and benefits awarded to corporate officers, and on the commitments granted for their benefit, we checked that this information matched the financial statements or the data used to prepare these financial statements, and where applicable, the information gathered by your Company from companies that control your Company or that it controls. Based on this work, we hereby certify the accuracy and truthfulness of that information.

Pursuant to the law, we have satisfied ourselves that the various information items relating to equity investments and control were disclosed to you in the management report.

Paris La Défense, 23 February 2015

KPMG Audit
A division of KPMG SA
Isabelle Goalec
Associate

Neuilly-sur-Seine, 23 February 2015

PricewaterhouseCoopers Audit
Agnès Husherr
Associate

CORPORATE SOCIAL RESPONSIBILITY

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NB: The whole of this chapter meets the regulatory reporting obligation under Article 225 of the Grenelle law II and decree No. 2012-557 of 24 April 2012 on the transparency obligations of corporate, social and environmental responsibility.

NB: The acronym CSR stands for Corporate Social Responsibility.

6.1 CSR GOVERNANCE AT LA BANQUE POSTALE

Since its creation, La Banque Postale, a public service bank serving the real economy, has chosen a unique, solid, responsible and sustainable business model. As a bank for everyone, it has always welcomed every person with respect and consideration, irrespective of their situation. As a useful bank, it offers responsible, simple and innovative services along with quality advice. La Banque Postale maintains close relationships with all of its individual and corporate customers thanks to the Post Offices' unique network and its numerous interconnected and long-distance access services. Focused on regional development, La Banque Postale mobilises French people's savings for local development projects in the country. Built on trust, it gives first priority to its customers' interests and to the management of both financial and extra-financial risks. As a "Civic-minded Bank", it shares and creates a new relationship with money and the bank along with its customers. This relationship of trust, acclaimed by its customers, is its greatest pride and its finest quality; it is built each day through respect for the men and women working in its organisation, and through respect for the environment.

In 2014, La Banque Postale's governance in the area of Corporate Social and Environmental Responsibility (CSR) underwent a change. It is now the Bank's **Executive Committee**, chaired by the Chairman of the Executive Board, which deals, twice a year, with CSR-related issues. The Executive Committee validates the selected projects, decides on

the major strategic guidelines regarding CSR and ensures that the proposed projects can produce results that will make CSR a factor of differentiation, performance and profitability for La Banque Postale. For example, in 2014 the Executive Committee confirmed the Bank's CSR strategy and approved the launch of an internal carbon fund, a key feature of the environmental part of the Company's CSR policy. Moreover, since 2011, the triannual **performance reviews** – which are part of Le Groupe La Poste's key governance mechanisms – have included a focus on CSR. This body enables La Banque Postale to bring attention to topical issues and keep track of CSR strategic developments and indicators.

The **CSR policy** of La Banque Postale, defined up to 2015, is based on five main focuses, 12 missions and 25 priority projects, each of which is backed up by follow-up indicators and qualitative or quantitative objectives (see the section on La Banque Postale's responsible development policy).

In 2014, the **CSR guidelines** of Le Groupe La Poste, based on ISO 26000 and adapted to La Banque Postale, served as a basis for building a CSR issue scoring matrix. This tool, which can measure the materiality of these issues in the eyes of internal and external stakeholders, will make it possible in 2015 to draw up a map of the most relevant issues for the Bank and update the CSR policy upon its expiry.

Raising awareness

Throughout the year, the CSR department and the CSR correspondents in the various entities and establishments raise employee awareness on CSR issues and projects. The teams are mobilised every year during the five weeks of nationwide events organised around the following themes: sustainable development, mobility, socially responsible investment, employment of disabled persons and reducing waste. As an example, during the 2014 Sustainable Development Week, the Bank's CSR policy was highlighted via a temporary exhibition deployed in 42 locations throughout France. The exhibition was accompanied by a large-format card game with questions and answers on CSR policy and challenges.

the Internal CSR network, for its part, with about 140 employees, receives special attention as the main driver for the reporting and consolidation of extra-financial information. In order to make this exercise more meaningful, and bring together and unite these corporate players coming from all the departments, subsidiaries and locations, the CSR dept held an information and discussion seminar on 3 December 2014 to reassert the importance of the annual extra-financial reporting exercise. Moreover, training sessions in energy management are held regularly in order to develop the correspondents' environmental reporting skills (see section on Environmental Responsibility for more information on awareness raising).

6.2 CSR POLICY OF LA BANQUE POSTALE

La Banque Postale's CSR policy, developed up to 2015 and validated by the Responsible Development Committee in June 2012, is based on five main focuses, 12 missions and 25 flagship/priority projects. It will be revised in 2015 by establishing the materiality matrix of CSR issues (see above).

Main focuses	Missions	Projects
The Bank accessible to all	Help to maintain social links (teaching the use of banking services and budget management, face-to-face relationships, etc.)	Assist financially-vulnerable youths in the management of their budgets and bank accounts
		Offer employees a programme which enables them to get involved on a voluntary basis in the teaching of budget and bank account management
	Promote access to financial products and services for all	Expand the offer dedicated to vulnerable customers Give Advisors solutions to meet the expectations of disabled persons
Be one of the leaders in terms of responsible customer relationship	Identify and spread good customer relationship practices, over and above regulatory requirements	Lay down a Responsible Customer Relations Charter Assist vulnerable customers in their relationship with the Bank
	Engage in responsible commercial management with bank Advisors	Design and share guidelines to measure the expected quality of service and that delivered to customers Set up variable remuneration partly based on the contribution to collective results and qualitative performance
	Assist people undergoing financial difficulties	Use the synergy with local players to expand the regional map of social assistance organisations
A benchmark for responsible offering	Put forward a transparent, simple, clear and responsible offering focused on essentials	Take social and environmental responsibility criteria into account in the entire product/service offering
		Develop a range of eco-responsible products with social and/or environmental added value (savings products, credit products, insurance products, etc.)
	Integrate corporate social responsibility in a dedicated eco-responsible offering	Involve all Asset Management subsidiaries in ESG integration Extend the ESG integration process to the Insurance Division
Management of extra-financial risks	Systematically take into account extra-financial risks in the management of all projects conducted by La Banque Postale	Raise risk managers' awareness of the need to integrate ESG risks in their risk management Offer the business lines an opportunity study tool integrating corporate social responsibility and suited to the Project Management Method
	Provide the business lines concerned with appropriate extra-financial risk management tools	Lay down sector-specific policies or investment guidelines for higher-risk sectors covering asset management and the financing activities of corporate and institutional customers Analyse the extra-financial risk level of the stock market portfolio at regular intervals
		Develop responsible management (respect for colleagues, giving meaning, managing change)
Corporate social and environmental responsibility	Be a responsible employer	Integrate corporate social responsibility criteria in the managers' variable remuneration Promote equal opportunities
	Promote the societal values of the Bank with its internal and external stakeholders	Promote employees' civic commitment Deploy a responsible purchasing policy, both in-house and with the supply chain
		Control CO ₂ emissions
	Control the environmental impact of business activities	Control paper consumption
		Roll out the Green IT project

6.2.1 Economic commitment

6.2.1.1 Banking accessibility

Originating from La Poste's Financial Services, La Banque Postale is the only bank that was granted a **banking accessibility mission** through the Economy Modernisation Act of 2008. Welcoming every person, irrespective of their situation, and offering them appropriate banking solutions – such is the Bank's commitment. Under the law of 9 February 2010, La Banque Postale must also **prevent over-indebtedness** and **promote micro-loans**.

Moreover, in the new public service contract for 2013-2017, La Banque Postale has confirmed its commitment to provide information to and raise awareness among people in financial difficulty by offering the most appropriate products and services, especially in terms of modern and inexpensive means of payment. La Banque Postale has also committed to facilitate social home ownership through loans suited to the resources of low-income people.

In addition to its banking accessibility function and its reasonable pricing policy, La Banque Postale thus plays an essential role in combating banking exclusion through its daily actions to enable access to quality banking services to the greatest number of people, and by providing guidance to financially vulnerable customers, notably to prevent over-indebtedness **and develop an original, comprehensive approach to banking inclusion**.

A partnership approach to contribute to the development of financial education and to combat banking exclusion

As a bank for everyone, La Banque Postale has made assistance to customers in financial difficulty one of the objectives of its strategic plan for 2011-2015, "Putting the customer first: making the difference".

Its commitment involves assistance on several **training projects focused on the use of banking services**.

For example, La Banque Postale, in partnership with the Missions Locales network, has offered **budget management workshops for young people** since 2012. These workshops, run by volunteer employees of Le Groupe La Poste, cover budget management, how to use a bank account, how to use credit and how to save. Several hundred young people accommodated by local organisations were thus able to benefit from these workshops over three years.

In 2014, this commitment by employees of La Banque Postale and Le Groupe La Poste was extended to include new **skills-based volunteer assignments to promote banking inclusion**. In 2014, around 200 employees volunteered to carry out four types of assignments: budget and finance workshops with young people or partner non-profit associations, which combat banking exclusion; sponsorship of a mini-enterprise to help a team of 10 to 20 students "create a business", supervised by the *Entreprendre pour Apprendre* non-profit association; assistance for creating a micro-enterprise with PlaNet Finance France, and raising entrepreneur networks' awareness of business insurance.

These initiatives supplement **partnerships established with non-profit associations involved in providing assistance to vulnerable populations throughout France** in Post Office branches and supported by the Post Office Network.

More than 150 partnerships with non-profit associations (e.g. PIMMS, FACE, *Unis-Cité*, etc.) are active in 66 departments throughout France as of the end of 2014, and 300 Post Office branches located in "ZUS" areas (sensitive urban areas) can offer interpreters or mediators.

La Banque Postale and La Poste also provides training sessions to local associations, as well as a turnkey kit of instructive tools on the use of postal services, including banking services (La Poste guide according to customers' real-life situations, "step-by-step" fact sheets on transactions carried out in an office/on internet/by phone, training materials, model bank letters).

Regarding instruction on budgeting and finance, La Banque Postale also supports the non-profit association **Institute for the financial education of the public**, which is accredited by the French Ministry of Education. This public interest organisation, better known under the name *Finance pour tous*, was created to help citizens acquire basic knowledge of finance. Its goal is to enable everyone to understand the economic workings of the world in which they live and to make informed decisions on the matters that concern them. Since 2014, La Banque Postale has sat on the Board of Directors of this organisation and has circulated educational and instructive documents on how to properly manage a budget to its Advisors. The Finance Pour Tous team now also has an employee in the Bank under a skill-based sponsorship scheme.

La Banque Postale and the La Poste Network also decided to support the plan to create the **magazine Debout**, aimed not only at the 8.6 million people living below the poverty line (14% of the population according to Insee) but also at low-income households, students and social workers. This free educational magazine is distributed to social and non-profit associations and offers advice, fact sheets, tips and instruction leaflets. Within Le Groupe La Poste, it is sent to the Company's social workers in particular, who are in charge of providing support to La Poste employees in distress.

Lastly, La Banque Postale supports the non-profit association **CRESUS**, recognised as being of public interest, in its initiatives to promote budget management education. La Banque Postale accordingly takes part in promoting the DYLEMME game and in the Budget Days initiated in the City of Strasbourg in 2014.

To expand its knowledge of the needs and practices of customers in a situation of financial vulnerability, La Banque Postale has, since 2012, undertaken a programme of exchange and cooperation with its stakeholders involved in combating banking exclusion.

For example, La Banque Postale actively participates in the **public authorities' deliberations on banking inclusion**. In December 2012, it was a member of the working group that led to the production of an action plan to combat banking exclusion, part of the Multi-Year Plan to combat poverty and promote social inclusion that was adopted in January 2013.

In 2014, La Banque Postale accordingly contributed to the **Caisse des dépôts report** to encourage the growth and promotion of micro-loans in France, and to the **CCSF report** to develop education in banking and budget management.

Lastly, La Banque Postale sits, alongside representatives of the government, consumer and family associations, associations combating exclusion, and other credit institution representatives, on the **Observatory for Banking Inclusion (OIB)**. The creation of this observatory, provided for by the Banking Act of 26 July 2013, is one of the key measures of the multi-year plan to combat poverty and promote social inclusion. Its purpose is to monitor lending institutions' practices with regard to banking inclusion, especially towards populations in financial difficulties. The work of the Observatory will provide public authorities and all the stakeholders with objective data, both quantitative and qualitative, to assess practices and changes in practices in order to identify potential improvements.

La Banque Postale has also initiated **direct exchanges and nurtured relations with public players in the social sector and non-profit associations combating exclusion** so as to promote “banking inclusion”, i.e. the establishment of schemes facilitating access to and use of financial services for customers in a socially vulnerable situation.

Convinced that only active and organised cooperation will make it possible to meet the challenges of banking and financial exclusion, in October 2012, La Banque Postale founded a think tank tasked with developing new practices in response to the needs of customers in a situation of financial vulnerability. The ambition of this think tank, called “**The Initiative against banking exclusion**”, is to:

- ▶ increase mutual knowledge between populations in financial difficulty and institutions, banking and other types, interacting with them;
- ▶ learn together in order to create and test products, services and practices that take into account the real expectations of these customers;
- ▶ promote and defend, especially to public authorities, the most appropriate solutions created collectively.

As an open organisation, this think tank welcomes all players in the social, non-profit association and banking world who share its goals and want to develop new initiatives to combat banking and financial exclusion. It includes, at present, ADIE (*Association pour le droit à l'initiative économique*, Association for the Right to Economic Initiative), the Salvation Army, ATD Fourth World, La Banque Postale, CRESUS (*Chambre régionale du surendettement social*, regional chamber for social over-indebtedness), the French Red Cross, Emmaüs France, Habitat et Humanisme, Restos du cœur, Secours catholique, Secours populaire and UNCCAS (the national union of municipal centres for social action).

La Banque Postale also supports **the Action Tank Entreprise et Pauvreté (“Company and poverty”)**, a non-profit association (*association de loi 1901*) that aims to promote the development of experimental entrepreneurial projects having an impact on the reduction of poverty and exclusion in France. The Malin, Mobiliz and Optique Solidaire programmes (see *Responsible Insurance section in the Responsible Offering chapter*) are promoted by the Account Managers of La Banque Postale’s support platform.

Promote access to financial products and services for all

Under French law, everyone is entitled to open a deposit account and to basic banking services. Through the network of Post Offices, La Banque Postale undertakes to welcome any person, irrespective of their situation.

Faithful to its Post Office values of local presence and service to the man in the street, La Banque Postale is guided by the principle of welcoming everyone, and a policy of offering each of its customers, whatever their situation, the most suitable banking and insurance services, for a reasonable price (for accessibility to the premises and services for disabled customers, see the chapter on societal commitment).

Regarding affordability, La Banque Postale reasserts its policy of moderate prices and customer service. As a civic-minded bank, La Banque Postale has chosen to use reasonable prices, i.e. prices that cover the costs inherent in a sustainable high-quality service and robust coverage of its customers’ essential needs, while ensuring a reasonable margin for the Bank to finance its expansion. La Banque Postale is accordingly one of the least expensive major retail banks.

Regarding the accessibility of its bank product offering, La Banque Postale offers thresholds of accessibility to its products that are the lowest on the market.

As part of this public service mission, La Banque Postale allows every French resident, including the most impoverished, to have a bank account for domiciliation of their income, withdrawing cash and issuing payment orders at its counters. The bank is therefore obliged to open a **Livret A** savings account “for any person who requests it” and to effect deposits and withdrawals of a minimum of €1.50 on such accounts (compared with €10 at other banks). In 2014, La Banque Postale thus managed the completion a large number of small transactions on a daily basis: at the end of 2014, out of nearly 18 million Livret A accounts, 54% had assets of less than €150. This makes the Bank a leader in the combat against banking exclusion.

Moreover, La Banque Postale has always promoted access to accounts and basic banking services for financially vulnerable populations. It offers them a range of alternative payments to cheques (“GPA”), the **Formule de Compte simplicité (“easy account”)**. The Bank makes this offer to customers who have had their banking services suspended or have had a card suspended for misuse or over-indebtedness. Since 2014, it also offers it to customers in vulnerable situations who have had recurring payment incidents for three consecutive months. With this *Formule de Compte*, it is possible to pay for purchases and settle invoices with a systematic authorisation card (the Réalys card), unlimited debits, two free bank cheques per month, and four free funds transfers per month, including one standing order. To facilitate management of their account, the customer receives a monthly statement online or by mail, online account management services, and a “balance” alert service via SMS, with three free alerts per month. In the event of an incident, the costs of rejection of debit and intervention fees are capped at five transactions each per month, at a special rate. The subscription to the *Formule de Compte simplicité*, consistent with the Bank’s moderate pricing policy, is below the ceiling provided for in the decree.

In addition, in January 2014, La Banque Postale launched a **frequent-authorisation Visa card** in response to the needs of the greatest number of customers. This card provides access to services such as insurance and roadside assistance, and to the payment and withdrawal caps of a conventional Visa card. It also makes it possible to pay into revenue collection systems (motorway tolls and some car parks), which do not accept the Réalys card (systematic authorisation).

With more extensive services while maintaining risk control, this card is a real innovation allowing adaptation to customers’ use.

Lastly, since April 2013, La Banque Postale has launched the **Protectys card**, the first prepaid and rechargeable bank card for protected adult customers or their legal representatives. This international Visa card, when used with a PIN code, allows withdrawals and payments to be made within the limits of a weekly amount set by the legal representative. In addition, an alert system keeps the representative, as well as the protected adult, informed of the amounts used. More than one in four protected adults holds an account at La Banque Postale: This new card is a real innovation for these individuals, unmatched by any competitor. At the end of 2014, 2,209 Protectys cards had been distributed (versus 1,005 at the end of 2013); they represent 3% of the number of prepaid cards.

La Banque Postale also promotes **access to credit for customers on a modest budget**, while remaining extremely vigilant regarding the solvency of its borrowers. It offers responsible credit with follow-up and guidance aimed at protecting the customer, and within this mode of operation unique to the Bank, it grants home loans and consumer loans, both redeemable and renewable.

Regarding **home loans**, La Banque Postale enables young people under the age of 26 to benefit from home loans, even without a down payment. Although it is extremely demanding with regard to the solvency of loan applicants, it has also enhanced access to credit via an offering of **"PAS" loans providing access to social home ownership**. This offer, introduced at the end of 2012 in response to the needs of its lowest-income customers, allowed La Banque Postale to assist more than 34,200 customers obtain access to home ownership. Thanks to all the acquisition solutions proposed in partnership with social housing organisations, in 2014, La Banque Postale placed on the market €1,300 million in outstanding loans for low-cost home ownership in the form of 11,518 PAS loans. At the end of 2014, La Banque Postale had 141 partners, a large majority of which are social housing landlords. To better manage these partnerships promoting home ownership among modest-income customers and to encourage the granting of regulated loans, in 2013 and 2014, La Banque Postale deployed Social Home Ownership Scheme Officers, reporting to the new regional Operational Directors for Property Prescription. Their mission is to facilitate regional contacts between social housing landlords, the Network and the Bank's specialist property advisors.

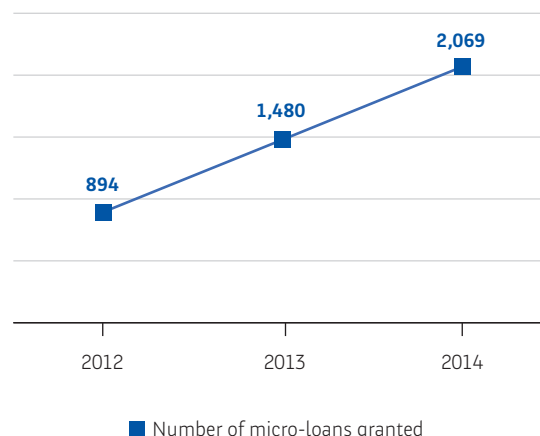
As regards home loans, at the end of 2014, 22.1% of borrowers earned less than two minimum wages per month.

Finally, PSLAs (*prêts sociaux à la location accession*, rent-to-own social loans) were also launched in 2013. This offering will continue to expand in 2014. La Banque Postale has undertaken to finance 520 housing units via PSLA loans (see Enterprise and Territory chapter, Societal Commitment section).

With regard to **consumer credit**, loans priced among the lowest in the market are offered with affordable terms and financing amounts. With personal student loans, apprenticeship loans and €1 driving licence loans, La Banque Postale also responds to the specific needs of young people. The personal interim loan enables La Banque Postale to fulfil its role as a civic-minded Bank by offering financing to customers often excluded from other organisations (see chapter on contract signing and monitoring: cautious risk management, regular monitoring and prevention of over-indebtedness (Responsible Customer Relationship section)).

Since February 2014, La Banque Postale goes further: for the "refusal of consumer loans" via the Banque Postale Financement platform, customers in a situation of banking exclusion due to their low solvency have been introduced to the **assisted microcredit scheme** and are directed either to the platform of Crédit Municipal de Paris, a partner of La Banque Postale (for customers in the Paris region), or to the website www.france-microcredit.org for all other customers, in order to identify the partner closest to their place of residence for microloan financing. Since 2007, La Banque Postale has offered **personal micro-loans** in partnership with local non-profit associations, responsible for identifying and assisting the projects of individuals without access to banking services due to their low solvency (partner associations include: *Secours Catholique*, UDAF, French Red Cross, *Restos du cœur*, etc.). In 2014, 30 new agreements were signed to meet the expectations of the most vulnerable customer looking for small amounts of financing, bringing to 111 the number of active partnerships. The Banque Postale offering is now proposed in 68 French departments (vs 61 in 2013). In 2014, 2,069 personal micro-loans were disbursed (+39.8% vs 2013), which represents a market share of 13.9% (vs 11.5% in 2013). In all, at the end of 2014, La Banque Postale had 5,995 personal micro-loans on the books for a total amount of €14.09 million, representing a market share of 8.7% (+1.4% in 1 year), making it the No. 5 personal micro-loans operator in France (vs No. 6 in 2013).

MICRO-LOANS



To facilitate the extension of personal micro-loans, 30 new partnership agreements were signed in 2014.
2014 market share: 13.9% (vs 11.5% in 2013).

Since August 2013, La Banque Postale has received the authorisation of the Social Cohesion Fund to finance, via **personal micro-loans, so-called *Précarité énergétique* (fuel poverty) projects**. Granted for a maximum amount of €10,000 for a maximum period of 72 months, this personal micro-loan is aimed at financing work that reduces a home's fuel poverty, adaptation or accessibility renovation work on a home occupied by an elderly or disabled person, and slum clearance work. In 2014, 40 non-profit associations worked alongside the Bank to develop this type of financing through partnership agreements.

Since 2012, La Banque Postale has offered **business micro-loans** in partnership with ADIE. This non-profit association, which is a specialist in aid for micro-entrepreneurs, provides its expertise to train the Bank's Advisors in providing assistance to these project leaders. The two partners are especially interested in financially vulnerable customers residing in sensitive urban areas who want to lead a project. The goal is to help people excluded from the labour market and having no access to bank loans to set up their business thanks to a small loan over a short period of time. La Banque Postale customers in search of this financing are identified in Post Office branches and, since 2014, also via La Banque Postale's Online Bank in Châlons-en-Champagne, which directs them to the ADIE's national phone platform in Lille, so that ADIE can assist them with their career plan. Since the introduction of this partnership, around 900 micro-entrepreneurs have been assisted and more than a hundred have been able to complete their projects thanks to ADIE financing. By offering appropriate financing solutions with a benchmark non-profit association, La Banque Postale combats banking exclusion in a concrete manner and fully plays its role with small business operators.

6.2.1.2 Responsible customer relations

The welcome given customers, customer management and quality of service are perfectly in line with La Banque Postale's "Civic-minded Bank" strategy. A responsible customer relationship is a relationship based on quality advice, ensured by an appropriate counselling method and customer-focused commercial management and advisor remuneration. Responsible practices are implemented in all circumstances throughout the banking relationship: trust, support, listening, monitoring and transparency.

Appropriate and responsible counselling

The counselling method is based on La Banque Postale's **business ethics handbook** (see the section on Management of Extra-Financial Risks), which clearly emphasises the importance of responsible sales practices. In addition, La Banque Postale's **semantic guide** reflects its fundamentals and its values, and enforces clear, simple, and transparent marketing pitches.

La Banque Postale always strives to ensure that its products are suited to its customers' situations and needs. Since 2006, the **Seven Winners method**, approved by extra-financial rating agencies, has underpinned the customer-advisor relationship. It is based on exhaustive knowledge of customers *via* a comprehensive financial review. This results in appropriate advice suited to customers' requirements and projects.

Since 2012, Advisors, who are responsible for the quality of the advice, rely even more on a comprehensive, pedagogical diagnostic tool, to build the most appropriate financial solutions with customers.

In order to identify and understand customers' needs and offer them the right products, La Banque Postale's Banking Advisory Line is structured in order to best meet their expectations. For example, right from the start, the Bank set up a network of **specialist property Advisors**. This has enabled customers to benefit from the expert counselling of 689 Advisors, supported by 48 CPCIs (*Conseillers prescription crédit immobilier*, prescription home loan Advisors). Moreover, to meet customer requirements, the Bank has trained specialised Advisors dedicated to corporate and institutional customers. In order to ensure the quality of the service provided, the Bank's Advisors receive regular training.

From the beginning, La Banque Postale pays close attention to the way in which it promotes its products to its customers, using **clear, informative communication materials**: instruction leaflets, videos, key points, guides, etc. The various communication campaigns based on transparency, simplicity and clarity contribute to building a long-term, quality relationship right from the start. A property guide is available on La Banque Postale's website, and is updated regularly so that all customers may stay informed.

Lastly, in the interest of customers, the quality of counselling and the development of a long-term relationship are based on a **commercial management system** focused on the training of Advisors and a remuneration system including qualitative and quantitative factors, both individual and collective. Each advisor signs an annual performance contract and reviews his/ her progress with the line manager three times a year at joint evaluation interviews. This performance contract is organised around three pillars:

- ▶ fundamentals of the advisor's job: based on a good knowledge of the customer and product range, the duty to provide advice corresponding to the customer's needs and plans, risk management and compliance with ethical and compliance rules and, lastly, the search for collective success to achieve customer satisfaction;
- ▶ activities: emphasising the importance of proactiveness in responding to customers' requests and the knowledge of our sales methods ensuring the quality of advisory services;
- ▶ qualitative and quantitative indicators best characterising performance.

On 17 December 2014, a social agreement concerning the bank marketing line was signed with our trade unions, and it has been applied since 1 January 2015. This agreement meets three major objectives of La Banque Postale:

- ▶ develop the role of advisory services, in relation to our customers' expectations, by readjusting the fraction of variable remuneration relative to fixed remuneration;

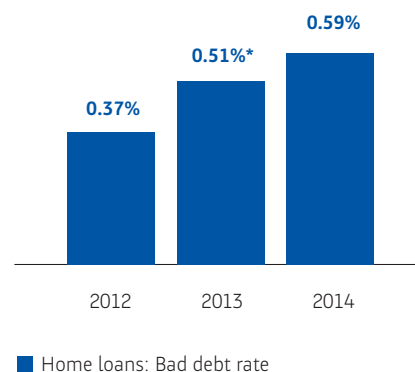
- ▶ guard against the risk of deficient advisory services that could result from variable remuneration forming too significant a portion of total remuneration;
- ▶ respond to market developments, new customer expectations and regulatory change in the banking environment.

Contract signing and monitoring: cautious risk management, regular monitoring and prevention of over-indebtedness

The signing of a product contract and its subsequent monitoring are crucial stages in building a responsible customer relationship. Prudent risk management and regularly monitoring the customer's situation are thus essential.

For example, in the commercialisation of a home loan offer, the specialist property Advisors carry out a personalised study of the real estate transaction and consider the acquisition project within a comprehensive approach (taking into consideration the remaining disposable income, promoting home savings schemes, etc.). Thanks to appropriate advisory services and an objective analysis of customers' situations, La Banque Postale's bad debt rate remains among the lowest on the market (0.59% as of 31 December 2014 versus 0.51% as of 31 December 2013 and 1.45%*) for the market average at the end of 2013), while managed outstanding loans exceeded €48.7 billion.

HOME LOANS



The consumer credit granting criteria are also stringent and based on a stringent lending policy and cautious risk management to avoid customer over-indebtedness. As of its founding, La Banque Postale made prevention of over-indebtedness and assistance to its customers the focus of its responsible lender approach. For this purpose, it designed and established a comprehensive and coherent system for preventing over-indebtedness, coming into play during the lending stage and continuing throughout the contract period. These commitments aim at providing a dependable and transparent basis for granting loans to customers, and assisting them in case of difficulties.

When examining the consumer loan application, La Banque Postale calculates the borrower's repayment capacity using a budget simulation signed by the borrower, knowledge of the customer's history, and a precise examination of the supporting documents for acceptance of the loan.

* La Banque Postale's bad debt rate is among the lowest on the market (market average as of the end of 2013: 1.45%).

* Adjusted data: see Methodology notice.

Throughout the duration of the loan, La Banque Postale remains vigilant under its customer relationship management scheme in order to detect any signs of financial difficulty as early as possible. To this effect, all the Advisors in the Customer Relations Centre of La Banque Postale Financement are trained in detecting signs of vulnerability.

As part of the customer relationship, on each contract anniversary date, the borrower is offered a budget assessment to update his/her situation and check its appropriateness with respect to the outstanding loan.

Widespread introduction of revolving credit

The “loi Hamon” enacted on 17 March 2014 allowed the widespread introduction of **revolving credit** distribution, which had been tested at the national level since 3 December 2012. This offer, fully compatible with the provisions of the law, now forms an integral part of La Banque Postale’s range of consumer loans.

Positioned between an overdraft facility and a personal loan, it enables customers to cope with temporary cash flow shortfalls and unexpected expenses, or carry out small projects under well-managed conditions. Moreover, the Extension Option, which can be activated or deactivated at any time via phone or internet, makes it possible to credit the CCP post office account, if the overdraft facility is exceeded.

This revolving credit offer is distinctive because of its simplicity and its responsible nature: among the lowest interest rates on the market, various rates of repayment, including an accelerated rate (30% faster than the legal obligation), and partial or complete early repayment at no extra cost is possible at any time via the phone or internet.

Moreover, In keeping with the Bank’s values, this offer is clear, detailed, transparent and responsible. It is entirely based on knowledge of the customer, developed through the quality of the banking relationship. Indeed, preventing over indebtedness has been a core concern in the designing of this offer. The offer is accordingly reserved for customers of La Banque Postale having a Compte courant postal (CCP: post office bank account). It is offered mainly in Post Office branches, following a detailed examination of the customer’s expenses and income. An introductory guide setting out the good and bad uses of revolving credit is also available to customers.

Customers also receive comprehensive information throughout the term of their loan, through a dedicated account statement, real-time information and SMS/e-mail alerts.

Lastly, to identify any financial difficulty, an annual budget assessment is offered to all customers and special assistance is always available in the event of hard times.

Assistance to people undergoing financial difficulties

In parallel with its banking accessibility actions, La Banque Postale is very committed to assisting people undergoing financial difficulties. For this purpose, it now has an original scheme, set up with the help of non-profit associations involved in combating social exclusion, such as the French national union of communal social action centres (UNCCAS) and the regional chamber for social over-indebtedness (CRESUS).

In November 2013, La Banque Postale created **L’Appui de La Banque Postale**, a banking and budgetary advisory and guidance platform accessible to customers via a unique toll-free number. This new service has a dual mission: on the one hand, assisting any customers of La Banque Postale experiencing one-off or recurring financial difficulties, and, on the other hand, improving the prevention of

difficult financial situations. The Advisors on this new platform assess the customer’s spendable income after reviewing their budget to check for any non-conferred rights or to identify any cases of heavy indebtedness or over-indebtedness.

The Advisors can then propose, where applicable, to put the customer in contact with partners, non-profit associations or committed social players (CCAS, UDAF (*Union départementale des associations familiales*, the regional union of family associations), FASTT (*Fonds d’action sociale du travail temporaire*, the social action fund for temporary work), or FACE (*Fondation agir contre l’exclusion*, the foundation for action to combat exclusion, etc.) to promote access to social rights or rates; and with CMP Banque and CRESUS for cases of heavy indebtedness or over-indebtedness. Finally, under certain conditions, the platform can provide access to social offers suited to the needs of customers in difficult financial situations, developed by *Action Tank Entreprise et Pauvreté*. As of the end of December 2014, more than 4,000 customers had been able to receive support from L’Appui.

On 25 June 2014, *L’Appui de La Banque Postale* was selected among “15 solidarity involvement initiatives that are changing France”. These initiatives are supported by the President of the Republic as part of the programme called *La France s’engage*. In November 2014, La Banque Postale was honoured by the website www.choisir-ma-banque.com, winning the special *Banque de tous* prize for 2015, notably thanks to L’Appui (<http://www.lestropheesdelabanque.com/#prixspeciaux>).

La Banque Postale, a partner of CRESUS since 2010 within the framework of the business of its specialist consumer lending subsidiary, therefore, with the launch of the L’Appui platform, strengthened its ties with this non-profit association recognized as a mission in the public interest. From now on, active customers of La Banque Postale undergoing financial difficulties associated with heavy indebtedness or over-indebtedness and who cannot be effectively assisted by the L’Appui platform will be directed to the non-profit association CRESUS. This organisation will provide intermediation support with various creditors to obtain coordinated and long-lasting adjustments as well as social and economic assistance for the customer’s financial recovery. This collaboration was developed as part of a partnership agreement between La Banque Postale and CRESUS, signed in December 2013.

Moreover, as part of its consumer lending and revolving credit business since 2012, La Banque Postale Financement has established a **two-level support system** in order to monitor customers experiencing financial difficulties:

- ▶ a support unit, dedicated to vulnerable customers who accept specific monitoring based on listening and education, was initiated when this activity was launched. With the help of the customer, the advisor carries out a detailed analysis of the person’s financial situation and difficulties. The advisor draws up a diagnostic in order to guide the customer towards loan restructuring, credit repurchase, or more comprehensive support if needed. Regular meetings are scheduled to ensure on-going monitoring. In 2014, 753 customers were assisted in this way, more than twice as many as in 2013 (330 customers assisted);
- ▶ for the most complex situations and for loans taken out with other lenders, La Banque Postale Financement has entered into an agreement with CRESUS (see above). In such cases, CRESUS initiates direct actions to rebalance the budget of customers having submitted an excessive debt file, to put them in contact with social bodies, or to steer them towards its local support network. In 2014, 100 customers were assisted by CRESUS in this way.

SUPPORT PROVIDED TO CUSTOMERS



La Banque Postale has also formed a **pilot partnership with CMP Banque**, aimed at assisting its customers on the verge of over-indebtedness. If these customers are refused for a loan repurchase at La Banque Postale Financement and directed to L'Appui platform, after an analysis of their situation, they can be approved for a loan repurchase by CMP Banque.

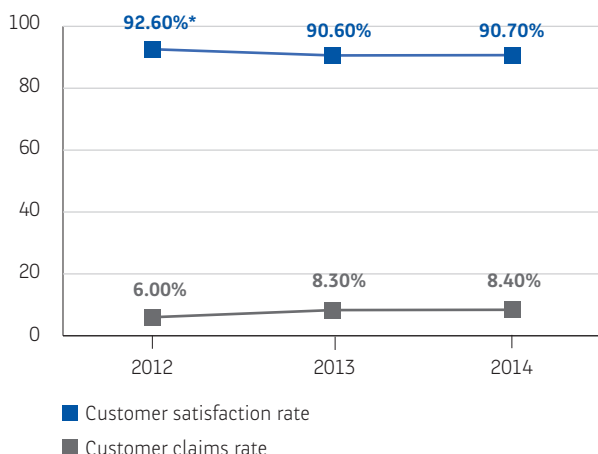
Listening to customers

Quality of service is the number one priority of La Banque Postale's 2011-2015 strategic plan: "Putting the customer first: making the difference". Indeed, this is a major **lever to ensure customer satisfaction and loyalty**. At the core of the process: the ability to listen to customers in order to better understand their expectations.

Various systems make it possible to monitor changes in the quality of service delivered.

- national **satisfaction surveys** were conducted across France. In 2014, for example, the customer satisfaction rate was 90.7% (stable result compared with 2013) with 40% of customer "very satisfied", and the customer claims rate was 8.4%. Lastly, in terms of image, La Banque Postale has maintained its leading position on rates and geographical proximity, and for its sustainable development activity. Overall, it remains very well positioned for the image criteria measured except for modernity, but we would like to stress that although it is still lagging behind its competitors on this criterion, it has progressed in the past few years.

CUSTOMER SATISFACTION



* Adjusted data: see Methodology notice.

- listening to customers also means listening to their complaints. 500 employees handle customer complaints on a daily basis: the Financial Centres handle the first processing phase and the Customer Relations Department the second phase, processing appeals.
- in 2014, 85% of claims were processed in five days in the Financial Centres. In 2013, the **Claims project**, carried out to comply with the regulatory obligations of the Prudential Supervision and Resolution Authority (ACPR), led to increased awareness of "where and how to file a complaint", in particular with the creation of a new level of referral, the "appeal", and the modification of the Mediator's Charter. In terms of processing, this project allowed for homogenisation of claims processing and follow-up for all business lines and products. In 2014, it enabled analysis of causes of complaint, so that faults and bad practices could be eradicated. All of these projects fully contribute to improving the quality of service for our customers.
- moreover, the **innovative participation** tools, Eurék@ and Ideas Bank, launched in 2003 and 2009 respectively, are essential levers for improving customer satisfaction.
- lastly, in 2012 the Bank launched the **Customers Lab**, a collaborative platform for our customers, which involves them even more in the life of the Bank. Customers are invited to comment on our news, give their opinions on our products and services, discuss the latest banking trends and exclusively beta test some of our services. Listening to customers and involving them in product design and adjustment promotes innovation, transparency, community and trust. To date, this exchange platform has around 25,000 users, more than 650 discussion topics posted, and around 3,000 published comments.

Other systems have been established by the Network:

- the quality measuring systems** established by the Network Quality Department and the Operations Department were enhanced, to supplement and refine the insights obtained from the customer satisfaction indices and optimise management control over the fundamentals of quality of service;
- the quality inspection system:** waiting, handling, "BRASMA" attitudes, clarity and making bank appointments;
- measuring bank advisory services:** welcome, receptiveness and efficiency of the advisor;
- measuring phone accessibility;**
- perceived service:** customer feedback systems designed to go further with customers, gain in-depth knowledge of their perceptions and be able to contact them in reply if they so wish. Customers can directly express their views regarding their satisfaction, with their intent enabling La Banque Postale to optimise the fluidity of circuits from end to end.

6.2.1.3 Responsible offering

La Banque Postale is committed to proposing to its customers a simple, clear and responsible offering of products and services, focused on essentials, at an affordable price.

ESG Checklist: integration of ESG criteria

Since June 2009, La Banque Postale has made sure that ESG (environmental, social and governance) criteria are systematically taken into account in the design of its range of products and services. It has therefore set up an **ESG checklist**: a tool which sets out the Bank's five founding values (accessibility, performance, difference, responsibility, cohesion) through 19 ESG criteria which are fundamental for La Banque Postale (e.g. ethical advice, transparency, simplicity, clarity, and combating climate change and tax evasion).

Following the set-up of the tool, the product managers were trained in its use. They are thus aware of the main CSR requirements.

The ESG checklist is supervised by the Compliance Department, which ensures that it is present in each product file presented to the new product review committee ("CEP"). In 2014, La Banque Postale held 45 CEP meetings. Of these 45 committees, a single one (relating to the Lagarde Act) was not covered by a checklist, since its use was not relevant in this case.

All of La Banque Postale's new products must therefore meet extra-financial criteria covering their design, their distribution and customer support.

Products and services with added social and/or environmental value

In addition to integrating ESG criteria into its offering, right from its design phase, La Banque Postale offers various products with added social or environmental value.

For example, the **Livret A** savings account helps to finance social housing and is consistent with the principle of banking accessibility for all. Through **personal and entrepreneurial micro-loans**, customers generally excluded from bank credit can get loans from €300 to €3,000.

In August 2013, La Banque Postale also received the authorisation of the Social Cohesion Fund to grant the new **Précarité énergétique (fuel poverty) personal micro-loans**. The **Simplicité account** provides an alternative to payment by cheque (see the section on Banking Accessibility).

A civic-minded bank, La Banque Postale also proposes to its customers its new **Intérêts Solidaires service**, which allows them to transfer all or part of the interest from a passbook savings account (Livret A, Sustainable Development account or National Savings account) to one of the 11 non-profit associations that are members of the "Initiative against banking exclusion" think tank, of which the Bank is a founding member (see section on Promoting access for all to financial products and services in the Economic Commitment chapter). It supports this solidarity initiative by making a 10% contribution to the amount of their donation.

Under its partnership with the Pasteur Institute, BPE, a subsidiary of La Banque Postale, offers its high net worth customers BPE **Altruïs, a co-branded card** which makes a donation (between €0.5 and €2) to the Pasteur Institute, paid automatically at the end of the month, when a payment of over €20 is made.

In addition, part of the funds collected in the **Sustainable Development savings accounts** are used to finance SMEs focused on sustainable development and grant loans for energy-saving projects. The **Pactys Habitat home loans** and the new **interest-free eco-loan** financing energy savings projects, marketed by the Bank since January 2015, form the first bricks of the Energy Transition project, a priority feature of the 2014-2020 strategic plan supported by Le Groupe La Poste. Since 2011, energy efficiency has also been taken into account in the granting of interest-free housing loans (PTZ+). Moreover, the **meal vouchers** and **Universal Personal Service cheques** were produced using an ecodesign approach.

Ciloger, a subsidiary dedicated to property savings, was the first company to launch an SCPI under the Duflo Act. The **Ciloger Habitat 4 "SCPI" real estate investment trust** allows individuals to establish a property portfolio of new homes that are environmentally friendly and affordable for middle-income households.

Responsible asset management

In keeping with its signature brand, "A Civic-minded bank", La Banque Postale is committed to responsible asset management. A direct application of the principles of sustainable development to asset management, **socially responsible investment (SRI)** is based on the integration of ESG (environmental, social and governance) criteria into investment decisions and portfolio management, in addition to financial criteria. In SRI management, companies are no longer selected solely on the basis of their ability to generate profit, but also for their ability to preserve natural resources for future generations, improve the working conditions of their employees and develop balanced relationships with all of their partners (customers, suppliers, shareholders, civil society). SRI strives to reconcile performance with social and environmental impact, encouraging companies to make societal responsibility a central part of their practices and strategies.

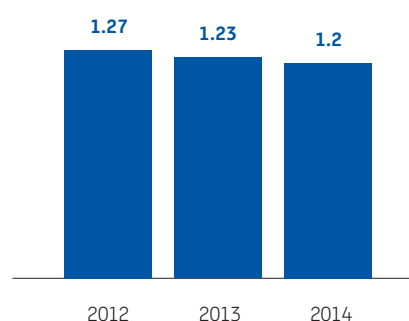
To this effect, La Banque Postale Asset Management (LBPAM) manages SRI funds for retail customers and institutional investors. For retail customers, in 2006 La Banque Postale launched the "Investir autrement" range, which meets the expectations of customers who are particularly sensitive to the issue of sustainable development and who wish to give meaning to their investments.

The SRI funds constituting this range are assessed every year by Novethic, an SRI research centre and subsidiary of Caisse des dépôts. In 2014, the five funds in the *Investir autrement* range (LBPAM Responsable Actions Euro, LBPAM Responsable Actions Environnement, LBPAM Responsable Actions Monde, LBPAM Responsable Actions Solidaire, Libertés et Solidarité) obtained the Novethic SRI label, which aims to guarantee a transparent SRI selection process and an ESG analysis of at least 90% of the portfolio. Two funds intended mainly for institutional clients also obtained the Novethic SRI Label for the first time in 2014: LBPAM Responsable Actions Europe and LBPAM Responsable Trésor.

Also meeting customers' expectations with regard to solidarity-based financing, two of the *Investir autrement* funds (LBPAM Responsable Actions Solidaire and Libertés et Solidarité) received the Finansol label, which has recognised solidarity-based savings investments since 1997.

As proof of its commitment to promoting this responsible offering, SRI is now part of the "Essentiels" – the core UCITS range offered to customers: of the eight "Essentiels" funds, three are SRIs. They are put forward by Advisors who receive regular training from specialists in order to improve their knowledge of responsible investment products. In addition, every year La Banque Postale takes part in the SRI Week during which it offers its customers and Advisors information and promotional materials for its "Investir autrement" range. As at 31 December 2014, **SRI assets managed** by LBPAM amounted to €1.2 billion, or 0.8% of total assets under management.

SOCIALLY RESPONSIBLE INVESTMENT



■ Socially Responsible Investment (SRI) assets
(in billions of euros)

For customers looking to boost their wealth while encouraging socially responsible finance, La Banque Postale has launched a new range of formula funds, LBP EthicEuro. Managed by La Banque Postale Structured Asset Management, within the framework of the "PEA" savings plan and life insurance policies, these funds with guaranteed or protected capital offer the performance potential of an index consisting of European companies selected partly on ESG (environmental, social and governance) and ethical criteria, and partly on financial criteria. At the end of 2014, La Banque Postale's wealth Advisors had collected €211 million on these products.

Moreover, since 2009, La Banque Postale has been working to strengthen ESG integration on its asset management business lines **management under ESG integration**, i.e. the integration of SRI principles into all of its conventional asset management activities.

At the end of 2014, LBPAM's **managed assets integrating ESG criteria** (excluding SRI funds) totalled €96.98 billion, i.e. 64.92% of all assets under management, virtually unchanged compared to 2013.

These assets correspond to the portfolios managed on behalf of certain institutional customers, at their request, through the following methods:

- ▶ for government bonds: prior filtering of the countries according to predefined ESG criteria;
- ▶ for private issuers: quarterly ESG rating of the portfolios and exclusion or close monitoring of securities presenting a high ESG risk.

Furthermore, initiatives are being taken at LBPAM to develop ESG integration for all assets under management:

- ▶ the results of the ESG analyses are also made available to all the management teams, directly on the software platform used by the fund managers;
- ▶ LBPAM's SRI fund managers and analysts work together to prepare meetings with companies and voting decisions at certain Annual General Meetings, for example;
- ▶ since 2014, monthly meetings have been organised at LBPAM between SRI analysts and investment management teams, to discuss ESG issues for a business line. These meetings aim to improve SRI analysis and enhance fund managers' knowledge of ESG issues;
- ▶ LBPAM actively plays its role as shareholder by exercising the voting rights attached to the UCITS managed, according to a single voting policy. LBPAM took part in 182 Annual General Meetings of European companies in 2014. For the voting process, LBPAM gives priority to open discussion with the companies.

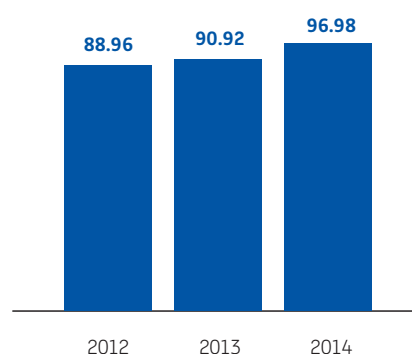
For further information on LBPAM's commitments, its methodology and voting policy, visit the webpages on this topic at www.labanquepostale-am.fr/isr.html.

Apart from the actions taken by LBPAM, all the asset management subsidiaries in the Group's Asset and Wealth Management Division reasserted their commitment to integrating extra-financial criteria. In 2013, a **Responsible Asset Management Committee** (CGAR) was set up. Its goal is to put forward and implement programmes for integrating extra-financial criteria common to all the asset management business lines of La Banque Postale in order to make these criteria a factor of differentiation, performance and profitability. This committee, which met three times in 2014, is overseen by Daniel Roy, a member of the Bank's Operational Committee and the Director of Asset and Wealth Management, and brings together all the Managing Directors of the management companies of La Banque Postale Group.

The United Nations **principles for responsible investment** (PRI), serving as a common base for the commitment of the Group's investment management companies, were signed by all the players

concerned. Following LBPAM in 2009, XAnge Private Equity in 2011, and Tocqueville Finance and Ciloger in 2012, La Banque Postale Gestion Privée in turn signed the principles in 2013 (at end-2014, 37% of assets managed by LBPGP integrated ESG criteria, i.e. 100% of its directly held securities). Therefore, 100% of the management companies of the Asset and Wealth Management Division are now signatories.

AUM (assets under management) INTEGRATING ESG CRITERIA



■ Funds integrating ESG criteria (in billions of euros)

In 2014, the funds integrating ESG criteria accounted for 64.92% of all investments managed by LBPAM.

Responsible insurance

La Banque Postale's insurance businesses fully comply with the CSR approach adopted by all the Group's business lines. La Banque Postale aims to offer insurance solutions corresponding to its socially responsible signature; through its remedial function, insurance plays an essential role in the life of its customers, especially those who are most vulnerable. The aim is to develop simple solutions, designed to protect all its customers in the event of difficulties, for the best protection/price ratio and on a sustainable basis.

Offers screened with the ESG checklist

The Insurance Unit of La Banque Postale has trained its project managers in risk identification, specifically including an analysis of the Group's CSR objectives in this approach. These ESG criteria are also taken into account in selecting partners for the products distributed by La Banque Postale.

Support for several dedicated insurance initiatives

La Banque Postale is a founding member of the public-interest foundation **Entrepreneurs de la Cité**, designed to promote insurance protection for entrepreneurs.

Since June 2012, La Banque Postale has been a signatory of the **Principles for Sustainable Insurance** (PSI), a UN-backed initiative. The purpose of these Principles is to boost sustainable development in the industry by promoting the integration of environmental, social and governance criteria in insurers' decisions, products and processes. The PSI fully reflect La Banque Postale's view regarding the social utility of insurance. By joining this international initiative, La Banque Postale rehabilitates the social utility of its business; the PSI offer it a broad framework for collective exchanges and progress.

In 2014, La Banque Postale became an active partner in the work conducted by CSR observatory **Observatoire de la responsabilité sociétale des entreprise** (ORSE) involving numerous players in the sector to encourage links between the two approaches, ERM

(Enterprise Risk Management) and CSR, over the entire value chain of the insurance industry; this work will lead to the publication of a guide in the first quarter of 2015.

Note that CNP Assurances, its historical partner in personal insurance, is a signatory to the PSI and the Global Compact. Moreover, for their asset management activities, the insurance subsidiaries of La Banque Postale and CNP Assurances are supported by La Banque Postale Asset Management, likewise a signatory to the PRI.

In partnership with the non-profit association *Citoyens de la route*, La Banque Postale Assurances IARD has produced for its policy holders, the **Passeport Secours®**, a booklet containing all the medical information concerning each passenger, to enable emergency responders to provide appropriate first aid services in the event of an accident. This innovation received the *Argus d'or* insurance award in the general public Auto category.

New dependent coverage insurance

Given that 50% of French people already face, for themselves or a relative, a situation of loss of independence, La Banque Postale Prévoyance designed a new product in 2014 to cover this growing risk. Launched in January 2015, this Autonomy Insurance policy offers two formulas – Full Dependence or Full and Partial Dependence – which combine some of the most comprehensive financial guarantees on the market (equipment capital to encourage the elderly to live at home, and life annuity) together with assistance services (aid with administrative and social formalities, psychological care, remote housing audit, practical training for care workers, etc.). The insured can benefit from these services if he (she) becomes a carer for a dependent close relative. This product is one of the rare dependent coverage insurance policies to receive the GAD (*Garantie assurance dépendance*) label created by the French Federation of Insurance Companies.

Enhanced protection of means of payment

To adapt to new consumer practices, Alliatys Plus, La Banque Postale's insurance policy for means of payment, has been enriched since July 2014 by an Identity Protection guarantee. In the event of identity theft, the customer enjoys legal protection and coverage of their financial loss and, in the event of attacks on their reputation on the internet, a service to eliminate or cover up insults or slander. The Alliatys guarantees now also extend to payments by mobile phone.

La Banque Postale also wants actively take part in promoting insurance products dedicated to financially vulnerable customers. That is why, in 2013, its subsidiary, La Banque Postale Assurance Santé, became a member of the non-profit association **Optique Solidaire**, set up to promote the access of financially vulnerable people to quality optical equipment. Thus, La Banque Postale Assurance Santé sends a letter presenting the product, specially designed as part of its social business programme (Essilor optical glasses and spectacle frames made in France), to its customers aged 60 and over benefiting from the ACS scheme (*aide à l'acquisition d'une complémentaire santé*, French complementary health insurance acquisition assistance system). A total of nearly 300 customers benefited from this equipment in 2014.

6.2.1.4 Management of extra-financial risks

Integrating extra-financial risks into operational risks

In 2014, La Banque Postale's risk management arm pursued its development, its main line of progress being the strengthening of the responsibilities of the business lines within the framework of management and handling of the risks affecting their respective areas. Likewise, the governance related to the introduction of a new product or conducting a new project evolved in 2014 from the viewpoints

of both the preparation file for the product review committee and decision making procedures.

The use of the ESG checklist (see Responsible Offering section) remains identical to that established in 2013. The information on the ESG checklist is an integral part of the risk analysis process. It is a mandatory document in the file presented to the new product review committee. The replies to this questionnaire should help project managers in their product risk analysis and the risk hedging assessment on the basis of which the Operational Risks Department has to issue an opinion. It enables the project manager to have an analysis of the impacts related to a product from the Corporate Social and Environmental Responsibility viewpoint, and it raises bank players' awareness of sustainable development issues, while enhancing the instructive sales presentation for customers and product and offer design.

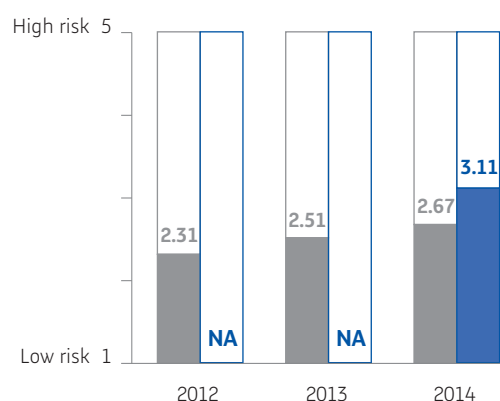
The various results of the ESG checklist should then allow subsequent analysis of the ESG issues highlighted, to then enable La Banque Postale's CSR unit to initiate awareness raising actions where necessary.

Lastly, in 2014, the assessment of ESG criteria remained one of the components of the image impact of the risk rating grid confirming the incorporation of extra-financial factors in risk assessment.

Measuring the level of exposure to extra-financial risks

Since 2011, in order to measure the ESG risk exposure of proprietary trading carried out by the Financial Transactions Department, La Banque Postale has adapted the method developed by the SRI Department of La Banque Postale Asset Management (LBPAM) to analyse the extra-financial risks of sovereign and non-sovereign counterparties. In 2014, the annual measurements became half-yearly. The results at end-December showed controlled overall exposure: for non-sovereign issuers, 64.4% of the assets are invested in issues with a risk scale ranging from low to moderate (vs. 63.9% in 2014). Exposure to the most risky securities remains very low (0.2% at end-December, vs 1.6% in April 2014).

LEVEL OF ESG RISK EXPOSURE



- ESG risk exposure of the Financial Transactions Department (non-sovereign issuers)
- ESG risk exposure of the Financial Transactions Department (sovereign issuers)

At the same time, since 2010, LBPAM has stepped up its responsible practices through its approach of allowing for environmental, social and governance (ESG) criteria in selecting its market intermediaries. This process is based on a questionnaire drawn up jointly by the Risk Management Department and the SRI and Sustainable Development Department of LBPAM, sent to all market intermediaries.

Moreover, La Banque Postale makes sure that none of the portfolios managed by asset and wealth management players include companies involved in controversial weapons (antipersonnel mines or cluster bombs) or non-conventional weapons (biological, chemical, nuclear, depleted uranium, blinding laser and incendiary weapons), irrespective of the type of financial instruments issued (shares, bonds, or money-market instruments). To this end, in 2012, La Banque Postale subscribed to a database kept by an independent third-party expert to reinforce its methods and to share an exclusion list used by all members of the Asset and Wealth Management Division in the Responsible Asset Management Committee (CGAR). This list is then shared with the Financial Transactions Department for proprietary trading and with the Risk Department and the Enterprise Department for credit transactions.

At the same time, in 2014, the CGAR maintained heightened vigilance on a number of securities with high ESG risks, frequently subject to controversy.

Furthermore, in keeping with La Banque Postale's governance principles, agricultural commodities are excluded from the range of its authorised financial instruments.

Finally, as an essential player in the French economy, La Banque Postale **combats tax evasion** by strictly complying with applicable rules and prevention measures. As a French retail bank, its activities are almost exclusively conducted on French territory. It has no activities in countries blacklisted by the Tax Justice Network. At the very most, La Banque Postale has pursued very limited business in European countries where La Poste already conducted business at the time of the founding of La Banque Postale. The profits from this business are fully taxable at common law rates. The tax management of all Group entities and companies is handled or controlled directly by La Banque Postale's Tax Department in Paris. This management is based on principles of stringent compliance with applicable regulations and transparency with respect to the authorities. Furthermore, the monitoring of customers' activities in terms of tax compliance is carried out as part of the fight against money laundering, terrorism financing and fraud. Measures have been set up to control international transactions between France and countries presenting risks. This monitoring generates alerts which are subsequently handled by a dedicated tool. Over 100 people are dedicated to this activity within the Financial operations security department.

Professional ethics: better risk management in business processes

True to its values of providing local services to the largest number of people, La Banque Postale is committed to promote ethical and responsible behaviour. The 2014 BVA ethics environment barometer survey conducted among large French companies and employees of Le Groupe La Poste shows that 97% of employees of La Banque Postale (4 percentage points more than in 2013) say that they are involved in the Company's ethical actions. Moreover, 86% of them consider that there has been a positive change in ethical behaviour in the Company.

The **business ethics handbook** of La Banque Postale is circulated in the financial services of La Poste, to La Poste Network and the Information Systems Department shared by La Banque Postale and La Poste Network. It puts emphasis on the best practices to be implemented in banking, financial and insurance matters with respect to customers, employees and third parties. The handbook is part of the internal rules of procedure of La Banque Postale and La Poste, and is enforceable against all employees.

The projects initiated in previous years were continued in 2014, notably regarding the **detection of vulnerable conditions and conflicts of interest**. Moreover, a project for the updating of rules concerning gifts and invitations was carried out in order to offer overall management of regulatory empowerments (canvassing, insurance, certification). In accordance with the action plan defined in January 2014, work was carried out to recast the intranet area on business ethics and finalise a FAQ area.

Employees receive training in business ethics as soon as they take up their duties and throughout their professional career. **Campaigns for training** in rules of good conduct have been conducted since 2006. They cover the key business ethics guidelines in the Handbook regarding: respect for customers' needs, banking secrecy and data confidentiality, prevention of conflicts of interest, compliance with rules for the use of Information Systems. Moreover, the Head of Business Ethics contacts newcomers to LBP: he uses an awareness raising film presenting several sequences of business ethics rules followed by discussions with the participants. He also plays a role during the integration of new organisations, e.g. for La Banque Postale's acquisition of Sofiap. Finally, the Business Line Correspondents are involved with this subject in their organisations. In 2014, for example, 212 of the Bank's employees were trained by the Head of Business Ethics, as well as 342 employees of the IS Department via a specific ethics e-learning programme, and 620 employees by the Ethics Officer for the Network.

The process of **detection and monitoring of misappropriation of funds and ethical violations**, computerised in 2013 and covering the whole range of the Bank's business, factored in the structural changes of 2014. It can notify managers of any breach of the rules so that they may take the necessary measures.

Regarding governance, monthly cross-entity **Business Ethics Committees**, led by the Head of Business Ethics, were held regularly in 2014, and expanded on a quarterly basis to include all employees of the Bank's subsidiaries (insurance, asset management, wealth, real estate, etc.). Progress on the business ethics action plan is specifically monitored.

The Business Ethics Division has defined **five major risk types**, which are integrated into the risk tools and matrices managed by the Operational Risks Department and made available to the Risk Managers. Business ethics checkpoints are therefore present in the Level 1 and 2 control grids.

The Business Ethics Division of La Banque Postale takes part in the **Ethics Committee of La Poste**, a body that brings together the Ethics Departments of La Poste's four Business Lines.

In case of suspected breaches of ethical rules or faults, the **whistleblowing process and alert system** provide for the relay of information to La Banque Postale's Head of Business Ethics. He/she is also informed by the compliance officers working in the Bank's various departments, at the subsidiaries, in the La Poste Network and the IS Department. Whistleblowing is done via a strictly confidential, secure e-mail address. The name of the whistle blower is kept secret to protect them from any retaliatory measures.

6.2.2 Social commitment

La Banque Postale pays close attention to all of its teams without exception, whether at La Banque Postale and its subsidiaries, at La Poste Financial Services or within the Banking Advisory Line of La Poste Network.

Through the setting up of a single HR Department for La Banque Postale, Financial Services and La Poste Network, a centralised, simplified and more efficient human-focused management system has been established. Because HR wants to make post office workers both actors for and beneficiaries of change, it takes the necessary steps to assist them in their everyday jobs, to develop their skills and adopt a forward-looking view so as to create and consolidate the business lines of the future.

6.2.2.1 Career development and support

La Banque Postale's human resource policy aims to provide the Bank's 31,182 employees with a working environment which promotes their **personal and professional development**. In a changing context, the Human Resources Department of La Banque Postale, Financial Services and La Poste Network ensures on a daily basis that changes are implemented with respect for all.

It places great emphasis on supporting each employee in their professional ambitions throughout their career.

Accordingly, the latest staff agreement concerning the Banking Advisory business lines, signed on 17 December 2014, reflects the will to support the bank Advisors in their changing jobs and offer them levers for professional and personal development. Apart from immediate salary measures, a sign of recognition of these jobs, three projects will be initiated on jobs and career paths, on commercial management and, lastly, on the job environment.

The mobility of employees of La Banque Postale Group is therefore a key issue for the Company. Whether through communication on cutting-edge jobs, information workshops, personalised interviews or interview training, La Banque Postale's employees are encouraged and supported in their mobility.

No less than 500 combined career paths were implemented among employees of the Bank, Financial Services and La Poste Network in 2014, 37% of them in sales and management positions.

The 46 Career Development Advisors and about fifteen Career Managers at the Bank's Head Office provide personalised support to employees: regular personal interviews, posting of announcements on the various job exchanges, discussions between HR professionals on job profiles, advice concerning their personal development. In 2014, 1,708 job transfers were carried out in this way, while 1,381 people also received a promotion.

La Banque Postale Group is also **open to the outside world**, because this year it received 819 people from outside Le Groupe La Poste, 44.2% of them in our Banking Advisory Lines and 260 employees in its subsidiaries.

Also, from 13 to 17 October 2014, Le Groupe La Poste organised the second **Career Development Week** having "Job Discovery" as its main theme.

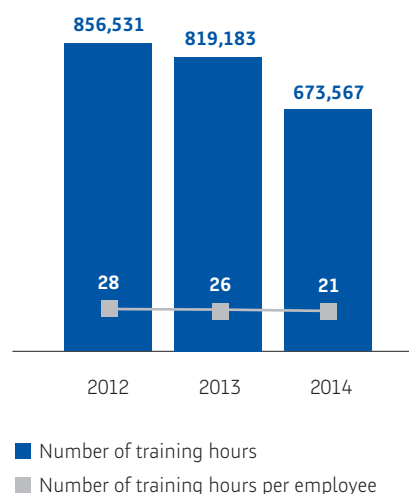
In light of current and future changes and developments – business line change, creation of new functions, etc – the teams of La Banque Postale and Financial Services were naturally mobilised on this occasion. Through the events offered, Career Development Week

forms part of a policy of developing a culture of career development in employees, with HR players and managers, by inviting them to become involved individually and collectively in designing, recognising and providing support for career plans.

The 1,100 actions organised throughout France (350 visits to locations and subsidiaries, around 500 workshops, more than 200 forums and conferences, etc.) enabled personnel and managers to stay informed of opportunities for change (developing business lines, possible career paths), schemes facilitating job transfers and career development within and between branches, and also outside the Group (business start-ups, etc.). All these are opportunities from which everyone can build their career path.

To support implementation of the strategic plan, the development of new markets and the establishment of career paths, the Bank also proposes numerous **further training** programmes. For example, 673,574 hours of training were provided in 2014, i.e. 21 hours per employee.

EMPLOYEE TRAINING



As part of the Single Commercial Management project, training provided support for all the resources impacted, by establishing modular career paths adapted to each employee, and established new strategic positions such as Liabilities Director and Credit Risk Analysis Managers with customised career paths (200 training days and more than 60 people trained). The creation of the *Banque des Pros* (Banking Pros) was supported by a new type of certifying career path, the co-branded École supérieure de La Banque – CFPB (Bank Higher Education) and École de La Banque et du Réseau (Bank and Network Training Center). The entire first year class was certified successfully. It illustrates the new process for the creation of certifying career paths in the École de La Banque et du Réseau.

The Training Department assisted in the implementation of the **"Spirit of Service" initiative** intended to foster continual quality improvement in order to retain customer loyalty and to grow NBI as part of Le Groupe La Poste's overall approach to quality. A training scheme was developed on service attitudes so that, in 2015, 95% of customers may be satisfied (results achieved in 2014). The major training objectives are to distinguish between the concepts of quality

* Données retraitées : cf. Note méthodologique

of service and customer satisfaction, and assimilate “spirit of service” attitudes (more than 2,500 employees trained in 2014).

A specific initiative was designed to support managers in dealing with complex situations. The aim is to develop an appropriate attitude in the management of vulnerable persons and assist in handling these situations so as to prevent the demotivation of the teams and managers. This initiative was developed with an expert, and is a real success with managers.

Closeness to HR Managers, training advice and the renewed offering have secured career paths and internal job transfers (in the LBP scope for the first year, personal development training including the “DIF” personal training rights scheme (53%) exceeded adaptation to the work station).

The novel and ambitious **manager development plan** undertaken with managers in 2012 continues around core competencies: cooperation, strategic communication, leadership and boldness.

In 2014, in a context of transformation and major development challenges, the Human Resources Department launched several initiatives with the support of experts in each field. For example, a training course dedicated to managers was created with the Training and Advanced Training Centre for Journalists (CFPJ) on the topic of management communication to strengthen the impact of their messages. Managers were also brought together, in brainstorming and discussion workshops over a six-month period, to gain perspective on their practices and observe those of others: learning from themselves and learning from others in order to adopt the right attitude, focusing on how to work together. Very specific attention is paid to first-time managers and those who move up to a higher management level.

In parallel, more than 150 managers from La Banque Postale took the first training session provided by Le Groupe La Poste’s Management Institute. Focused on the human aspect of management, it covers three priority areas: Employee development, support for personnel teams in transition, and the quality of life at work.

6.2.2.2 Youth employment, integration and training

Since 2013, to facilitate the integration of young people into the Company, both managers and young people have a dedicated HR contact person who assists them in defining their needs and in the recruiting process. He ensures the integration of students into the teams and the satisfactory performance of their assignment.

La Banque Postale has intensified its relationship with the student community since 2013. **The Bank now has 32 partners** among management schools, engineering schools and universities throughout France. The Bank conducted over 80 initiatives at trade shows, forums, presentations, educational games, case studies, recruiting workshops, and even examination boards. In this way, it makes its business lines and subsidiaries more well-known, improves its attractiveness and promotes student access to the world of work. One of the year’s highlights is the renewal of the disability partnership agreements with higher educational institutes École supérieure des sciences économiques et commerciales (ESSEC) and Sciences Po Paris in order to improve disabled students’ access to postsecondary studies. La Banque Postale also makes a preferential commercial offer for education financing to all the students at its 32 institutional partners.

Actively involved in the **integration and training** of young people into the labour market, La Banque Postale had 1,100 apprentices as of 31 December 2014 under apprenticeship or occupational contracts with a level of education ranging from Bac+1 to Bac+5 for a term of 1 to 2 years.

A survey conducted among students with an internship or apprenticeship at the Bank during the summer of 2013 showed that 91% believe that their professional experience in the Bank allowed them to acquire new skills, and 84% believe that it will be a great addition to their CV. With regard to students at the end of their studies, a more precise qualitative follow-up of their internship or apprenticeship within La Banque Postale has been introduced in order to replenish the pool of young talent.

6.2.2.3 Comprehensive and competitive remuneration for everyone

La Banque Postale’s ambitions for the future are to accelerate its commercial development and build the bank of tomorrow. The Bank supports this ambition with employees whose everyday dedication makes quality of service a catalyst of customer satisfaction and retention. To meet these new challenges, La Banque Postale has a human resources policy based on a comprehensive compensation system, applying fundamental principles of fairness and transparency. It aims to recognise skills development, establish a link between employees and performance, retain loyalty and support career paths.

To recognise the career development of its employees, La Banque Postale has negotiated, within the framework of **the compulsory annual negotiations (“NAO”)**, a budget earmarked for wage hikes, including general pay rise measures reserved for employees on the lowest wages.

The average salary of La Banque Postale employees increased by 1.71% in 2014 (1.83% for women and 1.59% for men). In Financial Services, as part of the 2014 wage increase programme, the average salary excluding promotions increased by 1.18% for class-III employees, including a 0.4% across-the-board increase, for men and women, and it increased by 1.32% (excluding promotions) for Group A personnel, salaried workers and civil servants, both men and women. The salaries of class-I, class-II and class-III civil servants depend on the civil service grids and systems.

This year, La Banque Postale again renewed the overall budget dedicated to **job equality**. For 2014, it was increased to €70,000 with the aim of dealing with pay differences between men and women, in similar job positions, and individual situations regarding older workers.

To share the benefits of growth and the outperformance of financial year 2013 with its employees, La Banque Postale allocated a total overall **bonus** amount of €3.8 million. **Profit sharing** in the amount of €3.4 million can also be added to this allocation. For Financial Services, the overall bonus allocation generated in 2014 by the performance of Le Groupe La Poste in financial year 2013 made it possible to pay €5.1 million to its employees.

With a view to encouraging the creation of medium- and long-term savings, Le Groupe La Poste offers its employees the option of taking part in **group savings** and **collective pension** schemes (PEG, PERCO). Over 45% of the investment vehicles of these schemes are made up of socially responsible investment assets. Each year, an overall employer’s contribution is allocated by the Group to supporting its employees in their investment efforts. In 2014, this represented €2 million for the employees of Financial Services. Including the bonus scheme, Le Groupe La Poste paid its Financial Services employees €7.1 million for their collective performance. La Banque Postale also offers this possibility and allocated a total amount of €2.1 million to supporting its employees’ investments in employee savings plans (PEG & PERCO).

As a symbol of its CSR commitment, La Banque Postale’s new bonus scheme agreement for the period 2014-2016 includes a sustainable

development indicator among its two calculation criteria: the **extra-financial credit rating**. For Financial Services, this commitment already existed, with two responsible development indicators appearing among La Poste's 2012-2014 bonus scheme agreement criteria: accessibility of branches to persons with reduced mobility and total emission offsetting under the carbon neutrality programme.

6.2.2.4 Dialogue and employee relations

Right from its launch, La Banque Postale has paid special attention to ensuring high-quality **employee relations**, based on trust and mutual respect.

In 2014, the Bank negotiated and entered into seven agreements, notably concerning the employment of disabled persons, teleworking, La Banque Postale Group's bonus scheme, and the formation of a Group Committee.

The standards of La Banque Postale's employee relations have thus been improving constantly since 2006. Between 2006 and 2014, 118 collective agreements were signed between La Banque Postale and Financial Services, including seven this year.

In 2014, the staff policy of Financial Services was rich and active, and social assistance for projects was a highlight of the year.

Financial Services further developed a specific employee relations system used prior to CDSPs (*Commissions de Dialogue Social de La Poste*, employee-relations committees), which allows key points of planned organisational changes to be shared with trade unions with explanation, anticipation and transparency in mind. These exchanges also allow changes to be made to these plans, if necessary. In 2014, this standardised system resulted in about 60 bilateral meetings held prior to the 11 CDSPs and 2 CNSSTs (occupational safety and health meetings) for Financial Services. Moreover, the *Avenir des Métiers Bancaires des Centres financiers 2011-2015* agreement led to the establishment of three national monitoring committees.

6.2.2.5 Occupational health, safety and well-being

For some years now, Financial Services has conducted a **prevention programme relating to musculoskeletal disorders (MSDs)**, including awareness raising on work with display screen equipment intended for all persons working on a computer. Since early 2014, a training course for employees entitled "I protect my back and my joints", concerning movements and positions, has been provided by OSH experts and medical personnel. This one-day training course presents concepts of anatomy, ergonomics, observation of work situations, etc. and practical exercises on the layout of computer work stations and stretching and relaxation exercises.

Likewise, Financial Services continues to implement the **occupational stress evaluation and monitoring procedure (DESSP)** established since 2009. This procedure, carried out as part of the medical check-up, aims to establish an objective record of the stress level, identify its factors, and determine appropriate actions to reduce occupational stress.

Throughout 2014, the role of the Financial Services CNSST (**Commission nationale santé sécurité au travail**, national committee for occupational safety and health) continued to be strengthened. This enabled sharing on subjects such as, for example, the roll-out of the paperless office project with the presentation of studies carried out by the Financial Services ergonomists in Nancy and Montpellier; the roll-out of the sedentation project in customer services in the Financial Centres (studies by Financial Services ergonomists in Dijon, Nantes and Toulouse); implementation of the Phoenix project was shared with the employee representatives on this body; an OSH review of the

customer services project was presented following the CDSP meeting of 13 March 2014, etc.

Studies and working groups made it possible to continue our initiatives for the **improvement of our employees' working conditions**: installation of new acoustic panels, work on dual screens, etc., and action taken by Financial Services ergonomists in branches (Marseille, CNRMT, Rennes, Lille, etc.).

The measures provided for by La Banque Postale's **Health and Well-being at Work agreement** of 22 April 2010 are in practice and still applied at present, and further negotiations on the subject will be started soon with the social partners (second half of 2015). The three main existing systems are:

- ▶ the Annual Prevention Plan 2015;
- ▶ the DUERP (Document unique d'évaluation des risques professionnels, single occupational risk assessment document);
- ▶ the Banque Postale's Well-being at Work agreement of 22 April 2010.

In addition, to reaffirm that La Banque Postale and Financial Services are always concerned for the well-being of their personnel at work, a **Commitment and Life at Work Division** was created in September 2014, as part of the establishment of the single HR Department for La Banque Postale, Financial Services and the La Poste Network.

The role of this division is to: "encourage, arouse and maintain employees' commitment to their work."

This requires defining this ambition, sharing it and keeping it alive in three main areas:

- ▶ working conditions: not confined to the conventional definitions (sanitary conditions, safety and in particular incivilities, ergonomics, etc.) but rather including whatever makes it possible to perform one's work correctly and efficiently (logistics, procurements, documentation, IT, procedures, etc.);
- ▶ the work content: by ensuring that dedication to the job translates into dedication to the Company, that the work is meaningful and arouses a feeling of utility and self-esteem;
- ▶ work relations: respect, responsibility, trust, sharing, collaboration.

All the players (management, sales, organisation, back office, etc.) are involved in attaining this ambition.

The HR Department and all its components – recruitment, training, promotion, remuneration, participation in organisation projects, definition of work stations, redeployment monitoring, support (crisis prevention, coaching, mentoring) and medico-social activities – form the core of the initiative. They are its promoters, models and guarantors.

The Commitment and Life at Work Division is available to the various HR players (headquarters and line management), to explain the goal, help define procedures, propose conditions of implementation, measurement and empowerment.

Moreover, as part of the improvements in work/life balance, and also with a view to reducing stress, an agreement on **teleworking** was signed on 25 June 2013 at Le Groupe La Poste. To promote this balance, La Banque Postale also signed an agreement on teleworking within the UES companies on 10 January 2014. So far, at La Banque Postale, 125 employees and managers have embarked on this experiment in remote work relations, based on universal trust, with great satisfaction.

Within the Responsible Development and Youth Employment Department, a specific **mediation and support** position was created. This position supports and advises managers and local HR teams with the aim of handling complex individual situations within Financial

Services and the Bank. Solutions are implemented on a case-by-case basis: individual support, professional and geographical mobility, etc.

Finally, in view of the increase in **uncivil behaviour in Post Offices**, the Department for Safety and Prevention of Incivilities of the La Poste Network continues to provide training for all post office employees in preventing incivilities. In 2014, more than 6,000 employees were trained (in closed offices or at the University of La Poste Network). There were 13,500 reported incivilities on the ORAS application (*outil de recueil des atteintes sûreté*, security breaches collection tool). Specific measures were initiated in 2014, notably with the CTPI experiment (Comités territoriaux de prévention des incivilités, territorial committees for prevention of incivilities) in seven Regional Banking Departments. The CTPI aims to produce an “incivility” diagnosis of the offices in question and propose and monitor actions to be implemented to improve employees’ working conditions. This new body will become standard in volunteer Regional Banking Departments in 2015. From now on, an overall policy for incivility prevention is available to all the players concerned.

6.2.2.6 Diversity, disability and equal opportunity

Commitments and agreements

Respecting and promoting the principle of equal opportunity and equal treatment is something which applies to all company players, at all levels and at all stages of their working lives. As “a caring, socially responsible bank”, La Banque Postale is committed to promoting diversity and equal opportunity, to give everyone access to its various business lines. It also pursues a policy of employment development for people with disabilities, promoting their integration and ensuring their career development.

A **third disability agreement** was signed in February 2014 at La Banque Postale; it concerns employees of La Banque Postale, La Banque Postale Crédit Entreprise and La Banque Postale Gestion Privée. This new agreement allows the continuation of actions planned in several main areas since 2008 by La Banque Postale, namely: “recruitment, integration, training, retention in employment and awareness raising among the various players in the Company”. Employees were informed of this new agreement as of its signature and have been the target of awareness raising efforts on the subject of disability throughout the year, via key events (Employment of Disabled Persons Week, Health Solution Day, which focus on certain topics: incapacitating diseases, etc.). Employees are informed of these events by the distribution of flyers, the circulation of articles on the intranet, dedicated communication screens, etc.

Various jobs are also the target of specific **awareness** raising (buyers, trainers, etc.). External awareness raising is also planned via participation in recruitment forums, partnerships with some *grandes écoles*, non-profit associations working with disabled persons, etc.

With regard to Financial Services, the fifth disability agreement signed by La Poste in 2012 expired at end-2014; discussions are underway on its renewal. In order to facilitate its implementation, the previous agreement had been the subject of a **specific action plan for Financial Services**, with a network of 29 local disability officers created in 2012. These officers are the exclusive contact people for disability issues, both in terms of job retention and in terms of raising employees’ awareness. Their roles, duties and contact data are disseminated by posting up in the entities and on the intranet. Each officer organises at least one awareness raising initiative per year and receives all the employees who so request.

On 30 September 2013, La Banque Postale signed a three-year renewal of the agreement, thereby confirming its commitment to **diversity and equal opportunities** in the Bank at all stages of working life. The Bank establishes initiatives for employee awareness raising and information on this subject. In particular, it recently added courses on diversity to its training catalogue to enable everyone to better understand what diversity represents, and its implications.

In 2013, along with eight other companies, La Banque Postale also took part in a **study entitled “Stereotypes and Origins”**, under the leadership of its partner IMS-Entreprendre pour la Cité. The aim of this study was to establish an inventory of representations and identify concrete paths to deconstruct stereotypes and facilitate the integration of employees of diverse origins. A presentation of this study and an announcement on the intranet were produced in March 2014.

In addition, on 18 April 2013, La Banque Postale signed the **Diversity Charter**, which formalises its intention of integrating and promoting every person on the basis of his or her skills, without discrimination, so that the diversity of the French population is better reflected in its workforce.

The **Occupational Equality agreement** of Le Groupe La Poste expired during 2014. Its renegotiation was put off until the spring of 2015 due to the employee representative election timetable. It covers all aspects relating to parenthood, wage equality between men and women, etc. It is promoted by the HR Department of each entity which ensures its implementation at all levels. Communication tools are used, such as, for example, an *HR Guide to Parenthood* which informs employees, particularly young parents, of the existing schemes.

Regarding actions, the entities organise local forums with volunteer organisations and address subjects according to their populations (skill-based sponsorship oriented towards older workers, solidarity leave, stereotypes, gender equality, etc.).

Actions of the diversity, disability and equal opportunity mission

To fulfil its mission and achieve its objectives, La Banque Postale undertook numerous actions and took part in several events in 2014.

Highly committed to recruitment, La Banque Postale was present at the major **recruitment forums** for people with disabilities (*Forums de l’Adapt, Pass Emploi*, etc.). In 2014, four disabled employees were hired by La Banque Postale and seven in Financial Services. Moreover, thanks to the signing of partnership agreements with the ESSEC and Sciences Po, La Banque Postale is helping to expand access to knowledge by raising the awareness of students and future managers with regard to the professional integration of disabled people, and by creating an annual disability scholarship programme (ESSEC).

In Financial Services, around 600 **retention in employment** actions amounting to over €700,000 were conducted in 2014. La Banque Postale and Financial Services supported around 850 disabled employees. In 2014, special emphasis was placed on disability training for the various players. For example, training on the disability agreement was proposed to one of the employee representatives of the 32 CHSWCs (committees for health, safety and working conditions) of the Financial Services establishments. Another training course for recruiters was rolled out in the autumn to enable them to better identify disabled candidates and provide them with tools for recruitment interviews. In addition, about one hundred managers and the disability officers underwent training in awareness of employees’ psychological problems. The aim is to allow the various players to better handle disability situations at work, recruitment and retention in employment.

Within La Banque Postale, the Disability Mission adapted approximately ten posts, in particular via the **adaptation of working hours** and the handling of transport costs between the person's home and workplace, hearing aid expenses and training costs for programmes outside the Company's training plan. In addition, half-days of leave were granted to employees of the Bank for administrative or medical procedures related to their disabilities, or those of their disabled close relatives. So that disabled employees may have better access to training, since November 2013 they may indicate their training adaptation needs directly in the management tool.

The Disability Mission has also set up **awareness-raising actions** aimed at all employees of La Banque Postale to break down barriers and stereotypes linked to disability or its representation. In 2014, La Banque Postale accordingly renewed the programme for learning French Sign Language. In addition, every year La Banque Postale takes part in the national **Week for the SEPH** (*Semaine pour l'emploi des personnes handicapées*, Employment of People with Disabilities). Mobile workshops for discussions on disability took place in the departments at the Head Office of La Banque Postale to enable everyone to make a commitment in favour of disabled persons. Photo exhibitions were produced, together with films on the theme of disability.

In the Financial Centres and the specialist national centres, there were again a large number of activities this year: The Lille Financial Centre organised its management community in the auditorium of the Saint André EPSM (Établissement public de santé mentale, public mental health institution). Three managers took part in the live recording of a radio programme moderated by patients, which provided an opportunity for a very enriching discussion. The afternoon was devoted to awareness raising on mental and psychological disabilities (workshops or site visits with a historical explanation). *Cafés silences* were held in Rouen, Nancy, Limoges and Bordeaux, during which employees ordered drinks while learning the basics of

sign language. To go further, a social event brought together deaf and hearing colleagues in Paris and Marseille.

Disability quizzes were distributed in Clermont, Lyon, at the DISFE and in about ten other entities, to test employees' knowledge in a recreational manner. The winners received prizes from the subsidised/sheltered sector. To raise employee awareness in Marseille regarding the integration difficulties of disabled persons into the working world, the Quality of Life at Work Department offered them workshops on visual disability and a visit to the Centre was organised for hard-of-hearing students. In Grenoble, chocolates and fine groceries were sold directly by ESAT organisations (Établissement et service d'aide par le travail) at the Crossing and Sèvres locations. At the same time, an electronic *battle quiz* brought together around 10,000 post office workers for two weeks. There were 25 winners from La Banque Postale and Financial Services among the 150 first prizes.

Apart from the SEPH, Financial Services also take part in the **trophées Handifférences** (Le Groupe La Poste in-house trophies). This initiative, being held for the fourth time, aims to recognise, encourage and support Le Groupe La Poste employees who have become actively involved in the integration of their disabled colleagues. **The collection of good practices**, past or present, of post office workers in this area, promotes discussion and set a good example. In 2014, the Human Resources and Social Relations Director of Le Groupe La Poste awarded the special favourite prize to the "ANDV" project (digital accessibility for the visually deficient) providing the accessibility and the installation of 15 computer terminals for visually handicapped persons. This project is supported by the Human Resources Department, the Information Systems Department of Financial Services, the Operations Department and the Financial Centres of Dijon and Châlons en Champagne, in which two visually handicapped persons work as testers.

6.2.3 Societal commitment

Proud of its values, La Banque Postale wishes to share its commitments towards society with its employees and all other stakeholders.

6.2.3.1 A responsible purchasing process

La Banque Postale's responsible purchasing process, implemented since the end of 2009, is fully consistent with the Purchasing Department's cost control policy. It is based on the following four pillars:

- ▶ the signing of a Responsible Purchasing Charter;
- ▶ involving the subsidised/sheltered employment sector;
- ▶ integrating extra-financial criteria in supplier selection and monitoring;
- ▶ making La Banque Postale's tenders accessible to small and medium-sized enterprises.

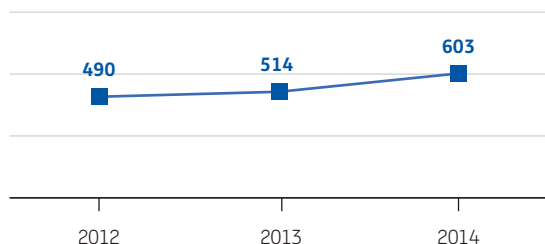
In September 2014, **to raise its buyers' awareness** of the integration of extra-financial criteria in supplier selection and monitoring, La Banque Postale rolled out a special 2-day training course for its Purchasing sector. In 2014, 26 buyers in the Purchasing Department were trained.

The **Responsible Purchasing Charter**, established in June 2009 and updated in 2014, consolidates the process with suppliers. This document raises their awareness of La Banque Postale's CSR policy and encourages them to commit -to a CSR approach. Moreover, in the Charter, the supplier undertakes to comply with the regulations in force, which are worded in a more formal manner.

La Banque Postale's Responsible Purchasing Charter must be signed for each new contract with a supplier, or in the steering committees for ongoing contracts when the Charter has not been already signed. In signing this Charter, the supplier undertakes to:

- ▶ comply with the ten principles of the Global Compact and the eight Fundamental Conventions of the ILO (International Labour Organization);
- ▶ develop a management system and working conditions respectful of human dignity and workers' rights within his company;
- ▶ comply with social and environmental regulations by establishing practices (transport policy, recyclability criteria, final waste management, etc.) for himself and his subcontractors.

RESPONSIBLE PURCHASING CHARTER



■ Number of Responsible Purchasing Charters signed by suppliers

At the end of 2014, 81% of the Top 150 suppliers (accounting for 80% of the Bank's total purchases) are covered by a responsible charter, i.e. 72% of the total purchasing volume managed by the Bank.

Increasing contributions to the indirect employment of people with disabilities

Since 2013, the actions pursued by the Purchasing Department have enabled it to meet its objectives in terms of **purchases from the subsidised/sheltered employment sector**. Services such as photocopying and promotional material are dedicated in part to this sector, and for various services, it is invited to tender alongside the mainstream sector. These actions were perpetuated throughout 2014 and form part of a long-term process.

The Purchasing Department, with the support of consultants, is always identifying new services in connection with the subsidised and sheltered employment sector for upcoming tenders. In 2014, purchases by La Banque Postale from the subsidised and sheltered sector amounted to €889,184 VAT inclusive, an amount that has, moreover, continually increased in recent years.

Integrating extra-financial criteria in supplier selection and monitoring

Every buyer at La Banque Postale ensures that social, societal and environmental criteria in line with the purchased service is integrated into the supplier specifications and during the supplier selection process. During the service monitoring phase, an annual assessment of sustainable development actions is carried out by the supplier. An ongoing discussion in collaboration with the consultants is also conducted on the improvement of supplier specifications to ensure that services are in line with the CSR policy of La Banque Postale. Environmental and social issues generally represent 10% to 20% of the overall weighting of the scoring criteria for invitations to tender.

Supplier risk assessment

The CSR section, in conjunction with the Purchasing Department, has created a kit containing various **tools for awareness raising and dialogue** on the challenges, risks and opportunities of having a responsible purchasing approach: the analysis matrix for CSR challenges, risks and opportunities in the area of purchasing, CSR sheets by purchasing family, an awareness raising poster, and an intranet area dedicated to responsible purchasing.

The **La Poste matrix** was updated in 2014 by La Banque Postale and the CSR Department of La Poste. This tool provides possibilities to be considered in order to mitigate legal, social, environmental and societal risks, and also to improve the positive impact of the purchasing act on various levels:

- ▶ social, e.g. the inclusion of disabled employees by taking into account accessibility when purchasing IT upgrades;
- ▶ societal, e.g. regional development by buying from the social and solidarity economy;
- ▶ environmental, e.g. improvement of the quality of life at work by buying a partition capable of reducing air pollution; in September 2014, the introduction of an electric vehicle for mail shuttles between locations;
- ▶ economic, e.g. the possibility of developing a competitive advantage for a La Poste product or service through an evaluation of the suppliers' variants.

Supplier monitoring

For major tenders, buyers visit the candidates' business premises to assess the quality of their services. During these visits, the CSR teams accompany the buyers to contribute their view regarding environmental and social criteria.

6.2.3.2 Customer accessibility to premises and services

La Poste Network, a showcase for La Banque Postale in the regions, has committed itself, since 2007, to a major modernisation programme designed **to facilitate the accessibility of Post Office branches, products and services for disabled persons**. At the end of 2014, 84% of Post Office property and 52% of the rental property is PRM-compliant (Persons with Reduced Mobility), 2,000 "Customer service areas" correspond to internal accessibility for all disabilities combined, and 2,400 other offices have at least one facility.

Accordingly, as of the end of 2014, 94% of the Automatic Teller Machines (ATMs) located on the facade of a Post Office are either directly accessible to PRMs or are located in the immediate vicinity of another ATM accessible to PRMs in the same Post Office. La Banque Postale ATMs and SSTs (Self-Service Terminals) are also being made accessible to blind and partially sighted people. These figures are on a constant rise, with a 68% accessibility rate at end-2014. At the same time, La Banque Postale has embarked on a structural project to overhaul its ATM software, which will affect all functions of the machines.

The ATMs located inside Post Offices are almost all accessible; internal accessibility kits for all disabilities, including specific equipment for the sales area (priority signs, guidance or warning tape on the floor for visually impaired customers, sound amplifiers for hearing impaired customers, lowered counters for mobility impaired customers) are gradually being rolled out each time a renovation is carried out, as part of a complementary programme.

Moreover, the Bank's monthly newsletter is available on the internet in a version accessible to the visually impaired. At the end of 2014, 1,226 customers had registered to receive their **bank statements in Braille**. At the same time, electronic bank statements were modified so that they could be read by a speech synthesiser used by blind and partially sighted people, using Jaws reading software.

In rural areas, La Poste wants **to combat the digital divide** and improve customer service. Accordingly, after a test in 2013, it was decided to equip local Post Office branches with digital tablets on a self-service basis for customers, offering not only banking and postal services, but also providing links to institutional partners such as the family benefits fund CAF, the French national employment agency Pôle Emploi, etc.

To facilitate the reception and access to Post Office and Bank offers **for migrant segments of the public, asylum seekers and refugees**,

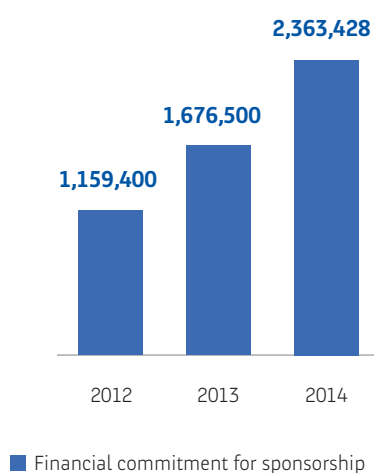
specific measures have been taken in 100 Post Office branches located near "CADA" centres (asylum seeker reception centres). This mainly involves special training for employees of the Post Office branches in question. These measures fall within the framework of partnership agreements established with immigrant aid organisations FTDA and OFII.

6.2.3.3 Corporate sponsorship and partnerships

In 2014, all of the corporate sponsorships that La Banque Postale participated in amounted to €2,363,428, around 40% more than in 2013. The most significant projects are described below.

SPONSORSHIP

(in euros)



L'Envol, La Banque Postale's campus

Since 2012, La Banque Postale has committed itself to a new social sponsorship approach: **L'Envol, le Campus de La Banque Postale**. The purpose of this non-profit association, supported by the French Department of Education, is to promote the academic achievement of approximately 60 talented young students each year, guiding them in their choices and providing them with the educational support and materials needed for them to succeed in their studies. Coming from modest backgrounds, these young people are spotted in their early teens and given personalised support from secondary school to selective higher education by a sponsor who is an employee of La Banque Postale or Le Groupe La Poste for the entire duration of the programme (six to eight years). Present throughout France, including in French overseas departments, half in rural areas and the other half in urban areas, this equal opportunities programme is consistent with the Group's values of local presence and regional development. To implement this project, L'Envol is backed by Frateli, a benchmark partner with regard to equal opportunity.

The programme is based on a system of five building blocks: educational support, community spirit, cultural openness and openness to the business world, material support and financial education, individual monitoring and guidance. **Employees' commitment** is on a voluntary basis taken out of their personal time (evening, week-end or leave time). Their commitment is on a long-term basis (individual sponsorship for at least three years) and some actively take part in major events by contributing to the design of activities, the preparatory work for meetings, and/or as a moderator/manager during the event.

As proof of recognition, L'Envol has won numerous prizes since its launch: France Mécénova award in 2013, Cachet d'Europe 2013, Trophée National de l'Entreprise Citoyenne 2014.

In 2014, all the students passed the university entrance exam (*Baccalauréat*) cum laude! They choose their vocations in conjunction with L'Envol, which assists them in their thinking to work out their **career plan**. They continue their post-secondary studies in a great variety of sectors (Sciences Po, medicine, *classes préparatoires*, to enter elite higher schools, etc.) while continuing to receive counselling from their sponsor.

Within the framework of "**L'Envol online: the Virtual Campus**", more than 800 hours of tutoring and 711 hours of English lessons were given to secondary-school students between September 2013 and June 2014. 75% of them log in to the collaborative area each week to discuss L'Envol and perpetuate the community and team spirit.

Each year, L'Envol organises six major gatherings to promote community spirit, addressed to students according to their level of education: integration campus and weekend in Paris (classes of 2014 and 2013, 2nd and 1st levels), Cap Sur le Sup' course and discovery trip to Berlin (class of 2012, "Terminale" level), Campus vers le Sup (classes of 2012 and 2013, university students) and immersion stay in England (class of 2013, 1st).

Cultural openness and openness to the business world continue throughout the year, via 15 local events organised by the sponsors from a given region/department in order to discover together the wealth of the cultural and economic heritage (European Parliament, Airbus, Comédie Française, Mont-Saint-Michel, etc.).

The young people in the L'Envol programme also received 35 computers (purchase of laptop computers for the students via Ecodair, an organisation that recovers, repairs and resells computer equipment) and webcams.

At the end of August 2014, **the new class** took part in the annual campus integration programme of L'Envol, with group projects, educational workshops, fun activities, experience-sharing, etc. on the agenda. L'Envol now has three class years and 180 students (with 30 schools represented) and more than 320 employees of the Bank and Le Groupe La Poste.

L'Envol is gaining momentum, and it will eventually include nearly 500 students.

Leave for humanitarian missions and skills-based volunteering at national level

La Banque Postale supports all of its employees – the Bank's daily operators – in their civic commitments. It sponsors two partner non-profit associations: **Planète Urgence** since 2007 and **France Volontaires** since 2008. These two NGOs organise humanitarian missions of two to three weeks for volunteers. In 2014, ten employees of La Banque Postale and Financial Services were selected following the national campaign organised in collaboration with the entire Le Groupe La Poste. Out of the network of employee volunteers, 208 are currently on leave for humanitarian missions.

In 2014, La Banque Postale extended its programme of **skills-based volunteering**: in addition to the possibility for employees to provide budgetary and financial training to the Missions Locales or non-profit associations that are partners of La Banque Postale (Restos du cœur, etc.), opportunities were offered for participation in mini-enterprise educational projects in a school environment with the non-profit association *Entreprendre pour apprendre* (EPA), or to assist micro-entrepreneurs with PlaNet Finance. In all, around 50 employees of La Banque Postale, and as many from Le Groupe La Poste, are now involved in such initiatives.

Supportive partnerships of La Banque Postale

True to its values of commitment, responsibility and solidarity, La Banque Postale continues to support national causes by making an on-line donation collection tool available to its customers on its website. In 2013, for example, three donation collections were carried out for the Red Cross, the AFM-Téléthon (French Muscular Dystrophy Association) and Hôpitaux de Paris-Pièces jaunes. La Banque Postale also continued the support it has provided for over ten years to the *Solidarité Sida* non-profit association combating AIDS.

Since 30 September 2013 and until 29 May 2015, La Banque Postale is the exclusive partner of **La Quotidienne** on France 5 television. This programme, broadcast at 11:45 am from Monday to Friday, highlights new forms of consumption that promote trust, exchange and social links (collaborative, solidarity-based, responsible, sustainable and economical consumption). Topics already covered in this programme include: home loans, volunteer work, socially responsible investment, energy savings and greenwashing.

Since June 2011, La Banque Postale has also supported the collaborative economy thanks to a partnership agreement signed with **KissKissBankBank**, a crowdfunding platform that enables project starters to raise funds through their friends and the general public. Each month, La Banque Postale provides up to 50% financing for a favourite project: 46 projects have been supported in this way since the partnership was launched. This partnership has also included, since 2013, **HelloMerci**, a platform for solidarity lending between private individuals. Lastly, in 2014 La Banque Postale launched, with KKBB and MakeSense, the Social Cup, the first French Cup for student social entrepreneurship. This first event saw more than 300 students propose around 50 innovative social enterprise plans. Eight plans were selected for the final, held in Paris in January 2015, which was won by Axel et Cie, a textile recycling business. These eight finalist projects received a financial allowance from La Banque Postale for their first crowdfunding campaign launched on KKBB. Via these partnerships and initiatives, La Banque Postale encourages entrepreneurial spirit and the expansion of the collaborative economy.

6.2.3.4 Dialogue with stakeholders

A local Bank, La Banque Postale holds regular dialogues with its stakeholders, in addition to the discussions that it conducts regularly throughout the year with the non-profit associations *L'Initiative*, *l'Alliance Dynamique*, *L'Envol*, etc. (see specific chapters).

In the **discussions held with the consumer associations** of Le Groupe La Poste (since 1989), La Banque Postale takes part in the first discussion level. Twice a year, the Chairman of the Executive Board meets the national spokespersons of approved consumer associations.

True to its values of local presence and transparency, La Banque Postale has strengthened its ties with local public-sector players, creating a **local finance steering committee** composed of elected representatives, former parliamentarians and experts. This committee's mission is focused on foresight, observation and advice: appraising risks, monitoring, proposing new services, etc. In 2013, the Bank went out to meet with elected representatives across France to present its community financing offering.

On 5 December 2012, in response to the needs of its lowest-income customers, La Banque Postale made a public commitment to accelerate its expansion for low-cost home ownership. In this context, a committee was formed with leading figures from the world of housing and social home ownership.

Led by the Chairman of La Banque Postale's Executive Board, this steering **committee for social home ownership** provides advisory, planning and observation services. Meeting at least twice per year, it thus plays a role in setting up an innovative model for home loans aimed at low-income households, one of La Banque Postale's key strategic aims (see chapter on Banking Accessibility).

Moreover, the discussions that it conducts with non-profit associations within the framework of **l'Alliance Dynamique** in order to promote the social and solidarity economy (see below) or as part of the **Initiative against banking exclusion** (see section on Banking Accessibility) shows to what extent La Banque Postale is open to dialogue with external stakeholders.

6.2.3.5 Local presence: Financing corporate and regional development

As a "civic-minded bank", La Banque Postale strengthens its positioning as a **regional bank** by supporting and financing the real economy in very close touch with its customers' needs.

It works actively to serve companies, professionals, players in the social economy and the local public sector. True to its commitments, the bank supports its customers by offering them a range of simple, accessible, useful and responsible products, consolidating its "civic-minded bank" position with all its corporate and institutional customers.

The offer to local authorities

Two years after the launch of its financing offer for the local public sector, La Banque Postale has become a leading lender in the market. As a civic-minded bank, it addresses both small local bodies and large urban areas. Whatever the size of their territory, it aims to be a long-term partner for all and for all local projects.

Around half of the local communities that it assists are towns of less than 5,000 inhabitants.

Its comprehensive range of finance products is now proposed to all local public players. It further enlarged its offer in 2014, by offering longer-term loans, revolving loans as well as investment solutions.

A first partnership with the EIB

In 2014, La Banque Postale signed a partnership agreement with the European Investment Bank (EIB), to commit €300 million to support three large-scale programmes launched by the government: the "Hôpital Avenir" plan, the "Très Haut Débit" programme and the "Collèges et Emplois des Jeunes" programme. This is La Banque Postale's first partnership agreement with the EIB in France. The goal is to support investment by local and regional governments and healthcare institutions in the heart of the regions in the key sectors of healthcare, training and youth employment, and very-high-speed internet.

Supporting social housing landlords and tenants

Two out of three social housing landlords are customers of La Banque Postale, which covers all their routine banking needs. The Bank also remains close to the needs of council housing tenants. It makes life easier for them, **via simple, secure solutions for paying** their rent: direct debit, funds transfer, the interbank payment order, cash *via* the Eficash service in Post Office branches, or again the bank card *via* telephone with Scellius vocal. These services make the collection activity for social housing landlords flexible and safe.

Committed to **access to social home ownership**, La Banque Postale proposes a financing offer for council housing organisations, in the form of PSLAS (*prêts sociaux à la location accession*, rent-to-own social loans). In 2014, it signed a partnership agreement with the Fédération nationale des sociétés coopératives d'HLM (FNSCHLM) to promote social home ownership and support the expansion of council housing cooperative companies. Under this partnership, La Banque Postale joined the board of investors of the Société de financement de l'habitat coopératif (SFHC), on which FNSCHLM relies, particularly for complementary financing for its projects. It thus plays an active

role in supporting cooperative housing projects and contributes to the search for innovative solutions in the production and management of rental property.

An historical player in the provision of cash flow services and cash management, La Banque Postale bases its customer relationship on its values of local availability, accessibility and trust. By now meeting the **essential requirements of business customers** with simple and appropriate offers, La Banque Postale enables these customers to manage their businesses with equanimity.

The financing solutions proposed by La Banque Postale for businesses meet their needs both for large transactions and for their cash management.

In 2014, La Banque Postale increased equipment for its small and medium-sized business customers with account management products and cash flow products. It also supports them with an increasingly comprehensive financing offer to assist them in the diversity of their needs and their business.

La Banque Postale has a dedicated team capable of handling all the needs of its large business and institutional customers. To date, more than 250 large businesses and institutions already trust it as an innovative banking partner, expert on its business lines, and providing high quality performance.

In 2014, La Banque Postale provided special support for the short-term financing requirements of **pension funds and social organisations**. It is now developing the financing of the **health and social welfare sector** throughout the country. In cooperation with mutual insurance companies, it will contribute to major structural projects such as the development of healthcare centres, which involve both the mutual insurance companies and the hospital sector.

A close relationship with non-profit associations and VSEs/Pros

La Banque Postale is strengthening its close relationship of trust with professionals, very small enterprises and local non-profit associations. It has started establishing a dedicated banking sector, which will take into account the two aspects of the banking relationship, professional and personal, for its professional customers. By 2020, 1,000 Pro Customer Managers will assist and advise professional customers in Post Office branches.

Close relationships under partnerships

La Banque Postale has been a partner of the **Union nationale interfédérale des œuvres et organismes privés non lucratifs sanitaires et sociaux** (UNIOSS) since 2012. It shares common values with this federation, such as commitment, solidarity, social innovation, the combat against exclusion, etc. It aims to be as close as possible to the regions, and in September 2014, the Bank signed an agreement with one of the regional unions, a member of this federation: URIOPSS Provence Alpes Côte d'Azur (PACA) and Corsica.

In the education sector, La Banque Postale signed an agreement with the **Fédération nationale des organismes de gestion des établissements de l'enseignement catholique** (FNOGEC), a federation that contributes to the expansion of catholic education for more than 2,000,000 pupils.

Lastly, the Bank extended its partnership with the **ASPTT sports federation**. Both want to strengthen their historical relationship in order to develop new projects.

Promoting the Social and Solidarity Economy (SSE)

La Banque Postale supports the **Social and Solidarity Economy** (SSE) by proposing a comprehensive banking offer completely dedicated to mutual insurance companies and social welfare players.

Moreover, after having established a major two-year partnership with the Conseil national des chambres régionales de l'économie sociale (CNCRES), La Banque Postale contributes to regional recognition of the SSE. Keen to reward social innovation, the Bank awarded the "neighbourhood/local initiative" prize to the OCIRP (Organisme commun des institutions de rente et de prévoyance) at the fifth "Argus de l'innovation mutualiste et paritaire" event, in the context of the Social and Solidarity Economy Month in November 2014.

Committed to the Dynamic Alliance

In 2014, Le Groupe La Poste initiated the Dynamic Alliance, a commitment charter, which strengthens its cooperation with 30 social and solidarity economy players. A legitimate and committed partner of non-profit associations as part of its contribution to regional development, La Banque Postale is naturally involved in this approach. It thus continues to deploy a varied range of goods and services adapted to the needs of the social and solidarity economy focusing on solidarity financing and savings.

6.2.3.6 La Banque Postale, a committed and recognised player with regard to Corporate Social Responsibility

As a subsidiary of Le Groupe La Poste, which has been a signatory to the **UN Global Compact** since 2003, La Banque Postale upholds the principles set forth by the Global Compact regarding Human Rights, Labour Standards, Environmental Protection and the Combat against Corruption.

Regarding Respect for Human Rights and Labour Standards, La Banque Postale, which is a French retail bank operating exclusively on French territory, is not concerned by the issues inherent in the activities of corporate and investment banking (CIB). Nevertheless, it undertakes to promote and respect the Human Rights described in the Universal Declaration of Human Rights for its business and within the framework of its relations with its suppliers. It considers the International Labour Organization's Declaration on Fundamental Principles and Rights at Work as a benchmark platform (see section on Social Responsibility). The Bank upholds freedom of association and recognises collective bargaining rights. Forced or compulsory labour and child labour are of course prohibited. Any form of discrimination is prohibited at La Poste and La Banque Postale. The Company reiterates its attachment to compliance with rules of equality and respect for diversity in all its forms. For example, the trade union organisations signed an agreement concerning job equality between men and women, an agreement concerning the employment of disabled persons, and an agreement on the inter-generational contract designed to promote corporate values. The Company's Internal Regulations also reiterate the prohibition of any harassment at work, and establishes procedures for reporting any presumed situation of discrimination or harassment to the operational Human Resources Department.

In France, the employee training sessions on business ethics cover the **fight against corruption** (see Management of Extra-Financial Risks). Moreover, La Banque Postale ensures that its suppliers share its values by having them sign a Responsible Purchasing Charter (see Societal Responsibility), underlining the importance of respect for Human Rights, labour standards and the environment.

Since 2010, La Banque Postale has been issued **extra-financial agency ratings** on a regular basis. Following the evaluation performed by **Oekom** from December 2014 to January 2015, La Banque Postale topped the list of international financial institutions with regard to extra-financial performance. This ranking attests to the quality of the CSR measures implemented. Among La Banque Postale's strong points, the agencies emphasised its responsible marketing policy and the transparency of contracts, the measures taken to ensure access to financial services for all, the development of financial services with significant social benefits, and a good integration for social and environmental issues in asset management.

La Banque Postale's responsible behaviour is also acknowledged by the French people. According to the **Annual observatory of sustainable development** published by the IFOP (*Institut français d'opinion publique*, French Institute of Public Opinion), once again

in 2014 the French chose La Banque Postale as the top French bank for its commitment to sustainable development, this for the sixth consecutive year. Its status as a "Civic-minded Bank" is thus confirmed.

Moreover, La Banque Postale strives to convey its values by participating in the **major committees tasked with promoting CSR**. It thus plays an active role in the various working groups set up by the ORSE (Observatoire de la responsabilité sociétale des entreprises, French corporate social responsibility observatory), the Consumer commission of the FIR (Forum pour l'investissement responsable, Forum for socially responsible investment) as well as the CSR/SRI steering committees of Paris Europlace, the Sustainable development commission of the FBF (Fédération bancaire française, French banking federation) and the Medef's CSR and Extra-financial Performance committees, to step up progress on the major CSR issues (allowance for extra-financial criteria in the insurance sector, the promotion of SRI with private customers, the identification of areas of positive impact finance, measurement of the carbon footprint of the financial sector, etc.).

6.2.4 Environmental commitment

In terms of environmental measures, La Banque Postale implements simple, concrete, rated measures which contribute to the protection of the environment. The goal of its environmental policy is to reduce its direct and indirect impacts on the environment.

Commitments

As part of the **"energy transition"** project in its new strategic plan for the period 2014-2020, Le Groupe La Poste has set itself new environmental objectives, particularly **to lower its greenhouse gas emissions by 20%** as part of the fight against climate change. La Banque Postale undertakes to contribute fully to these ambitious objectives by agreeing to reduce greenhouse gas emissions from its buildings and those caused by its employees' travel, and to reduce paper consumption.

At the same time, the CSR teams also strive to reduce water consumption, improve waste management, limit the impact on biodiversity and reduce the environmental impact of information and payment systems.

6.2.4.1 Combating climate change

Well aware of its impact and its role, La Banque Postale pays close attention to direct greenhouse gas emissions from its buildings and those caused by its employees' travel, as well as certain indirect emissions linked to its products. The control of its direct footprint is governed by an **energy efficiency policy for its buildings** and a **responsible mobility policy**.

La Banque Postale's Carbon Fund

In the context of the new objectives of Le Groupe La Poste and its carbon offset project, La Banque Postale reinforced its environmental policy by setting up an internal **"Carbon Fund"** in 2014. This fund, financed at a rate of €7 per CO₂ tonne equivalent emitted by La Banque Postale, will be reinvested in internal and external projects for the reduction of greenhouse gas emissions. The projects will be selected from the replies to the call for projects launched in January 2015 in La Banque Postale's CSR function on the following consumption items: buildings and office systems, employees' travel and consumption of paper (emitting items taken

into account for the fund's financing). For 2015, the total available amount is €339,759, approved by the Executive Committee in 2014.

This fund will be renewed each year and adapted according to changes in the Bank's CO₂ footprint, notably for its main emitting items.

Energy consumption and greenhouse gas emissions related to buildings

At the same time, the energy efficiency policy, validated by the Responsible Development Committee in June 2009, still continues around the following main aspects:

- ▶ energy savings work on buildings;
- ▶ eco-responsible behaviour of employees;
- ▶ temperature control in the premises.

As the first main aspect of this policy, numerous **awareness** raising initiatives are conducted by the CSR correspondents on the occasion of the European Sustainable Development Week each year, as well as awareness raising in eco-gestures on the Bank's intranet. Since 2012, about 40 key CSR correspondents have also been trained in **energy management** in the Financial Centres & National Centres in order to:

- ▶ learn to monitor energy consumption;
- ▶ introduce measures to reduce consumption and raise employees' awareness.

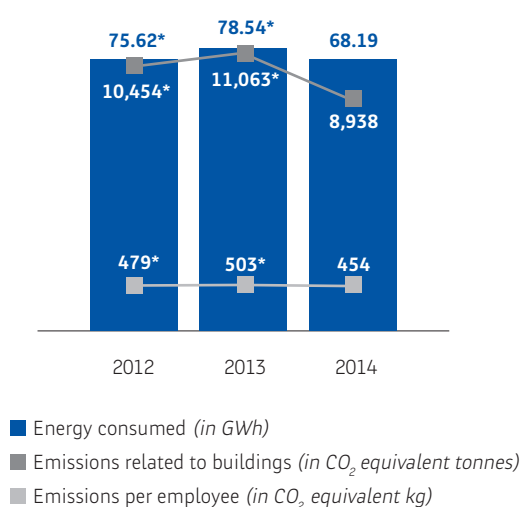
With the same objective of reducing GHG emissions related to buildings, in 2014, Post Immo took part in the **CUBE 2020 contest** to reduce the energy consumption of one or more buildings solely by raising occupants' awareness and eco-gestures (over one year). Out of 11 buildings registered, representing more than 141,000 sq.m., 4 participant buildings form part of La Banque Postale's property stock.

Moreover, in response to the regulatory obligations of the Grenelle II Act, Poste Immo commits lessors and lessees to improve the energy and environmental performance of its buildings by developing a range of expertise, and in particular by implementing eco-gestures, leading technical committees aimed at improving the maintenance and quality of equipment, etc. All buildings having at least a lease of more than 2,000 m² are entered in this **"environmental annex" approach** via the organisation of green lease committees established in early 2014.

In anticipation of the decree on service sector renovation, Poste Immo is a signatory to the **Tertiary Charter** committing it to improve by 25% the energy performance of its properties of more than 5,000 sq.m. (useful rental area) between 2011 and 2020. Of the 120 buildings registered, 15 buildings accommodating employees of La Banque Postale are now subject to this charter.

Lastly, work on thermal insulation of premises, roof repairs, heating regulation, replacement of obsolete air conditioning systems, replacement of boilers and air-conditioning systems, has been carried out regularly for some years now, and continued in 2014. These measures have enabled La Banque Postale to maintain its building-related greenhouse gas emissions in recent years despite the increase in business. In 2014, these emissions amounted to 8,745 CO₂ equivalent tonnes (10,659 CO₂ equivalent tonnes in 2013).

ENERGY CONSUMPTION RELATED TO BUILDINGS



Scope:

La Banque Postale Financial Services Subsidiaries

The total energy consumption includes the consumption of electricity, gas, fuel oil and district heating.

11 of the 15 subsidiaries included: LBPFI, LBPIARD, Easybourse, LBPAM, LBPSAM, Titres Cadeaux, LBPCE, LBPAS, LBPCCL, Tocqueville Finance SA, LBPP.

Greenhouse gas emissions related to computer equipment

The energy efficiency assessment conducted in 2007 and 2008 revealed that the share of electricity consumption attributable to IT systems was between 40% and 50%.

Along with the responsible purchasing of computer hardware and services, the IT Department of the Financial Services and Retail Brand (DISFE) has committed to a Green IT action plan.

For example, all the desktop and laptop PCs of La Banque Postale, the Financial Centres and the Network (Post Office branches) bought since 2012, and gradually replaced, bear the EPEAT eco-label. Likewise, all the printers and photocopiers of La Banque Postale, the Financial Centres and the Network (Post Office branches) bought, or hired, since 2014 are labelled Energy Star (gradual replacement over four years).

Finally, measuring the carbon footprint of the various installed computer bases has been possible since 2013 at the level of Le Groupe La Poste, thanks to the "Green Argile" IT tool. For example, in 2014, the information distributed and Data Centres of La Banque Postale represented about 8,015 CO₂ equivalent tonnes (versus 7,217 CO₂ equivalent tonnes in 2013). It should be noted that these data should

not be added to the building-related greenhouse gas emissions as it already includes the use phase of the computer equipment.

Greenhouse gas emissions due to employee travel

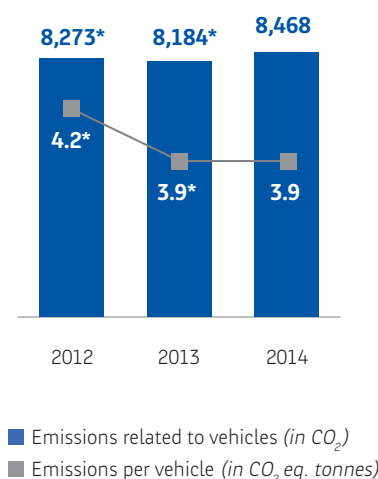
La Banque Postale's responsible mobility policy takes into consideration the impact of its vehicles and their fuel consumption, employees' business travel by rail or by air, and their commutes to work.

La Banque Postale's vehicles

To reduce the impact of the vehicles and their use, **eco-responsible driving courses** have been set up since 2007 in the Financial Centres and at the Head Offices. At the end of 2014, 2,114 people had been trained under this programme (furthermore, thanks to the inclusion of environmental criteria in La Banque Postale's tenders, 89% of the vehicles in its catalogue emitted less than 119 g of CO₂ per km at the end of 2014).

The 2014 fuel consumption of La Banque Postale's staff, company and service vehicles thus held steady, amounting to 8,468 CO₂ equivalent tonnes (versus 8,184 CO₂ equivalent tonnes in 2013).

GREENHOUSE GAS EMISSIONS RELATED TO VEHICLES



Scope:

La Banque Postale Financial Services Subsidiaries

15 of the 15 subsidiaries included: LBPFI, LBPIARD, Easybourse, LBPAM, LBPSAM, Titres Cadeaux, LBPCE, LBPIC, LBPGP, LBPAS, LBPP, LBPCCL, Tocqueville FI, BPE.

Inclusion of the vehicles of the former Bank Marketing Department transferred to the Network in October 2014.

Electric vehicles

In 2014, La Banque Postale agreed to examine the possibility of including electric vehicles, where appropriate, in the renewal of the Financial and National Centres' service vehicle fleet.

Accordingly, in March 2014, the Marseille Financial Centre became equipped with its first electric vehicle, Kangoo ZE. This was made possible by the inclusion of two electric vehicle references in the Véhiposte catalogue: the Kangoo ZE (LCV) and the Renault Zoé (city car). The roll-out of electric vehicles will be continued in 2015, and three other Financial Centres should receive them.

Business travel by rail and air and commuting to work

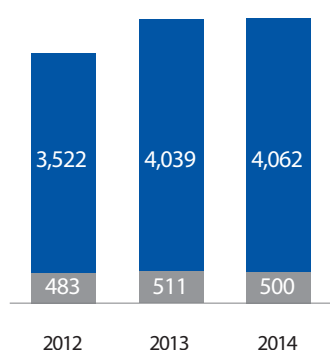
In 2014, employee travel by rail accounted for 500 CO₂ equivalent tonnes (versus 511 in 2013) and air travel accounted for some 4,062 CO₂ equivalent tonnes (versus 4,039 in 2013).

* Adjusted data: see Methodology notice.

In order to reduce the impact of its employees' travel, La Banque Postale has set up initiatives to raise awareness. These include the **European mobility week**, which takes place in September. In fact, every year, La Banque Postale reiterates its commitment to responsible mobility and raises the awareness of its employees on its implications. On the agenda for 2014:

- ▶ a "Number of Steps" National Challenge to promote walking on foot and its benefits for health and the environment; the three winning entities were awarded bikes and a scooter, which will be made available to all their employees;
- ▶ bicycle repair workshops led by sheltered/subsidised sector companies and distribution of ponchos and bicycle repair kits for cyclists in the Financial Centres.
- ▶ road safety awareness raising workshops.

GREENHOUSE GAS EMISSIONS RELATED TO TRAINS AND AIRPLANES



- Emissions related to business travel by plane (in CO₂ equivalent tonnes)
- Emissions related to business travel by train (in CO₂ equivalent tonnes)

Scope:

La Banque Postale

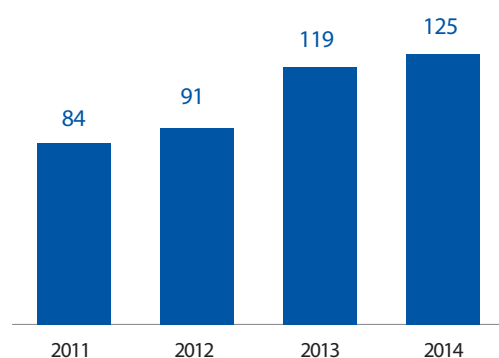
Financial Services

Subsidiaries

Videoconferencing roll-out

In order to reduce the number of business trips, La Banque Postale has installed videoconference terminals in the Financial Centres, the head offices, and some subsidiaries since 2011. As at 31 December 2014, 125 videoconference terminals were installed within La Banque Postale entities.

VIDEOCONFERENCE



- Number of terminals installed

The **survey on commuting** carried out in 2013 made it possible to measure the scale of this travel: 115,342,651 km travelled each year by La Banque Postale employees, i.e. 2,884 trips around the earth and 16,092 CO₂ equivalent tonnes. It should be noted that 2,427,515 km, or 61 trips around the earth, were avoided thanks to car-sharing. In addition, 10,003 CO₂ equivalent tonnes were saved thanks to the use of public transport by some employees (27%). However, the main means of transport of 37% of employees is still single passenger car use. A repeat of this survey is planned in 2015.

To encourage travel by green transport systems, 36 bikes including 13 power-assisted bikes are made available to employees in the Financial and National Centres.

Indirect greenhouse gas emissions related to the Bank's products

La Banque Postale wishes to control the indirect emissions related to its products. To this effect, La Banque Postale Asset Management calculates the carbon intensity (corresponding to greenhouse gas emissions relative to revenue) of more than 800 emitters, with the help of the **Trucost** database. As an initial step for an improved integration of the efforts to combat climate change in investments, this information is made available to all LBPAM's fund managers.

In addition, carbon intensity is a factor actively taken into account in the process of defining the investment universes of two SRI funds: *LBPAM Responsible Actions Monde* and *LBPAM Responsible Actions Euro*.

Accordingly, the securities of European companies having relatively high greenhouse gas emissions relative to their sector of activity are excluded from these two funds. The funds' average carbon intensity is compared to the one of their respective benchmarks. This information is sent to investors quarterly via the LBPAM website.

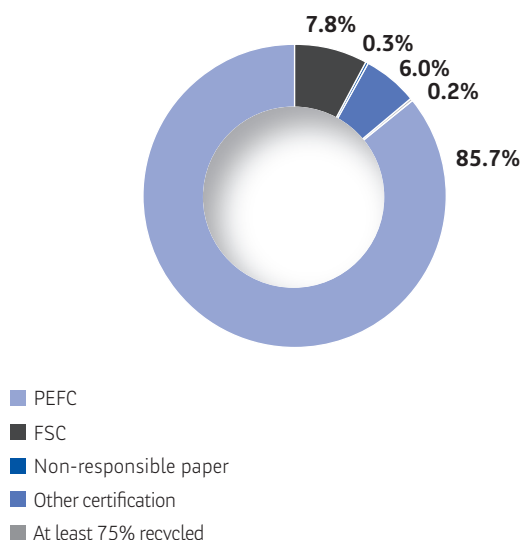
Other projects support this ambition:

- ▶ a dedicated thematic fund: the *LBPAM Responsible Actions Environnement* fund, created in 2009, which aims to invest, via European markets, in the environmental field, particularly in the fight against climate change;
- ▶ investments in "responsible bonds": at the end of 2013, LBPAM established a specific methodology for evaluating "responsible bonds". These bonds are distinguished from conventional instruments by the issuer's commitment to use the funds raised for environmental or social projects. The issuers of these bonds are varied, including business development banks and local authorities. Built jointly by the SRI analysts and credit fund managers, this methodology factors in the issuer's ESG rating and a qualitative evaluation of the projects related to the issue (ESG quality of the issue, transparency regarding the projects financed, reporting). Via this dedicated rating, fund managers are encouraged to pay special attention to responsible bond issues. The total assets invested in responsible bonds by LBPAM amounted to €116 million at end-2014;
- ▶ the ESG checklist (see Responsible Offering section): it includes an item on combating climate change. Each product is therefore examined in terms of its impact on the reduction of CO₂ greenhouse gas emissions.

6.2.4.2 Paper Consumption

At the end of 2014, **the proportion of responsible paper**, i.e. paper that has been recycled or comes from sustainably managed forests (i.e. with FSC or PEFC labels), was 99.7% versus 95.7% at end-2013.

PROPORTION OF RESPONSIBLE PAPER



Of the 6,165 tonnes consumed in 2014 (versus 6,501 in 2013):

- ▶ 14% of it was internal and represents 43 kilograms per employee;
- ▶ 86% of it was external (directly to customers and communications) and represented 0.49 kilogram per active customer.

In the years to come, we will need to strengthen our environmental quality requirements by increasing the proportion of FSC and recycled papers, but also regarding the origin of papers and the conditions in which they are manufactured and printed.

Note that since November 2014, the Network has been experimenting with the use of phenol-free sales slips in about 50 Post Office branches.

6.2.4.3 Waste management awareness

Awareness raising

Social and environmental criteria have been tightened in the specifications for cleaning and managing waste in our premises, and the **European Waste Reduction Week** is now an annual event at La Banque Postale. This event is a specific opportunity for the CSR teams to raise employee awareness of waste management from an eco-behaviour viewpoint.

For the second year running, La Banque Postale took part in the "Recycling means helping!" initiative within the framework of the AFM-Téléthon partnership with Ecologic (a government-approved environmental organisation) to collect and recycle as much household waste electrical and electronic equipment (WEEE) as possible from its employees, and, since 2014, their business WEEE. With 1kg collected = €1 paid back, AFM-Téléthon will receive a donation of €9,000, including approximately €5,000 thanks to the 5 tonnes collected in the 15 participating La Banque Postale entities (versus 2,074 kg collected in 2013 in 12 entities).

Other initiatives and activities were also implemented at various Bank locations, in particular in the Financial and National Centres, e.g. awareness raising regarding waste sorting, **fundraising for non-profit associations** (pens, clothing, glasses, stoppers, toys, etc.), **raising awareness of the combat against food waste, or even the donation of furniture**.

Moreover, the Lyon Financial Centre demonstrated an exemplary attitude by **gifting furniture** when it moved offices in June 2014. About one thousand items of office furniture were donated and found new life in the hands of new owners in non-profit associations, in entities close to La Poste (DTELP), the Financial Centre personnel and even the national police.

This good practice led to the creation of a furniture donation kit (practical data sheets, poster, model transfer agreement, etc.) for entities of the Bank to assist them in organising a donation process when they move office and/or replace equipment.

Recygo offers a paper-recycling service

Moreover, since 2014, La Banque Postale has used Le Groupe La Poste's paper Recygo Offer, a service for the local collection and recycling of office papers in its Financial and National Centres. Recygo enables paper waste to be collected and recycled thanks to a procedure involving reverse logistics and the circular economy, while promoting integration into working life. *Nouvelle Attitude*, an occupational integration company and subsidiary of Le Groupe La Poste, performs the sorting of papers to optimise their recycling. The papers are then conveyed to the paper recyclers located near the regional subsidiary. In 2014, four Financial Centres implemented this offer, which is set to be rolled out in all the Financial and National Centres by the end of 2015.

6.3 CSR INDICATORS

The CSR indicators published in this section support La Banque Postale's transparency objective and substantiate the qualitative elements described in the previous sections. They have been divided into four categories: economic indicators, social indicators, societal indicators and environmental indicators.

As an introduction to the indicator tables, the following methodology notice provides the required information for the proper understanding of the indicators, their scope and their possible limitations.

6.3.1 Methodology notice

The CSR indicators were produced according to La Banque Postale's extra-financial reporting protocol. The information is reported by a network of over one hundred CSR correspondents who contribute to the extra-financial reporting process.

The CSR indicators were built with regard to the indicators suggested by the French NRE Act on new economic regulations, Article 225 of the Grenelle II Act, and according to their relevance to La Banque Postale's business activity. The indicators put forward by the Global Reporting Initiative (GRI), in particular in its Financial Services Sector Supplement (FSSS), were also taken into account. National and international methods such as ADEME's Bilan Carbone® (carbon

footprint) and the GHG Protocol were used as guidelines, particularly for the calculation of environmental indicators.

For each indicator, the figures for the last three years were included whenever possible. The data is presented on a like-for-like basis and the changes in the scope are explained. Due to a change in scope, a change in methodology and a subsequent data correction, the 2011, 2012 and 2013 data have been adjusted since the previous publications for comparison purposes and are therefore followed by an asterisk (*).

6.3.1.1 Scope of the extra-financial reporting process

The aim of La Banque Postale's feedback process is to cover all of the Bank's business activities and their impacts, all of the physical entities (buildings) and all of the players at La Banque Postale. Various scopes have therefore been defined in order to account for the corporate, social and environmental impacts of business activities in a relevant way. The table below presents the data from the **targeted extra-financial scope as at 31 December 2014**.

La Banque Postale (legal entity)	▶ Head Office of La Banque Postale	2,351 employees (i.e. 7.54% of the personnel of the Banque Postale branch) as at 31.12.2014
	▶ Regional Banking Departments	
	▶ Regional Representatives	55,098 sq.m. (i.e. 14.27% of the occupied area) as at 31.12.2014
Financial Services (employees of Le Groupe La Poste working under the name of and on behalf of La Banque Postale)	▶ 19 Financial Centres in metropolitan France, 4 Financial Centres in French overseas departments, 6 National Centres	16,492 employees (i.e. 52.89% of the personnel of the Banque Postale branch) as at 31.12.2014
	▶ IT Department of Financial Services and the Retail Brand (DISFE)	
	▶ Bank Marketing Department	303,614 sq.m. (i.e. 78.61% of the occupied area) as at 31.12.2014
	▶ Department of Businesses and Land Development	
Banking Advisory Line (employees of Le Groupe La Poste who work in the name and on behalf of La Banque Postale) – The scope of the Banking Advisory Line changed in September 2014, within the framework of Single Commercial Management, resulting in the transfer of certain employees of La Banque Postale to the Network and vice versa. The functions handled in the LCB are now as follows: customer advisor, financial advisor, customer manager, specialist wealth advisor, specialist real estate advisor, CFAS, CPCI, support function for Bank sales monitors, young manager, credit assistant and DOPI.		10,784 employees (i.e. 34.58% of the personnel of the Banque Postale branch) as at 31.12.2014
	▶ Advisors working in Post Offices	Operating in Post Offices; the area occupied by the Banking Advisory Line is included in the scope of La Poste Network. However, it was chosen to take into account the vehicles of the DCRB (despite their transfer to the Network in October 2014), given that they are used on behalf of La Banque Postale.
Subsidiaries (15 subsidiaries are consolidated in the extra-financial report)	▶ Employees working in the 15 consolidated subsidiaries	1,555 employees (i.e. 4.99% of the personnel of the Banque Postale branch) as at 31.12.2014
		27,530 m ² (i.e. 7.13% of the occupied area) as at 31.12.2014

Note that the Post Office counter staff who work for the different business lines of Le Groupe La Poste are excluded from the extra-financial scope of La Banque Postale.

The scope is the same for all the economic indicators which cover all of La Banque Postale. However, for the other indicator categories, the scope may vary from one indicator to another. For each indicator, the scopes actually covered are specified in a reference box as shown below and followed by an explanatory sentence where required:

Scope covered: ☒ Entity Scope not covered: ☐ Entity

Where applicable, for the corporate responsibility and social indicators, the coverage rate is calculated according to the number of employees. For the environmental indicators, it is calculated according to the area occupied.

Consolidation of subsidiaries

The consolidation of subsidiaries within the extra-financial scope is based on the principle of accounting consistency as well as on the principle of relevance of their various impacts. The goal is thus to include all consolidated subsidiaries in which the Group holds an interest of at least 50%, as well as certain non-consolidated subsidiaries which have relevant impacts on the Bank's targets

(see organisation chart in Section 1.3.1 of the Registration Document). In 2014, the 15 consolidated subsidiaries were the following:

- ▶ retail banking: La Banque Postale Financement (LBPF), EasyBourse, Titres Cadeaux, La Banque Postale Immobilier Conseil (LBPIC), La Banque Postale Crédit Entreprises (LBPCE), La Banque Postale Collectivités Locales (LBPCL) and BPE;
- ▶ asset management: La Banque Postale Gestion Privée (LBPGP), La Banque Postale Asset Management (LBPAAM), La Banque Postale Structured Asset Management (LBPSAM) and Tocqueville Finance SA;
- ▶ insurance: La Banque Postale Prévoyance (LBPP), La Banque Postale Conseil en Assurances (LBPCA), La Banque Postale Assurances IARD (LBPIARD) and La Banque Postale Assurance Santé (LBPAS).

In 2014, these 15 subsidiaries were either all included, all excluded, or partially included in the calculation of the indicators. Where only part of the subsidiaries was covered, in addition to the coverage rate shown in the scope reference box, details of the subsidiaries covered are given below the indicator.

The SOFIAP, a new subsidiary of La Banque Postale since May 2014, has deliberately been left outside the extra-financial reporting consolidation scope, as the latter establishes a dependable reporting process with a view to its consolidation.

6.3.1.2 Information feedback in 2014

Economic indicators

- ▶ SRI funds (excluding third-party mandates integrating ESG criteria) include funds where at least 90% of the assets were assessed according to Environmental, Social and Governance (ESG) criteria, and guaranteed responsible funds;
- ▶ the method for calculating the proportion of SRI assets in the total assets under management changed in 2013: the CNP Assurances portfolios managed at LBPAM are no longer excluded from the total assets under management;
- ▶ only assets invested in the *Décisiel Solidaire* are included in the calculation of the SRI portion in employee savings plans.

Social and societal indicators

- ▶ The 15 subsidiaries included in the extra-financial scope were covered by most of the social indicators;
- ▶ only working employees are included in the total workforce (staff on permanent contracts, civil servants, staff on permanent contracts and *emplois d'avenir* (jobs of the future workers). Apprenticeship contracts, occupational contracts, work-study scheme trainees and corporate officers are no longer included in the total workforce as part of the protocol harmonisation process with Le Groupe La Poste;
- ▶ the senior managers of Financial Services (three people in 2014) and suspended contracts (unpaid leave, parental leave, sabbatical leave, long-term illness) are not included in the 2014 headcount. La Banque Postale employees made available to the subsidiaries are still counted as being part of the workforce of La Banque Postale;
- ▶ the permanent workforce is made up of permanent employees and civil servants;
- ▶ remuneration indicators were revised as part of the protocol harmonisation process with Le Groupe La Poste;
- ▶ the indicator relating to strategic female executives is reported excluding the Banking Advisory Line and the Tocqueville subsidiary;
- ▶ days' absence for work-related accidents are monitored on a calendar basis;
- ▶ monitoring of occupational diseases is performed by La Banque Postale but the quantification is not consolidated at present, since the materiality of this indicator is not considered relevant to its service activity;
- ▶ subcontracting at La Banque Postale is not significant. Subcontractors remain in all circumstances under the authority of the Service Provider, who retains sole responsibility for performance of all the services, and more specifically for compliance with quality, security and confidentiality levels. See Article 28 of the contracts signed by suppliers.

Environmental indicators

- ▶ As a 12-month moving average, from 1 December 2013 to 30 November 2014, indicators are reported concerning: energy consumption and greenhouse gas emissions related to buildings; greenhouse gas emissions related to vehicles; number of employees trained in eco-responsible driving; water consumption and tonnes of waste electrical and electronic equipment (WEEE) collected;

- ▶ energy consumption is monitored mainly on the basis of invoices and, in the possible case of an invoicing delay, on the basis of meter readings, in order to report the most exhaustive data possible;
- ▶ the water consumption of two sites of the Financial Services and the Retail Brand (DISFE) IT Departments is not included in the extra-financial report;
- ▶ the four Financial Centres located in the French overseas departments are not included in the environmental criteria, except for the vehicle and paper indicators;
- ▶ the data was converted into CO₂ equivalents based on Version 7.04 of ADEME's Bilan Carbone® (carbon footprint). The emission factors for gas, fuel oil, diesel oil and petrol include the upstream and combustion processes. The emission factor for electricity includes line losses;
- ▶ in 2014, the 2012 and 2013 gas consumption figures were adjusted after detecting an error in the gas conversion factor (m³/ HHV/ LHV) used by default in some Financial Centres;
- ▶ the energy consumption of LBPP, the Customer Relations Centres of the LBPIFI, and LBPIARD subsidiaries was included in the extra-financial reporting process and has been consolidated since this year;
- ▶ following the consolidation of the Retail Brand's Customer Relations Centres within the scope of the National Customer Introduction Centre (CNMR) of La Banque Postale, the process of integrating these new sites is underway;
- ▶ paper scrap in production is included in total consumption. "Urgent" paper consumption excluding framework contracts is not taken into account in the graphic chain's paper consumption. The contribution is marginal;
- ▶ for certain missing data, and in cases where such an approach would be considered relevant, an extrapolation of missing or erroneous consumption could be performed based on the actual consumption data deemed most reliable.

6.3.1.3 Data verification

In 2011, La Banque Postale initiated a verification process for its responsible development indicators by an independent third party. As part of Article 225 of the Grenelle II Act, La Banque Postale continued this process in 2012. A moderate assurance opinion was issued for these two missions, published on pages 218 and 219 of the 2011 Registration Document, pages 232 and 233 of the 2012 Registration Document, and pages 251 to 253 of the 2013 Registration Document.

On 13 May 2013, the decree determining the procedures used by the independent third party to carry out its mission was published. Accordingly, pursuant to Article L 225-102-1 of the French Commercial Code, the report of one of the Statutory Auditors of La Banque Postale, designated as an independent third party, can be found after this section on responsible development indicators. This report concerns the presence of the CSR information provided for by Article R. 225-105-1 of the French Commercial Code and expresses a reasoned opinion on the sincerity of the information published in the Registration Document for the financial year ended 31 December 2014.

6.3.2 Economic indicators

The indicators presented in the following table supplement the Banking Accessibility, Responsible Customer Relations, Responsible Offering and Management of Extra-Financial Risks sections of this document. For all of these indicators, the scope is as follows:

Scope: **La Banque Postale Group**

	2014	2013	2012
BANKING ACCESSIBILITY			
Number of micro-loans granted	2,069	1,480	894
To facilitate the extension of personal micro-loans, 30 new partnership agreements were signed in 2014. 2014 market share: 13.9% (vs 11.5% in 2013)			
Percentage of consumer loans less than or equal to €1,500	7%	8%	10%
Home loans: Percentage of borrowers earning less than 2 minimum wages per month	22.12%	NA	NA

	2014	2013	2012
RESPONSIBLE CUSTOMER RELATIONS			
Customer satisfaction rate	90.70%	90.60%	92.60%*
Customer claims rate	8.40%	8.30%	6.00%
Home loans: bad debt rate	0.59%	0.51%*	0.37%
La Banque Postale's bad debt rate is among the lowest on the market (market average as of the end of 2013: 1.45%).			
Number of customers having received support from LBP Financement's Support Unit during the year	753	330	421
Number of customers having received support from CRESUS during the year	100	100	203
Number of customers supported by L'Appui	3,925	NA	NA

	2014	2013	2012
RESPONSIBLE OFFERING			
Socially responsible investment (SRI) assets in billions of euros	1.20	1.23	1.27
In 2014, SRI investments accounted for 0.8% of all investments managed by LBPAM.			
Funds integrating ESG criteria, in billions of euros	96.98	90.92	88.96
In 2014, the funds integrating ESG criteria accounted for 64.92% of all investments managed by LBPAM.			

	2014	2013	2012
MANAGEMENT OF EXTRA-FINANCIAL RISKS			
ESG risk exposure of the Financial Transactions Department (non-sovereign issuers)	2.67	2.51	2.31
ESG risk exposure of the Financial Transactions Department (sovereign issuers)	3.11	NA	NA

	2014	2013	2012
Number or Percentage of employees trained in combating money laundering and terrorism financing over the last three years			
La Banque Postale Employees	55%	73%	NA
Financial Centre Employees	84%	92%	NA
Network employees	45%	86%	NA

* Adjusted data: see Methodology notice.

6.3.3 Social indicators

The indicators presented in the following table supplement the Social Responsibility section of this document.

	2014	2013	2012
EMPLOYMENT: TOTAL WORKFORCE, HIRES AND DISMISSALS			
Number of employees of La Banque Postale Group number of people	31,182	31,545	31,518
La Banque Postale	2,351	2,228	2,120
Financial Services	16,492	18,368	18,672
Banking Advisory Line	10,784	9,538	9,703
Subsidiaries	1,555	1,411	1,023

Includes permanent employees, civil servants and temporary employees, and contrat d'avenir personnel (excluding work-study scheme trainees and suspended contracts).

The **31,182** employees of La Banque Postale Group work in France.

Scope:	La Banque Postale	Financial Services	Banking Advisory Line	Subsidiaries
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Percentage of employees aged under 25 in the permanent workforce	1.5%	1.80%	2.10%
Percentage of employees aged 55 and over in the permanent workforce	23.6%	21.90%	20.2%

Scope:	La Banque Postale	Financial Services	Banking Advisory Line	Subsidiaries
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Number of CDI (permanent) employees recruited	819	1,134	1,194
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Includes the number of permanent hires following a temporary contract, an apprenticeship contract or an occupational contract, and external permanent hires.

Scope:	La Banque Postale	Financial Services	Banking Advisory Line	Subsidiaries
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Number of redundancies	88	106	113
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La Banque Postale has not made anyone redundant on economic grounds over the past three years.

Excluding premature termination of trial period by employer, numbering 1 in 2012 and 1 in 2014 for FS.

Scope:	La Banque Postale	Financial Services	Banking Advisory Line	Subsidiaries
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	2014	2013	2012
REMUNERATION			
Average gross annual remuneration for women in euros	36,575	35,719*	34,484*
Average gross annual remuneration for men in euros	43,537	42,307*	40,866*

Indicators calculated using the average annual FTE headcount.

Scope:	La Banque Postale	Financial Services	Banking Advisory Line	Subsidiaries
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* Adjusted data: see Methodology notice.

Amount of the incentive plans in euros	11,386,351	6,546,623	7,476,586
Amount of profit sharing in euros	6,921,837	6,144,071	4,349,593
Amount of employer's contribution in euros	4,735,505	4,759,214	4,806,078
Portion of socially responsible investment in employee savings	30.43%	38.82%*	38.06%*

Includes amounts paid yearly in respect of the previous financial year.

Scope: ☒ La Banque Postale ☒ Financial Services ☒ Banking Advisory Line ☒ Subsidiaries

	2014	2013	2012
COMBAT AGAINST DISCRIMINATION: GENDER EQUALITY IN THE WORKPLACE AND EMPLOYMENT OF DISABLED PERSONS			
Percentage of women in the workforce	61.93%	61.80%	62%
Percentage of women in executive positions	55.48%	55.40%	54.9%*
Percentage of women in strategic executive posts	35.02%	35.86%*	35.04%*

Scope: ☒ La Banque Postale ☒ Financial Services ☒ Banking Advisory Line ☒ Subsidiaries

Percentage of women on the Executive Board of La Banque Postale	27.78%	33.30%	33.30%
Percentage of women on the Supervisory Board of La Banque Postale	46.67%	33.30%	33.30%

Scope: ☒ La Banque Postale ☒ Financial Services ☒ Banking Advisory Line ☒ Subsidiaries

Percentage of Employment Obligation Beneficiaries	3.07%	2.92%	3.02%
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Percentage calculated according to AGEFIPH rules.

In 2013, indirect employment accounted for 32.18 units resulting from contracts in the subsidised/sheltered sector.

Scope: ☒ La Banque Postale ☒ Financial Services ☒ Banking Advisory Line ☒ Subsidiaries

Number of disabled employees assisted ^a	799	794	741
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Moreover, the percentage of Employee Obligation Beneficiaries is only calculated at Le Groupe La Poste level.

Scope: ☐ La Banque Postale ☒ Financial Services ☒ Banking Advisory Line ☒ Subsidiaries

	2014	2013	2012
WORK ORGANISATION: OVERTIME, PART-TIME, ACCIDENTS AND ABSENCES			
Amount of overtime per employee in hours	2.02	2.09*	1.64*

Includes the number of overtime hours declared by each employee under permanent contract and state employees.

Scope: ☒ La Banque Postale ☒ Financial Services ☒ Banking Advisory Line ☒ Subsidiaries

Percentage of part-time employees in the workforce	10.60%	10.89%	11.26%
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Includes employees on permanent contracts and state employees who have chosen to work part-time.

In 2013, 86.3% of part-time employees were women (87.2%* in 2012).

Scope: ☒ La Banque Postale ☒ Financial Services ☒ Banking Advisory Line ☒ Subsidiaries

* Adjusted data: see Methodology notice.

Number of teleworking employees	183	NA	NA
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Scope: La Banque Postale Financial Services Banking Advisory Line Subsidiaries

Frequency rate of work accidents	4.28	4.51	4.31
Severity rate of work accidents	0.13	0.13	0.19
Number of days of work stoppage due to work accidents and travel per employee	0.47	0.45	0.64

Includes sick days for employees on permanent contracts, state employees and temporary employees.

Scope: La Banque Postale Financial Services Banking Advisory Line Subsidiaries

Rate of absenteeism due to illness	4.90%	4.83%	4.82%
Number of days of work stoppage due to illness per employee	18.38	18.01	17.81

Includes sick days for permanent and state employees.

Scope: La Banque Postale Financial Services Banking Advisory Line Subsidiaries

	2014	2013	2012
EMPLOYEE RELATIONS			
Number of collective agreements signed	7	5	9

Between 2006 and 2013, 112 collective agreements were signed. Some of these agreements affect employees from the Banking Advisory Line and subsidiaries. Please refer to the publications from previous years for more information on agreements, particularly those pertaining to health and safety at work.

Scope: La Banque Postale Financial Services Banking Advisory Line Subsidiaries: 6.4% of the workforce

The agreements made by La Banque Postale concern the UES (economic and social unit), comprising La Banque Postale and the following two subsidiaries: LBPGP and LBPCÉ.

	2014	2013	2012
TRAINING			
Number of training hours	673,567	819,183	856,531
Number of training hours per employee	21	26	28

Scope: La Banque Postale Financial Services Banking Advisory Line Subsidiaries

Number of employees on banking courses leading to a qualification or diploma	153	186	261
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Includes employees in first and second years of banking courses leading to a qualification or diploma.

Scope: La Banque Postale Financial Services Banking Advisory Line Subsidiaries

6.3.4 Societal indicators

The indicators presented in the following table supplement the Societal responsibility section of this document.

	2014	2013	2012
RESPONSIBLE PURCHASING			
Number of Responsible Purchasing Charters signed by suppliers	603	514	490

Certain subsidiaries use La Banque Postale contracts.

Please refer to the information dedicated to La Banque Postale's responsible purchasing in the Societal Responsibility section for more information regarding the consideration of extra-financial issues and supplier and subcontractor relationships.

Scope: La Banque Postale Financial Services Banking Advisory Line Subsidiaries

Progression of purchases from the subsidised/sheltered employment sector	9%	1%	13%
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Progression calculated relative to the previous year.

For the period of the 2011/2013 agreement on employment of people with disabilities, the amount of purchases from the subsidised/ sheltered employment sector increased by 14%. Please refer to the subsections on diversity, disability and equal opportunity in the Social Responsibility section for further information.

Scope: La Banque Postale Financial Services Banking Advisory Line Subsidiaries

	2014	2013	2012
CIVIC COMMITMENT			
Financial commitment for sponsorship in euros	2,363,428	1,676,500	1,159,400

Scope: La Banque Postale Financial Services Banking Advisory Line Subsidiaries

Number of employees out on international solidarity missions	10	16	22
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The international solidarity missions are conducted in partnership with the NOGs Planète Urgence and France Volontaires.

Scope: La Banque Postale Financial Services Banking Advisory Line Subsidiaries

Territorial, economic and social impact and stakeholder relations

Please refer to the Societal Responsibility section of this document as well as the Social Responsibility section in which a paragraph is dedicated to La Banque Postale's relationships with academic institutions.

Compliance with the fundamental conventions of the ILO (International Labour Organisation)

Please refer to the end of the Societal Responsibility section of this document regarding compliance with fundamental labour rights for employees, suppliers and subcontractors.

Corruption Prevention

Please refer to the end of the Management of extra-financial risks section of this document focusing on business ethics.

Health and Safety of customers

Please refer to the Banking Accessibility (combating banking exclusion) and Responsible Customer Relations (preventing over-indebtedness and support in the event of financial insecurity) sections of this document.

6.3.5 Environmental indicators

The indicators presented in the following table supplement the Environmental responsibility section of this document.

	2014	2013	2012
BUILDINGS			
Energy consumed in GWh	68.19	78.54*	75.62*
Emissions related to buildings in CO ₂ equivalent tonnes	8,938	11,063*	10,454*
Emissions per employee in CO ₂ equivalent kg	454	503*	479*

The total energy consumption includes the consumption of electricity, gas, fuel oil and district heating.

Scope: La Banque Postale Financial Services Subsidiaries: 54.45% of area

11 of the 15 subsidiaries included: LBPF, LBPIARD, Easybourse, LBPAM, LBPSAM, Titres Cadeaux, LBPCE, LBPAS, LBPCCL, Tocqueville finance SA, LBPP.

	2014	2013	2012
TRAVEL			
Emissions related to vehicles in CO ₂ equivalent tonnes	8,468	8,184*	8,273*
Emissions per vehicle in CO ₂ eq. tonnes	3.9	3.9*	4.2*

Scope: La Banque Postale Financial Services Subsidiaries: 100% of area

15 of the 15 subsidiaries included: LBPF, LBPIARD, Easybourse, LBPCA, LBPAM, LBPSAM, Titres Cadeaux, LBPCE, LBPIC, LBPGP, LBPAS, LBPP, LBPCCL, Tocqueville Finance SA, BPE. Inclusion of the vehicles of the former Bank Marketing Department transferred to the Network in October 2014.

Emissions related to business travel by train , in CO ₂ equivalent tonnes	500	511	483
Emissions related to business travel by plane , in CO ₂ equivalent tonnes	4,062	4,039	3,522

Scope: La Banque Postale Financial Services Subsidiaries

Number of employees trained in eco-responsible driving	20	91	251
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As at the end of 2014, a total of 2,122 employees had been trained since 2008 (excluding awareness campaigns).

Scope: La Banque Postale Financial Services Subsidiaries

Number of videoconference terminals	125	119	91
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Scope: La Banque Postale Financial Services Subsidiaries

	2014	2013	2012
RESOURCES			
Paper consumption in tonnes	6,165	6,501*	8,859
Emissions related to paper in CO ₂ equivalent tonnes	8,138	8,581*	11,694
Portion of responsible paper out of total paper consumption	99.7%	95.7%*	98.3%
Consumption of paper for internal purposes per employee in kilos	43	41	40
Consumption of paper for external purposes per active customer in kilos	0.49	0.57	0.75

Paper is the main raw material used by La Banque Postale, which is mindful of the quality of the paper as well as the volumes consumed.

Scope: La Banque Postale Financial Services Subsidiaries: 52.5% of area

9 of the 15 subsidiaries included: LBPF, LBPIARD, Easybourse, LBPAS, LBPP, Tocqueville Finance SA, LBPAM, LBPCE, LBPCCL

* Adjusted data: see Methodology notice.

Water consumption in millions of litres	103.12	125.13	120.16
Consumption per employee per day in litres	26	28*	27

In view of La Banque Postale's business activities, only the water consumed by company restaurants and sanitary appliances is taken into account. La Banque Postale consumes only potable water coming from French municipal utilities and is therefore not faced with the issue of depletion of water resources. However, as part of its policy of controlling the use of resources, reducing water consumption is a constant operating objective of the locations and is covered by monitoring and reporting.

Scope: La Banque Postale Financial Services Subsidiaries: 21.6% of area

6 of the 15 subsidiaries included: LBPF (excluding Customer Relations Centre), LBPIARD (excluding Customer Relations Centre), LBPAM, LBPSAM, LBPAS, Tocqueville Finance SA

Collection of WEEE (waste electrical and electronic equipment) in tonnes	60.7	32.2	26.4
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Scope: La Banque Postale Financial Services Subsidiaries

Only the Financial Centres, which account for 88.2% of the area occupied by Financial Services, are included in the scope.

Use of soil

This item does not apply to La Banque Postale's business activities.

Atmospheric discharges

Please refer to the Environmental responsibility section of this document concerning the fight against climate change as well as the related environmental indicators in this section. For further information, also refer to La Banque Postale's response to Article 75 of the Grenelle II Act.

Discharges into the soil and water

This item does not apply to La Banque Postale's business activities.

Noise and olfactory nuisance

This item does not apply to La Banque Postale's business activities.

Measures taken to ensure compliance with legal provisions relating to the environment

In view of its business activities and its culture as a public-interest organisation, La Banque Postale has implemented particularly thorough procedures to control its business activities, which involve the Risk Department (in a regulatory watch role) and the Compliance Department. La Banque Postale therefore fulfils its obligations in respect of caring for the environment, particularly in terms of collecting and sorting its waste, and of the renovation work done on its buildings.

Measures taken to preserve and promote biodiversity

The actions and initiatives conducted by La Banque Postale, particularly to control its CO₂ emissions, or through the inclusion of environmental criteria in purchasing specifications, help to limit its impact on the environment. Furthermore, La Banque Postale took part in the FBF Working Group on the carbon footprint of means of payment, with a view to moving the banking sector forward on this issue. In addition, La Banque Postale installed beehives on the roofs of its Paris Head Office in 2012, thereby contributing to plant pollination and the protection of biodiversity.

Company environmental assessment or certification initiatives

Please refer to the Paragraph concerning the extra-financial agency ratings in the Societal Responsibility section of this document.

Expenses incurred in order to prevent the Bank's activities from having a negative impact on the environment

The expenses incurred in order to protect the environment are not identified among the overall expenses incurred by La Banque Postale's CSR section.

Internal organisation, employee training and awareness-raising

Please refer to the Governance of responsible development at La Banque Postale section of this document on governance bodies and employee awareness-raising.

Resources dedicated to preventing risks

Please refer to the Management of extra-financial risks section of this document.

Amount of provisions and guarantees for environmental risks

The nature of La Banque Postale's business activities does not require provisions or guarantees for environmental risks.

* Adjusted data: see Methodology notice.

6.4 REPORT FROM THE INDEPENDENT THIRD PARTY

This is a free translation into English of the statement of completeness and limited assurance report by one of the Statutory Auditors on procedures for the preparation of labour, environmental and social information issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Report of one of the Statutory Auditors, designated as independent third party, on the consolidated social, environmental and societal information in the management report

Financial year ended on 31 December 2014

To the Shareholders,

In our capacity as Statutory Auditors of La Banque Postale, designated as an independent third party, accredited by the COFRAC under the number 3-1049⁽¹⁾, we hereby present our report on the social, environmental and societal information for the financial year ended 31 December 2014 presented in the management report (hereinafter, the "CSR Information"), pursuant to Article L. 225-102-1 of the French Commercial Code.

Responsibility of the Company

It is the responsibility of the Executive Board to prepare a management report that includes the CSR Information pursuant to Article R. 225-105-1 of the French Commercial Code, prepared in accordance with the Extra-financial Reporting Protocol used by the Company (hereinafter, the "Framework"), a summary of which is included in the section of the management report entitled "Methodology Notice" and available upon request at the Company's registered office.

Independence and quality control

Our independence is defined by regulatory provisions, the professional code of ethics and the provisions of Article L. 822-11 of the French Commercial Code. In addition, we have implemented quality control procedures that include documented policies and procedures whose purpose is to ensure compliance with the applicable ethical rules, professional standards and legal and regulatory provisions.

Responsibility of the Statutory Auditors

It is our duty, based on our work:

- ▶ to certify that the required CSR Information is included in the management report or, if it is omitted, that such omission is explained in accordance with Article R. 225-105, Paragraph 3, of the French Commercial Code (Certification of presentation of CSR Information);
- ▶ to provide limited assurance as to whether the CSR Information, taken as a whole, is fairly presented in all material respects in accordance with the Framework (Reasoned opinion as to the fair presentation of the CSR Information).

Our work was performed by a five-person team between December 2014 and February 2015, over a period of approximately eight weeks. We called upon our experts in corporate social responsibility to assist us.

We conducted the work described below in accordance with the professional standards applicable in France and with the Order of 13 May 2013 defining the terms pursuant to which a third-party independent organisation shall carry out its assignment as well as, with respect to the fairness opinion, with the international standard ISAE 3000⁽²⁾.

1. Certificate of presentation of CSR Information

On the basis of interviews with the relevant department heads, we have familiarised ourselves with the Company's sustainable development policies, in terms of the social and environmental consequences of the Company's activity and its societal commitments, as well as, where applicable, the actions or programmes arising therefrom.

We have compared the CSR Information presented in the management report with the list provided for in Article R. 225-105-1 of the French Commercial Code.

Where certain consolidated information was missing, we verified that explanations were provided in accordance with the provisions of Article R. 225-105, Paragraph 3 of the French Commercial Code.

We have verified that the CSR Information covers the consolidation scope, namely the Company and its subsidiaries within the meaning of Article L. 233-1, as well as the companies that it controls within the meaning of Article L. 233-3 of the French Commercial Code, subject to the limits specified in the Paragraph entitled "Methodology Notice" in the management report.

On the basis of this work, and in light of the limits referred to above, we attest that the required CSR Information is presented in the management report.

(1) The scope of which is available on the www.cofrac.fr website.

(2) ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information.

2. Reasoned opinion on the fairness of the CSR Information

Nature and extent of work

We conducted three interviews with the persons responsible for preparing the CSR Information within the departments charged with collecting information. Where necessary, we also interviewed the persons responsible for internal control and risk management procedures. We conducted these interviews in order to:

- analyse the appropriateness of the Framework in terms of its relevance, completeness, reliability, neutrality and clarity, taking into consideration industry best practices;
- verify the implementation of procedures for collecting, compiling, processing and auditing the CSR Information to ensure that it is exhaustive and consistent, and to familiarise ourselves with the internal control and risk management procedures with respect to the preparation of CSR Information.

We determined the nature and extent of our tests and audits based on the nature and amount of CSR Information and in light of the Company's characteristics, the social and environmental effects of its activities, its sustainable development policies and industry best practices.

For the CSR Information that we deemed the most significant, presented in the tables below:

- at the level of the consolidating entity, we reviewed documents and conducted interviews to corroborate the qualitative information (such as organisation, policies, and actions), we implemented analytic procedures with respect to the quantitative information, and we verified, on a sampling basis, the calculations and consolidation of data. We verified the consistency of the information and its concordance with the other information included in the management report;
- using a representative sample of entities that we chose⁽¹⁾ based on their activity, their contribution to consolidated indicators, their location and a risk analysis, we conducted interviews to verify the proper application of procedures and implemented detailed tests based on sampling, which consisted in verifying the calculations performed and comparing the data with the supporting documentation. The selected sample represents 82% of the headcount and between 20% and 22% of the quantitative environmental information.

Social information

Total headcount and breakdown by age, gender and geographic area
Recruitment and dismissal of permanent employees
Number of sick days
Number of teleworking employees
Percentage of women in strategic executive posts
Number of training hours

Environmental information

Energy consumption and related CO₂ emissions
Tonnes of paper consumed and portion of responsible paper out of total paper consumption
CO₂ emissions related to vehicles

Societal and economic information on Sustainable Development

Number of micro-loans granted in the year
Fight against corruption, number of employees trained to combat money laundering
ESG (Environment, Social and Governance) amounts under integration
Banking accessibility: number of customers supported by L'Appui and breakdown by type of customer guidance

Qualitative information

Workforce themes	Review of collective labour agreements Training policies Discrimination prevention policy
Environmental themes	Policy on environmental approach: Carbon project Adaptation to the consequences of climate change
Societal and economic themes relating to Responsible Development	Territorial, economic and social impact of company activity Anti-corruption initiatives underway Measures taken to promote the health and safety of consumers Number of products screened with the ESG checklist Trading room exposure to extra-financial risks

(1) Environmental information: Financial Centres of Grenoble, Rennes and Strasbourg, the Crossing and Sèvres buildings, Véhiposte and the Purchasing Department.
Social information: La Banque Postale, Financial Services and CSRH de Montpellier.
Societal and economic information on Sustainable Development: La Banque Postale Group.

For the other consolidated CSR Information, we analysed its consistency with our knowledge of the Company.

Finally, we analysed the relevance of any explanations relating to the total or partial omission of certain information.

We believe that the sampling methods and sample sizes that we used, exercising our professional judgement, enable us to reach a conclusion of limited assurance. A higher level of assurance would have required more extensive verification work. Due to the use of sampling techniques, as well as other limits inherent in the functioning of any information and internal control system, the risk of a failure to detect a significant anomaly in the CSR Information cannot be entirely eliminated.

Conclusion

On the basis of our work, we have found no significant anomalies that would cause us to doubt that the CSR Information, taken as a whole, is fairly presented in accordance with the Framework.

Paris La Défense, on 23 February 2015

KPMG S.A.

Anne Garans

Partner

*Department of Climate Change
& Sustainable Development*

Isabelle Goalec

Partner

GENERAL INFORMATION

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7.1 PUBLICLY AVAILABLE DOCUMENTS

All documents made available to the public under legal conditions may be consulted at La Banque Postale's registered offices at 115, rue de Sèvres, 75275 Paris Cedex 06. La Banque Postale's Registration Documents are also available on the www.labanquepostale.com website.

The Company's Articles of Association are included in this Registration Document. All reports, letters and other documents,

historical financial information, assessments and statements drawn up by an expert at the Company's request, where a section is included or mentioned in this document, together with all financial information, including information related to the subsidiaries for each of the two years prior to the publication of this document, can be consulted on the La Banque Postale Group website, or otherwise by writing to the Company Secretary at the Bank's registered offices.

7.2 SIGNIFICANT CHANGES

There have been no significant changes in the Group's financial or commercial position since the close of the last financial year for which audited financial statements have been published, and specifically

since the signing of the Statutory Auditors' report on the consolidated financial statements on 23 February 2015.

7.3 MAJOR CONTRACTS

To La Banque Postale's knowledge, no material contracts have been entered into other than agreements entered into as part of the normal

course of business, or in relation to the shareholders (as presented in Chapter 1, which provides an Overview of the Group).

7.4 DEPENDENCY SITUATION

Not applicable.

7.5 REGULATIONS

La Banque Postale is a limited company with Executive and Supervisory Boards, which was licensed as a bank by the French Credit Institution and Investment Firms Committee (CECEI) in 2005, and is registered as an insurance intermediary by the French Insurance Intermediaries Registration Body (ORIAS).

Banking and related transactions, investment and related services, savings products, and manual foreign exchange are regulated by the French Monetary and Financial Code.

Insurance products are governed by the French Insurance Code.

La Banque Postale is also under the supervision of the industry bodies: the French Prudential Control Authority (ACP) and the French Financial Markets Authority (AMF).

Lastly, through its membership of Le Groupe La Poste, La Banque Postale is subject to the regulations applicable to public service remits that apply to the Group, and specifically to the regulations related to the access-to-banking remit.

The access-to-banking remit is exercised through Livret A savings accounts. It should not be confused with the right to a bank account, which does not cover savings products but bank accounts, and is mandatory for all credit institutions.

Until 1 January 2009, La Banque Postale, Caisses d'Épargne and, subject to specific conditions, Crédit Mutuel, were the only institutions allowed to distribute Livret A accounts.

The French Economic Modernisation Act of 4 August 2008 put an end to this situation, and made Livret A accounts generally available. All banks may now offer them to their customers, provided that they have first signed an agreement with the Government, and that they comply with the single account per customer rule.

La Poste fulfils its access-to-banking remit, a public service and public interest remit that was entrusted to it by the law of 2 July 1990 (amended), in an unusual way, namely via La Banque Postale, its subsidiary, a credit institution (Article L. 518-25-1 of the French Monetary and Financial Code), on which are imposed, in addition to

the operating rules for the Livret A, specific obligations codified in the regulatory section of the Monetary and Financial Code:

- ▶ La Banque Postale is required to open a Livret A account for any private individual, any organisation listed under Section 5 of Article 206 of the French General Tax Code, and any subsidised housing body that so requests;
- ▶ the minimum amount of individual cash withdrawal or deposit transactions is set at €1.50;
- ▶ La Banque Postale is required to authorise any transactions on Livret A accounts listed in a decree from the Minister for the Economy dated 4 December 2008, under the conditions specified in the general regulations. 53% of La Banque Postale's Livret A accounts, i.e. 9.4 million accounts, have an average balance

of less than €150. These accounts, which amount to only 0.3% of deposits outstanding, nonetheless generate very substantial management costs. In fact, they account for around 46.4% of Livret A management costs. This is why the French Economic Modernisation Act has provided for specific compensation to be paid to La Banque Postale.

The additional cost that its access-to-banking remit generates for La Banque Postale is covered by "compensation that is proportionate to the general economic interest remits awarded to this institution", as provided for by Article R. 221-8-1 of the French Monetary and Financial Code. This compensation is in addition to the remuneration that the Bank, like other institutions, receives for distributing Livret A accounts.

7.6 GET TO KNOW LA BANQUE POSTALE BETTER

All the information is available at www.labanquepostale.com

This website provides an overview of La Banque Postale, its business lines, news, etc.

All financial information is found at www.labanquepostale.com/groupe/Investisseur.html

This section of the site is completely dedicated to financial information.

It can be used to download information on all financial and institutional editions, financial press releases, the financial timetable, and presentations to investors.

ARTICLES OF ASSOCIATIONS

8

TITLE I. CHARACTERISTIC FEATURES OF THE COMPANY

Article 1. Form

The Company was set up in the form of a limited company with a Board of Directors, and registered with the Paris Trade and Companies Registry.

It was turned into a limited company with Executive and Supervisory Boards by a decision of the Combined Meeting of Shareholders of 12 December 2005.

The Company is governed by current laws and regulations, and specifically by:

- ▶ the provisions of the French Commercial Code regarding commercial companies;
- ▶ the provisions of the French Monetary and Financial Code regarding credit institutions;
- ▶ the provisions of law No. 2005-516 of 20 May 2005 regarding the regularisation of the Post Office business;
- ▶ the provisions of law No. 83-675 of 26 July 1983 regarding the democratisation of the public sector, in accordance with Article 40 of law No. 90-568 of 2 July 1990 regarding the organisation of La Poste's public service;
- ▶ and these Articles of Association.

Article 2. Corporate purpose

- a) The corporate purpose of the Company, in France and abroad, is:
 - ▶ banking transactions, as defined in Article L. 311-1 of the French Monetary and Financial Code, and specifically loan transactions;
 - ▶ transactions relating to banking transactions, as defined in Article L. 311-2 of the French Monetary and Financial Code;
 - ▶ the execution of order reception and transmission investment services on behalf of third parties, of order execution services on behalf of third parties, of trades on its own account, of investment advisory services, of underwriting services, and of guaranteed placement and non-guaranteed placement services, within the meaning of Article L. 321-1 of the French Monetary and Financial Code covering financial instruments as a whole;
 - ▶ services relating to investment services, as defined in Article L. 321-2 of the French Monetary and Financial Code;
 - ▶ custodian account administration services.
- b) Subject to the provisions of Paragraph c), the Company may not perform:
 - ▶ consumer credit transactions that are not related to a bank overdraft, or are not related to the regulated savings business (Livret de Développement Durable and Plan épargne logement), except where these transactions are dedicated to repair, improvement or maintenance works for a building or land;
 - ▶ leasing, discounting and factoring transactions;
 - ▶ transactions to finance entities whose main corporate purpose is to perform market, securitisation, or acquisition transactions.
- c) However, the Company may:
 - ▶ grant consumer loans to the employees of Groupe La Poste companies;
 - ▶ grant professional micro-loans aimed at creating companies or jobs in their own right, personal micro-loans aimed at financing personal projects, or social micro-loans to vulnerable or excluded persons.

- d) The Company may also perform all transactions other than those listed above on a habitual basis, including acting as an insurance intermediary, including insurance broking, in accordance with the provisions of the French Insurance Code, under the conditions defined by a decree of the Minister for the Economy and Finance.
- e) The Company receives Livret A deposits and distributes Livret A accounts in accordance with the provisions of Article L. 515-25-1 of the French Monetary and Financial Code.
- f) Generally speaking, the Company may perform all financial, commercial, industrial, securities or property transactions that may relate to the above businesses, directly or indirectly, or are likely to make performing those transactions easier, on its own account and on behalf of third parties, or as a joint venture.

Article 3. Name

The Company's name is "*La Banque Postale*".

The Company's name must always be immediately and legibly followed by the words "limited company with an Executive and Supervisory Board", written in full, a statement of the amount of the registered capital, and by the place where and the number under which the Company is registered with the Trade and Companies Registry in all deeds and documents issued by the Company and intended for third parties, including letters, invoices, announcements, and miscellaneous publications.

Article 4. Registered offices

The established registered offices are at 115 rue de Sèvres – 75275 Paris Cedex 06.

They may be transferred to any other location in the same department or in a neighbouring department by a simple decision of the Supervisory Board, which shall be subject to approval by the next Ordinary General Meeting.

In this case, the Supervisory Board shall also be authorised to amend the Articles of Association accordingly.

Article 5. Duration

The duration of the Company is 99 years from the date of its registration with the Trade and Companies Registry, except in the event of dissolution, or of an extension decided by the Extraordinary General Meeting.

Article 6. Equity capital

The registered capital is set at four billion forty-six million four hundred and seven thousand five hundred and ninety-five euros (€4,046,407,595).

It is divided into thirty-five million one hundred and eighty-six thousand one hundred and fifty-three (35,186,153) fully paid-up shares of a single class.

In accordance with the provisions of Article 16-II-1 of law No. 2005-516 of 20 May 2005 on the regulation of the Post Office business, La Poste owns a majority interest in the Company's share capital.

These Articles of Association do not provide for any specific advantage in favour of anyone whatsoever.

Article 7. Changes to the registered capital

The registered capital may be increased, decreased, or amortised in accordance with the current laws and regulations.

TITLE II. RIGHTS AND OBLIGATIONS OF THE SHAREHOLDERS

Article 8. Share payments – rights and obligations

The shares are paid up under the conditions specified by the current laws and regulations.

The amounts still payable on the shares to be paid up in cash are called up by the Executive Board. However, subscribers and shareholders may pay all or part of said amounts in advance, if they wish to do so.

Subscribers and shareholders shall be made aware of calls for funds by any means, at least fifteen days before the date set for each payment.

Any shareholder who does not make the payments required for the shares that they own when these payments are due shall automatically be liable to pay a late interest charge to the Company at the legal rate.

In addition to a voting right, each share grants the right to ownership of the Company's assets, and to a share of the profits and liquidation premiums, which is proportional to the number of shares outstanding.

Every time that holding several shares is required in order to exercise any right, single securities, or a number of securities that is lower than the one required shall not grant their owners any rights over the Company; in this event, shareholders shall be personally responsible for assembling the number of shares required.

Article 9. Form of the shares

The shares are registered shares.

They give rise to registration in individual accounts under the conditions and according to the terms provided for by current legal and regulatory provisions.

Article 10. Sale and transfer of shares

Ownership of the shares results from their being recorded in an individual account in the name of the holder(s) on the ledgers held for this purpose at the Company's registered offices.

Share transfers are carried out by account-to-account transfer.

Except in the event of:

- i) inheritance,
- ii) liquidation of joint assets held by spouses,
- iii) transfer to a spouse, to a forebear or to a descendant,

iv) sale or donation of shares for the benefit of a private individual or a company that is already a shareholder, or has recently been appointed as a member of the Supervisory Board, where the sale is unrestricted, the sale of shares to a non-shareholder third party, regardless of the reason or in any form, is also subject to CRBF Rule No. 96-16, and to the provisions applicable to companies in the public sector, as well as to the approval of the Supervisory Board, in accordance with the provisions of Article L. 228-24 of the French Commercial Code, under the following conditions:

- ▶ the seller must forward to the Company the approval request, including the surname, names and address of the buyer, the number of shares that they plan to sell, and the price proposed;
- ▶ the approval is granted (i) either by the seller being informed of the decision of the Supervisory Board, acting on a simple majority of its members present or represented, (ii) or within a period of three months from when the request was made, if there is no answer from the Supervisory Board;
- ▶ in the event that the suggested buyer is not approved, and unless the seller decides to abandon the planned sale, the Executive Board is required to have the shares purchased, either by a shareholder or by a third party, or by the Company, with the seller's agreement, within three months from the date when the refusal is delivered, in order to reduce the share capital. The seller may abandon their planned sale on condition that they inform the Company via an extra-judicial deed, or by registered letter with request for an acknowledgement of receipt within thirty (30) days from the date the Company notified the seller of the name of the buyer suggested by the Supervisory Board;
- ▶ if the purchase has not occurred when the three-month period provided for above expires, the approval is considered as having been granted. However, this period may be extended by a court decision at the Company's request;
- ▶ if no agreement is reached between the parties in the sale scenarios listed above, the price of the shares shall be determined through an expert appraisal, under the conditions specified in Paragraph 4 of Article 1843 of the French Civil Code.

Shares issued for cash and shares representing contributions in kind are only marketable once the Company has been registered with the Trade and Companies Registry, and as soon as a capital increase transaction occurs.

TITLE III. ADMINISTRATION AND CONTROL OF THE COMPANY

The Company is managed by an Executive Board, which performs its duties under the control of a Supervisory Board.

I. Executive Board

Article 11. Executive Board – Composition

The Executive Board consists of at least two and at most five members, who are appointed by the Supervisory Board.

The members of the Executive Board must be private individuals, who may be chosen from outside the Company's shareholders, and even among the Company's salaried employees. No person shall be appointed as a member of the Executive Board if they do not fulfil the conditions of adequacy, professional competence and good repute required by the regulations applicable to companies exercising the business activities described in Article 2 of these Articles of Association.

If a member of the Supervisory Board is appointed to the Executive Board, their Supervisory Board mandate shall end as soon as they take up their duties.

In the event that a seat falls vacant, the Supervisory Board must fill it within two months, and the substitute member shall be appointed for the period remaining until the Executive Board is renewed.

Otherwise, any interested party may ask the Chairman of the Commercial Court, acting in summary proceedings, to make this appointment on a provisional basis.

Article 12. Length of term of office – Age limit

The Supervisory Board appoints members of the Executive Board for a period of five years, which expires at the first Supervisory Board meeting held following the fifth anniversary of this appointment. The Executive Board is renewed in its entirety when a five year period has elapsed.

Members of the Executive Board may be re-elected.

Any member of the Executive Board may be dismissed by the Supervisory Board, or by the General Meeting. In the event that the interested party has entered into an employment contract with the Company, the termination of their duties as a member of the Executive Board shall not result in the termination of this contract.

No private individual who has reached the age of 65 may be appointed as a member of the Executive Board, or be reappointed to this position.

When the interested party has reached the age limit, they are automatically considered to have resigned from the date of the next meeting of the Supervisory Board, which shall see to their replacement.

Article 13. Chairman of the Executive Board – Chief Executive Officers – Accountable director

13.1 Chairman

The Supervisory Board shall appoint one of the Executive Board members as Chairman.

The Chairman shall perform their duties during their term of office as a member of the Executive Board.

The Chairman shall represent the Company in its dealings with third parties.

The Supervisory Board may dismiss the Chairman of the Executive Board from their duties as Chairman at any time, based on a majority vote of the members present or represented.

13.2 Chief Executive Officers

The Supervisory Board may assign the same power of representation to one or several members of the Executive Board, who shall then bear the title of Chief Executive Officer. In such a case, one of the Chief Executive Officers appointed in this way will also act in the capacity of accountable director, according to the meaning of Article 13.3 below.

The Supervisory Board may dismiss the Chief Executive Officer(s) from their duties as Chief Executive Officer(s).

The Supervisory Board may remove from the Chief Executive Officer(s) their powers to represent the Company in its dealings with third parties under the same conditions.

13.3 Accountable directors

The Supervisory Board assigns the capacity of accountable director to at least two of the members of the Executive Board. These directors are responsible for effectively determining the Company's direction, in accordance with the provisions of Article L. 511-13 of the French Monetary and Financial Code, and must fulfil the conditions of good repute and experience listed in Article L. 511-10 of the aforementioned Code, it being specified that the Chairman of the Executive Board shall be one of the accountable directors.

13.4 Representation of the Company

Any action committing the Company towards third parties shall be duly performed by the Chairman of the Executive Board or by any other member who has been granted the title of Chief Executive Officer by the Supervisory Board.

The Chairman of the Executive Board, and the Chief Executive Officer(s), where applicable, are authorised to delegate part of their powers to any corporate officers that they deem appropriate. They may specifically delegate any power to represent and commit the Company in its dealings with third parties to a member of the Executive Board who has the skills required, as resulting from the division of duties set out under Article 13.5.

13.5 Division of management duties

Members of the Executive Board may divide the management tasks between them, with the authorisation of the Supervisory Board. However this division of powers may not prevent the accountable directors, according to the meaning of the banking regulations, from fulfilling their remits and obligations, as defined by the French Monetary and Financial Code. Moreover, it may not result in stripping the Executive Board of its role as a collective management body. The accountable directors must effectively determine the Company's direction. They shall also present the division of their respective powers to the Supervisory Board. Measures that each member of the

Executive Board takes individually, within their area of responsibility, shall be deemed to have been accomplished collectively by the Board, and shall commit it in its entirety.

However, the Executive Board may decide that any action committing the Company beyond an amount that it shall determine on a regular basis must be authorised in advance by the Board itself. Failure to secure this approval may result in the individual concerned being personally liable towards the Company and its shareholders.

Article 14. Powers of the Executive Board

The members of the Executive Board shall manage the Company on a collective basis.

The Executive Board has been invested with the most extensive powers to act in the Company's name under all circumstances. It exercises these powers within the limits of the corporate purpose, and subject to those powers expressly granted to the Supervisory Board and to shareholders' meetings in law and by these Articles of Association.

In its dealings with third parties, the Company shall be committed even by actions of the Executive Board that are not related to the corporate purpose, unless it proves that the third party was aware that the action exceeded that purpose, or could not ignore this fact given the circumstances, although the sole publication of the Articles of Association is not enough to amount to this proof.

However, the following actions are subject to the prior authorisation of the Supervisory Board, pursuant to the law:

- ▶ disposals of property assets;
- ▶ full or partial disposals of equity investments;
- ▶ the granting of securities in order to guarantee corporate commitments.

The following corporate transactions and decisions are also subject to the prior authorisation of the Supervisory Board:

- ▶ the strategic plan and decisions specifically relating to the launch of new businesses, to the setting up of subsidiaries or branches in France and abroad, to the acquisition of companies, to the signing of any alliance or partnership, to any transfer of assets, including under a universal transfer of assets, where the amount exceeds €12,000,000, and, more generally, to any investment or divestment amounting to over €12,000,000;
- ▶ decisions relating to the award of equity subscription or purchase options, or of equivalent securities, to the corporate officers and/or directors, together with the award of free shares;
- ▶ decisions relating to financing transactions likely to alter the Company's financial structure in a material way;
- ▶ draft resolutions to be submitted to the Shareholders' Meeting, pursuant to Article L. 228-92 of the French Commercial Code, and relating to the issuance of marketable securities, regardless of whether they entitle the holder to a proportional share of the capital and/or of the voting rights, and to the setting of the issuance terms and conditions for said marketable securities;
- ▶ dividend distribution proposals and related transactions.

The Executive Board shall present a written report, reviewing the main actions or events that have occurred in the management of the Company, to the Supervisory Board at least once a quarter.

In the three months following the close of each financial year, the Executive Board shall approve the annual financial statements and the consolidated financial statements, where applicable, and present

them to the Supervisory Board for examination and checking. It shall suggest the allocation of the results for the year just ended.

The Executive Board shall convene the General Meetings of Shareholders, shall set their agenda and execute their decisions.

Article 15. Structure and operation of the Executive Board

The Executive Board shall meet as often as the Company's interests require it to do so, and at least once a month, on the invitation of its Chairman, its Chief Executive Officer, if it has one, or of at least half of its members, either at the registered offices, or at any other location mentioned in the notice of meeting.

The agenda shall be set by the author of the notice of meeting, on the day before the scheduled meeting at the latest. However, in the event of emergency, the agenda may be set only at the time of the meeting.

The notice of meeting shall be delivered by all means by standard letter, registered letter, personal delivery, fax, email with or without acknowledgement of receipt and even orally.

The Statutory Auditors shall be invited to the Executive Board meetings at which the annual or interim financial statements are approved.

A member of the Executive Board may ask another member to represent them.

The Chairman, or in their absence, a member who is present and appointed by the Executive Board and takes the title of Chairman, shall chair the meetings.

The actual presence of at least half the members is required for the discussions to be valid, or the presence of both members, if the Executive Board consists of only two members. For the purpose of calculating the quorum and majority, members who take part in the Executive Board meeting by videoconferencing means that fulfil the technical features guaranteeing effective participation in the Executive Board meeting, where discussions must be broadcast on an uninterrupted basis, shall be deemed present, except in the event that the Executive Board consists of two members, and for the adoption of the decisions listed in Article L. 225-37 of the French Commercial Code.

In the event that the vote is split, the Chairman shall have the casting vote.

Regardless of their form, the discussions of the Executive Board shall be recorded in minutes drawn up in a special ledger, or on serially numbered loose-leaf sheets. These sheets or ledger are held at the Company's registered offices. They are signed by the Chairman and all the Executive Board members present, and are circulated to all members of the Executive Board.

Copies or excerpts of the minutes of the discussions are duly certified by the Chairman of the Executive Board, or by one of the members of the Executive Board empowered for this purpose.

Where applicable, the Executive Board ratifies the internal regulations specifying its operating procedures.

Article 16. Remuneration of Executive Board members

The Supervisory Board sets the remuneration method and amount for each member of the Executive Board.

Article 17. Holding of multiple offices by Executive Board members

Members of the Executive Board must comply with the rules on holding multiple offices, as defined by the current laws and regulations.

Any private individuals who find themselves in breach of the above provisions when they take up a new office, must resign from one of their offices within three months of their appointment. Once this deadline has expired, they shall be deemed to have resigned from their new office as a member of the Company's Executive Board, and must return any remuneration received, without this situation resulting in the calling into question of the discussions in which they took part.

Article 18. Responsibilities of Executive Board members

Without prejudice to the specific responsibility that may arise from the Company entering receivership, the members of the Executive Board shall be liable, individually or jointly, depending on the case, towards the Company or third parties, either for breaching the legal or regulatory provisions applicable to limited companies, or for breaching the Articles of Association, or for errors committed under their management.

II. Supervisory Board

Article 19. Supervisory Board

The Company's Supervisory Board is governed by the provisions of Articles L. 225-68 et seq. of the French Commercial Code, and by the provisions of law No. 83-675 of 26 July 1983 on the democratisation of the public sector.

19.1 Composition

19.1.1 - In accordance with Article 6 of law No. 83-675 of 26 July 1983 on the democratisation of the public sector, the Supervisory Board shall consist of at least 9, and at most 18 members, one-third of whom shall be employee representatives, in accordance with Article 40 of law No. 83-675 of 26 July 1983.

Except for the employee representatives, members of the Supervisory Board are appointed among private individuals or companies by the Ordinary General Meeting, which may dismiss them at any time, except, where applicable, for Government representatives, who are appointed by decree.

19.1.2 - Employee representative members of the Supervisory Board are elected under the conditions specified in Chapter II of law No. 83-675 of 26 July 1983.

Any employee representative may be dismissed for gross misconduct in the exercise of their office as a member of the Supervisory Board, through a summary ruling of the Chairman of the District Court at the request of the majority of the members of the Supervisory Board.

19.2 Renewal

In accordance with the provisions of law No. 83-675 of 26 July 1983, and of Decree No. 83-1160 of 26 December 1983, adopted pursuant thereto, the offices of all members of the Company's Supervisory Board shall end on the same day, at the end of a five-year term.

In the event that a Supervisory Board member's seat falls vacant, for any reason whatsoever, their substitute shall only exercise their office for the period remaining until the renewal of the entire Board.

In the event that a new member is appointed to the Board by the General Meeting outside the date when the entire Board is renewed, the new member shall only hold their office for the period remaining until the renewal of the entire Board.

19.3 Restrictions on the holding of multiple offices

Members of the Supervisory Board must comply with the rules on the holding of multiple offices as defined in the provisions of the French Commercial Code, and, where applicable, by the provisions of law No. 83-675 of 26 July 1983.

Any private individuals who find themselves in breach of the above provisions when they take up a new office, must resign from one of their offices within three months of their appointment.

Once this deadline has expired, they shall be deemed to have resigned from their new office, and must return any remuneration received, without this situation resulting in the calling into question of the discussions in which they took part.

19.4 Combining an office with an employment contract

Without prejudice to the provisions of Article 19.7 of these Articles of Association, and in accordance with the provisions of Article 15 of law No. 73-1196 of 27 December 1973, members of the Supervisory Board may combine their duties with an employment contract, as long as that contract corresponds to an actual position.

19.5 Incompatibility & Restrictions

Fulfilment of the Supervisory Board member's office must not be incompatible with the interested party holding certain public or professional offices.

No member of the Supervisory Board may be a member of the Executive Board. If a member of the Supervisory Board is appointed to the Executive Board, their Supervisory Board mandate shall end as soon as they take up their duties.

In addition, no one may be appointed to the Supervisory Board or remain on the Board if they find themselves subject to any court order that results in them being prohibited from running or directing any firm or company.

19.6 Access of companies to the Board

A company may be appointed as a member of the Supervisory Board. The company is required to appoint a permanent representative at the time it is appointed.

Permanent representatives are subject to the same rules as members who are private individuals, particularly where restrictions and disqualifications, and the age limit are concerned.

In cases where the company withdraws its permanent representative's mandate, it is required to provide for their replacement at the same time. The same applies in the event of the death or resignation of the permanent representative. The company is required to notify the Company of this death or resignation, together with the identity of the member's successor without delay, by registered letter with request for an acknowledgement of receipt.

19.7 Status of the employee representative members of the Supervisory Board elected under the conditions specified in law No. 83-675 of 26 July 1983

In accordance with the provisions of Section III of law No. 83-675 of 26 July 1983, a Supervisory Board employee representative member's mandate is incompatible with any other office involving the representation of employees' interests within the Company or its subsidiaries, or with acting as a full-time union representative. The appointment to the Supervisory Board of an employee performing such duties shall terminate said duties.

Employee representative members of the Supervisory Board shall be granted a minimum time period of 15 hours per month to fulfil their mandate. The length of the Supervisory Board meetings is not deductible from this allowance, nor is the time spent on their training in company management.

The employee representatives' mandates shall end automatically when they no longer fulfil the eligibility conditions specified by law No. 83-675 of 26 July 1983.

Article 20. Shares held by members of the Supervisory Board

Subject to the exemptions provided for in law, members of the Supervisory Board who are appointed by the General Meeting of Shareholders must each hold at least one (1) share in the Company for the entire duration of their office.

If, on the day of their appointment, a member of the Supervisory Board does not own the required number of shares, or if they cease to own them during their mandate, they shall automatically be deemed to have resigned if they have not rectified their position within six months.

The provisions relating to the ownership of shares issued by the Company do not apply to employee representative members.

Article 21. Length of term of office – Age limit

Without prejudice to the application of Article 19.2 of these Articles of Association, members of the Supervisory Board are appointed for a period of five years. They may be re-elected.

No private individual or company representative who is aged over 70 may be appointed or elected as a member of the Supervisory Board if their appointment results in over one-third of the Supervisory Board members exceeding this age limit.

If the proportion of one-third is exceeded due to the fact that a serving member of the Supervisory Board comes to be older than 70, the oldest member of the Supervisory Board shall automatically be deemed to have resigned.

Article 22. Vacancy-Co-option-Approval

In the event of a vacancy due to the death or resignation of one or more members appointed by the General Meeting, the Supervisory Board may replace them on a temporary basis. The appointment of the substitute members must be approved at the next General Meeting.

If approval is not granted, the resolutions voted and the actions accomplished by the Supervisory Board or by this member during their management term would nonetheless remain valid.

Pursuant to the provisions of law No. 83-675 of 26 July 1983, when a seat is left vacant by an employee representative, the candidate on their list immediately after the last candidate elected shall be called upon to replace them. If the list in question is not sufficient to fill the vacancies, the seats that are not filled shall remain vacant up until

the following election. However, if the number of vacancies exceeds half the employee representative seats, a partial election shall be organised, except during the last six months of the mandate.

Substitute members shall only hold their office for the period remaining until the renewal of the entire Supervisory Board.

If the number of Supervisory Board members falls below the legal minimum, the Supervisory Board must immediately convene the General Meeting of Shareholders in order to supplement the numbers on the Board.

Article 23. Board office

The Supervisory Board shall elect a Chairman and a Vice-Chairman among its members. The Chairman, or in the absence of the Chairman, the Vice-Chairman, where applicable, is responsible for convening the Supervisory Board and directing its discussions. The Chairman and the Vice-Chairman, where applicable, shall hold their office for the duration of their mandate as a member of the Supervisory Board.

The Supervisory Board shall determine their remuneration, where applicable.

The Supervisory Board may appoint a secretary, who may be chosen from outside its members.

Article 24. Supervisory Board discussions-minutes

The Supervisory Board meets at the registered offices or in any other location specified in the notice of meeting, as often as the Company's interests require it to do so, and at least once a quarter, in order to review the Executive Board's report.

The agenda is set by the Chairman, and may be set even just at the time of the meeting.

The Supervisory Board is convened by the Chairman, by any means.

The Company's Works Council shall be represented at the meetings of the Supervisory Board in accordance with the provisions of Article L. 432-6 of the French Labour Code.

However, the Chairman must convene the Supervisory Board at a date that cannot be later than within 15 days, when a member of the Board or at least one-third of the members of the Supervisory Board presents them with a reasoned request to this effect. If the request is not acted upon, its authors may convene the Board themselves, and specify the agenda for the meeting.

In addition, and in accordance with the provisions of law No. 83-675 of 26 July 1983, at least one third of the members of the Supervisory Board may convene the Supervisory Board if it has not met for over two months, specifying the agenda of the meeting.

A member of the Supervisory Board may give another member of the Board a mandate to represent them at any Supervisory Board meeting by letter, email, or fax.

Each member of the Supervisory Board may only have one power during the same session.

Under the conditions and subject to the exceptions provided for in law, the Supervisory Board's resolutions may be voted by videoconference or through the use of all means of telecommunication or remote transmission that enable the members to be identified under the conditions set by the current legislation.

An attendance register is kept, which is signed by the Supervisory Board members taking part in the meeting. The actual presence of at least half the Supervisory Board members is required for the discussions to be valid. Members of the Supervisory Board who take part in the Supervisory Board meeting via videoconference, or by any of the telecommunication or remote broadcasting means listed in

the previous Paragraph, shall be deemed present for the purpose of calculating the quorum and majority.

Decisions are taken by majority vote of the members who are present or represented; each member who is present or represented has one vote. The Chairman of the meeting has the casting vote in the event of a split vote.

The Supervisory Board's discussions are recorded in minutes that are entered into a special ledger held at the registered offices. The minutes shall mention the members of the Supervisory Board who took part in said Board meeting by videoconference or any other telecommunication or remote broadcasting means.

Article 25. Remit and powers of the Supervisory Board

The Supervisory Board exercises ongoing control over the management of the Company through the Executive Board, and grants the latter prior authorisation to enter into transactions that the Executive Board cannot perform without its authorisation, in accordance with Article 14 of these Articles of Association.

The Supervisory Board shall hold discussions on the Company's main strategic, economic, financial and technological orientations, and specifically on the corporate or programme contract, prior to the Executive Board's decisions.

The Supervisory Board may authorise the Executive Board to dispose of property assets, to dispose of equity investments partially or in full, and to grant securities in order to guarantee the commitments made by the Company up to a maximum amount that it sets for each transaction, with the option to delegate. When a transaction exceeds the amount set in this way, the Supervisory Board's authorisation is required in each case.

In addition, the Supervisory Board shall authorise the transfer of shares to a third party, in accordance with the provisions of Article 10 of these Articles of Association.

The Board shall perform the checks and controls that it deems necessary at any time of the year, and may ask for disclosure of the documents that it considers necessary to perform its remit.

It shall authorise agreements, in accordance with the provisions of Article L. 225-86 of the French Commercial Code.

It shall present its observations on the Executive Board's report, and on the financial statements for the year to the Ordinary General Meeting.

It shall decide on relocating the registered offices within the same department or to a neighbouring department, subject to the approval of this decision by the next Ordinary General Meeting.

The Supervisory Board may grant any special mandates for one or several determined purposes to one or several of its members.

The Supervisory Board shall approve the internal regulations specifying its operating procedures, and those of the specialist committees that it may have set up.

The Supervisory Board shall appoint, and may dismiss the members of the Executive Board.

The Supervisory Board shall suggest the appointment of the Statutory Auditors to the Meeting of Shareholders.

The Supervisory Board's discussions are recorded in minutes that are entered into a special ledger or on sequentially numbered loose-leaf sheets. These sheets or ledger are held at the Company's registered offices. They are signed by the Chairman of the meeting and one of the Supervisory Board members present. In the event that the Chairman of the meeting is unable to attend, they are signed by two members of the Supervisory Board. The minutes are circulated to all members of the Supervisory Board.

Article 26. Remuneration of Supervisory Board members

The General Meeting may award an annual fixed amount, in the form of attendance fees, to members of the Supervisory Board, as remuneration for their duties. This amount is recorded in operating expenses.

The Supervisory Board shall be free to divide the total amount allocated between its members.

The remuneration of the Chairman and Vice-Chairman shall be determined by the Supervisory Board.

The Supervisory Board may award exceptional remuneration amounts for special remits or mandates entrusted to members of the Board. These exceptional remuneration amounts are subject to the provisions of Article L. 225-86 of the French Commercial Code.

However, the mandates of the employee representative members are unpaid, without prejudice to reimbursement by the Company of the expenses claimed in respect of exercising said mandate.

Article 27. Responsibilities of Supervisory Board members

The Supervisory Board members are responsible for personal errors committed in the execution of their mandate. They are not held liable for management actions and for their outcome.

They may be pronounced civilly liable for the offences committed by members of the Executive Board, if they did not disclose them to the General Meeting when they became aware of them.

The employee representative members of the Supervisory Board, elected within the framework of law No. 83-675 of 26 July 1983, may not be declared severally liable with the members of the Supervisory Board who represent the shareholders under any circumstances. Their responsibility is assessed taking the fact that their mandate is unpaid into account.

Article 28. Supervisory Board committees

The Supervisory Board may decide to set up committees responsible for assisting it within its midst, and shall determine the composition, the special powers and the potential remuneration of their members, who shall execute their tasks under its responsibility. The Chairman of each committee is appointed by the Supervisory Board.

Article 29. Audit Committee

The Supervisory Board shall set up an Audit Committee, which shall determine its own work programme. The programme shall be executed by Company staff or by staff outside the Company, at the Audit Committee's choosing.

Article 30. Non-voting members

The Supervisory Board may appoint one or several non-voting members, whose remit is to assist the Supervisory Board in performing its control duties, and who take part in Supervisory Board meetings on a non-voting basis.

Each non-voting member is appointed for a period of one year, which is renewable indefinitely.

Non-voting members need not necessarily be shareholders, and their work on behalf of the Company may result in a remuneration amount set by the Supervisory Board.

TITLE IV. SHAREHOLDERS' MEETINGS

Article 31. General Meetings – Convening of composition

General Meetings are convened by the Executive Board under the conditions determined in law, or, where applicable, by the Supervisory Board, the Statutory Auditors, or a corporate officer appointed by the Chairman of the Commercial Court, acting on a summary basis at the request of one or several shareholders who represent at least 5% of the share capital.

The meetings take place at the registered offices or at any other location in France specified in the notice of meeting.

The General Meeting meets at least once a year before 31 May in order to approve the annual financial statements.

The notice of meeting is issued fifteen days before the meeting date, either via a standard letter, or via a registered letter with request for an acknowledgement of receipt addressed to each shareholder, or via a notice inserted into a legal bulletin in the department where the registered offices are located.

In the event the announcement is made via the insertion of a notice, every shareholder must also be convened via a standard letter, or a registered letter with request for an acknowledgement of receipt.

When a meeting has not been able to deliberate legitimately, due to the lack of the required quorum, a second meeting, and where applicable, a second deferred meeting shall be called in the same manner as the first meeting, and the notice of meeting shall remind the invitees of the date of the first meeting, and shall set out its agenda again.

All shareholders may take part in the meetings, in person or by proxy, on presentation of proof of identity and of the ownership of their shares, in the form of a registered entry in their name in the Company's ledgers, at least three days before the meeting. The Executive Board may cancel or shorten this deadline, but only for the benefit of all shareholders.

All shareholders may also vote remotely, according to the legal and regulatory procedures.

Shareholders who take part in the meeting via videoconference, or via any other means that enables them to be identified, the nature and conditions for which are determined by Council of State decree, shall be deemed present for calculating the quorum and majority.

A shareholder can only be represented by their spouse or another shareholder.

Corporate shareholders take part in meetings via their legal representatives or via any person appointed for this purpose by the latter.

The meetings are chaired by the Chairman of the Supervisory Board or, in their absence, by the Vice-Chairman specifically appointed to this effect by the Supervisory Board. Otherwise, the General Meeting shall appoint its own Chairman.

In the event that the meeting is convened by a Statutory Auditor or by a court-appointed corporate officer, the General Meeting shall be chaired by the author of the notice of meeting.

The council thereby formed shall appoint a secretary, who may be chosen from outside the members of the General Meeting.

The returning officers' duties shall be fulfilled by the two members of the General Meeting who are present and accept their office, both for themselves and as proxies, and who hold the largest number of shares.

The General Meeting's discussions are recorded in minutes signed by the members of the Board, which are entered into a special ledger in accordance with the law. Copies and excerpts of these minutes are duly certified under the conditions set in law.

Article 32. General Meeting discussions

Ordinary and Extraordinary General Meetings, sitting under the quorum and majority conditions specified by the respective provisions that govern them, exercise the powers that are assigned to them in law.

TITLE V. BUSINESS YEAR – FINANCIAL STATEMENTS – CONTROL

Article 33. Business year

Every business year runs for a period of 12 months, which begins on 1 January and ends on 31 December every year.

Article 34. Allocation of profits

If a distributable profit, as defined by law, arises from the financial statements for the year, as approved by the General Meeting, the latter may decide to assign that profit to one or several reserve headings, for which the Meeting sets the allocation and use, to carry it forward, or to distribute it.

After observing the existence of reserves available to it, the General Meeting may decide to distribute amounts drawn from these reserves. In this case, the decision shall expressly indicate the reserve headings from which the withdrawals are made.

However, dividends are deducted from the distributable profit for the year as a priority.

The General Meeting has the power to grant each shareholder the option of payment of the dividend or interim dividends in cash or in shares, for all or part of the dividend distributed, or of the interim dividend.

The procedures for paying dividends in cash are set by the General Meeting, or otherwise by the Executive Board.

However, the dividend payment must occur within a maximum period of nine months after the close of the financial year, unless that period is extended by a court order.

When a balance sheet drawn up during or at the end of the financial year, and certified by a Statutory Auditor, shows that the Company has made a profit since the close of the previous financial year, after recording the required depreciation and amortisation and provision charges, and after deducting prior losses, where necessary, as well as

the amounts to be recorded under reserves pursuant to the law and to the Articles of Association, and taking earnings carried forward into account, an interim dividend may be distributed, before the approval of the financial statements for the year. The amount of this interim dividend may not exceed the amount of the profit thus determined.

The Company may not demand that shareholders return a dividend, unless it was distributed in breach of legal provisions, and the Company establishes that the beneficiaries were aware of the irregular nature of this distribution at the time it was made, or could not ignore it given the circumstances.

Any recovery action shall lapse three years after these dividends are paid. Dividends that are not claimed within five years of their payment shall lapse.

Article 35. Statutory Auditors

The Company is controlled by at least two Statutory Auditors, who fulfil the legal eligibility conditions.

Each Statutory Auditor is appointed by the Ordinary General Meeting for six financial years, in compliance with the special regulations that

apply depending on the Company's business activities. Their mandate expires following the General Meeting that approves the financial statements for the sixth financial year.

The Ordinary General Meeting appoints at least two alternate Statutory Auditors, who are called upon to replace the official auditors in the event of their refusal, unavailability, resignation or death.

The Company shall inform the Banking Commission of the name of the Statutory Auditors that it is thinking of appointing. The Banking Commission has a period of two months to issue its opinion on the proposed appointment. The Company's directors shall disclose the Banking Commission's opinion to the General Meeting.

Article 36. Government commissioner

A Government Commissioner appointed pursuant to the provisions of Section II of Article 511-32 of the French Monetary and Financial Code fulfils their duties within the Company's bodies, under the conditions specified in Articles D. 615-3 et seq. of the Monetary and Financial Code.

TITLE VI. DISSOLUTION – DISAGREEMENTS

Article 37. Dissolution

When the Company's term expires, or in the event of early dissolution, the General Meeting shall choose the method of liquidation and shall appoint one or several liquidators, whose powers it shall determine, and who shall fulfil their duties in accordance with the law.

Article 38. Disagreements

Any disagreements on corporate issues that may arise during the life of the Company or its liquidation, either between the shareholders, the members of the Board, or the Statutory Auditors and the Company, or between the shareholders themselves, shall be judged in accordance with the law and governed by the jurisdiction of the competent courts.

SUPERVISORY BOARD CHARTER

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9.1 SUPERVISORY BOARD MEMBER CHARTER AND INTERNAL REGULATIONS

At its meeting of 25 January 2006, La Banque Postale's Supervisory Board adopted this Charter for the Board member (the "Charter"), which aims to specify the rights, obligations and principles applicable to the members of La Banque Postale's Supervisory Board.

Article 1. Assumption of office

When they assume office, each member of the Supervisory Board is given a copy of the legal and regulatory provisions that apply to their position within La Banque Postale, a copy of the internal regulations of the Supervisory Board and of the specialist committees set up within the Board, and this Charter, as well as the provisions relating to the rights and obligations of Board members, as defined in Articles 7 to 13 of Section II, Chapter 1, of the law of 26 July 1983 on the democratisation of the public sector.

Article 2. Compliance with laws and regulations and the corporate interest

2.1 - Every member of the Board must be fully aware of their rights and obligations at all times. Specifically, they must understand and comply with the legal and regulatory provisions applicable within La Banque Postale, and with the provisions of the internal regulations of the Supervisory Board and of the existing specialist committees.

2.2 - Every member of the Board shall act in the Company's corporate interest at all times. They shall abide by the principles listed in the Charter.

2.3 - Every member of the Board may, at any time, consult the Supervisory Board's Secretariat regarding the scope of the provisions governing the rights and obligations relating to their office.

Article 3. Holding of office – Guiding principles

Every member of the Board shall fulfil their duties with independence and loyalty, and in a professional manner, and shall undertake to take the measures required when they believe in good faith that they are no longer fully able to carry out their mandate.

Article 4. Personal involvement

4.1 - Every member of the Board undertakes to devote all the time and attention required by their mandate to examine the applications submitted to the Board and the issues that are entrusted to them on a more specific basis, as well as to the work of the committee(s) of which they are a member. They undertake to take part in all the Supervisory Board meetings in an attentive and diligent manner, unless they are prevented from doing so.

4.2 - Every member of the Board is responsible for requesting the information that they believe is useful to them within the appropriate time frame, in order to be able to discuss it with the Board in full knowledge of the facts.

4.3 - Every member of the Board must familiarise themselves with the Company's business lines and specific features, its challenges, its values, and its regulatory environment. Every member of the Board must make efforts to update the knowledge that is useful to them in fulfilling their mandate properly.

Article 5. Duty to speak

5.1 - Every member of the Board has a duty to express the questions and opinions resulting from the fulfilment of their mandate.

5.2 - In the event of a disagreement, they shall ensure that their position or proposals are expressly entered in the minutes of the discussions.

Article 6. Independence

6.1 - Every member of the Board undertakes to maintain their independence of analysis, judgement, decision and action under all circumstances, and to reject any direct or indirect pressure that may be exercised on them.

6.2 - Every member of the Board undertakes not to accept any benefits of any kind from La Banque Postale or from related firms or companies, either directly or indirectly, which are likely to be considered of a nature to compromise their independence during the term of their mandate or beyond it.

6.3 - Every member of the Board undertakes, during the term of their mandate, to notify the Chairman of the Supervisory Board immediately of any situation involving the holding of multiple offices, within companies or other corporate establishments governed by French or foreign law.

Article 7. Potential conflicts of interest

7.1 - Without prejudice to the application of the French Commercial Code provisions relating to the control of regulated agreements, every member of the Board shall inform the Supervisory Board and its Chairman of any situation concerning them that is likely to create a conflict, even one that is potential or temporary, with the interests of La Banque Postale or any of its subsidiaries, as soon as they become aware of it.

7.2 - In such cases, the member of the Supervisory Board shall:

- ▶ abstain from taking part in the discussions and from any decision on the issues in question, if the conflict of interest is temporary;
- ▶ take all measures aimed at ending said conflict of interest, including tendering their resignation from their office as a member of the Board to the Chairman of the Supervisory Board, if it turns out that the conflict of interest is ongoing.

7.3 - Generally speaking, every member of the Board shall undertake to avoid any conflict that may exist between their material or moral interests and those of La Banque Postale or any of its subsidiaries.

Article 8. Confidentiality

8.1 - Every member of the Board personally undertakes to respect the absolute confidentiality of the information that they receive, of the discussions in which they participate, and of the decisions taken by the Supervisory Board, under the conditions determined in Article 8 of the Supervisory Board internal regulations.

8.2 - Every member of the Board shall refrain from using, revealing or disclosing, for their own benefit or for the benefit of any third party, any non-public information regarding La Banque Postale or any of its subsidiaries, their activities or their projects, that they are aware of due to their capacity as a Board member.

Article 9. Effectiveness of the board's operations

9.1 - Every member of the Board shall contribute, through their active participation, to the collective spirit and effectiveness of the work performed by the Supervisory Board and by any specialist committees set up within it, and to the tasks in which they participate.

9.2 - Every member shall express any recommendation that they believe will improve the operating procedures of the Supervisory Board, particularly within the context of any meeting of the Supervisory Board that addresses its operations. The same goes for any of the specialist committees where they participate in the tasks.

9.3 - Along with the other members of the Supervisory Board, every member shall strive to ensure that the control bodies fulfil their remit effectively, and without hindrance. Specifically, members shall ensure that they are informed of the implementation of procedures

enabling controls on compliance with the laws and regulations within the Company.

9.4 - Every member shall ensure that, without exception, the positions adopted by the Supervisory Board are the subject of formal decisions, which are correctly reasoned and registered in the minutes of its meetings.

9.5 - In the event that a member of the Supervisory Board ceases to be in a position to fulfil their mandate in compliance with the Charter, whether of their own volition or for any other reason, they must inform the Chairman and the Board, seek solutions to resolve the situation and, failing that, make their mandate available to the Board.

Article 10. Endorsement of the Charter

Every member of the Supervisory Board shall endorse this Charter as soon as they assume their office.

9.2 INTERNAL REGULATIONS OF THE SUPERVISORY BOARD OF LA BANQUE POSTALE

The Supervisory Board of La Banque Postale (the **Company**) decided at its meeting of 25 January 2006 to adopt the present internal regulations of the Board (the **Internal Regulations**) which are designed to supplement the articles of Section III of the Company's Articles of Association, particularly with regard to the functioning and organisation of the Supervisory Board and its relations with the Executive Board.

Article 1. Powers of the Supervisory Board

The Supervisory Board exercises the powers granted to it by the French Commercial Code, the law of 26 July 1983 on the democratisation of the public sector and the Company's Articles of Association, particularly Article 25.

Moreover, in accordance with the provisions of Article L. 225-68 of the French Commercial Code and Article 14 of the Company's Articles of Association, the following corporate transactions and decisions are subject to the prior authorisation of the Supervisory Board:

- ▶ disposals of property assets, full or partial disposals of equity investments, and the granting of securities in order to guarantee corporate commitments;
- ▶ the strategic plan and decisions specifically relating to the launch of new businesses, the setting up of subsidiaries or branches in France and abroad, the acquisition of companies, the signing of any alliance or partnership, any transfer of assets, including under a universal transfer of assets, where the amount exceeds €12,000,000 and, more generally, to any investment or divestment amounting to over €12,000,000;
- ▶ decisions relating to the award of equity subscriptions or purchase options, or of equivalent securities, to the corporate officers and/or directors, together with the award of free shares;
- ▶ decisions relating to financing transactions likely to alter the Company's financial structure in a material way;

- ▶ draft resolutions to be submitted to the Shareholders' Meeting, pursuant to Article L. 228-92 of the French Commercial Code, and relating to the issuance of marketable securities, regardless of whether they entitle the holder to a proportional share of the capital and/or the voting rights, and to the setting of the issuance terms and conditions for said marketable securities;
- ▶ dividend distribution proposals and related transactions.

The Supervisory Board also performs the duties provided for by the French Monetary and Financial Code and by the Decree of 3 November 2014 on internal control. Pursuant to these provisions, it adopts and regularly revises the general principles of the remuneration policy; in particular, it approves the overall risk limits and determines guidelines regarding the programme of periodic audit assignments, compliance obligations and the risk management function.

The Board may ask the Chairman, or a member of the Board appointed for this purpose, or else one of the committees provided for in Article 2, for verifications or specific information or any other assignments regarding specific items.

Article 2. Supervisory Board committees

In order to prepare some of the Supervisory Board's work, the Board creates committees. It determines their composition and responsibilities and appoints the Chairman:

- ▶ Risk Committee ;
- ▶ Financial Statements Committee ;
- ▶ Appointments Committee ;
- ▶ Remunerations Committee ;
- ▶ Strategy Committee.

Article 3. Participants in Supervisory Board meetings

3.1 Appointment of participants

In addition to the members of the Supervisory Board appointed in accordance with the legal and regulatory provisions, the following shall take part in meetings of the Supervisory Board, in a non-voting role:

- ▶ the Statutory Auditors, who by law must be invited to attend any Supervisory Board meetings at which the Company's annual or interim financial statements are examined;
- ▶ the Secretary of the Works Council, who must be invited to attend by law⁽¹⁾;
- ▶ the Government Commissioner⁽²⁾;
- ▶ the members of the Executive Board;
- ▶ the Secretary of the Board;
- ▶ any person whose skills and expertise the Chairman may deem necessary to the accomplishment of the Board's tasks.

The persons thus invited may, like the members of the Supervisory Board, attend the Board meeting by the means and under the conditions stipulated in Article 5.4 hereafter.

Their attendance at the Board meeting shall be mentioned in the minutes of each meeting.

3.2 Chairman and Secretariat of the Supervisory Board

- (a) The Chairman, or the Vice-Chairman where applicable in the absence of the Chairman, directs the discussions and ensures compliance with the legal and regulatory provisions in relation to the internal regulations. He may, if necessary, order any adjournment of the meeting.
- (b) The Board may appoint, under the conditions of Article 23 of the Articles of Association, a permanent secretary of the Company's Supervisory Board, with the following powers:
 - organising meetings of the Supervisory Board, in accordance with the principles set out in Article 4 of these regulations, keeping an up-to-date schedule of meetings of the Board and preparing minutes reporting the proceedings of each meeting in accordance with the provisions of Article 6 of these regulations;
 - certifying any copy or excerpt of the minutes of the decisions of the Supervisory Board and of the proceedings of the Company's General Meeting;
 - maintaining the register of share movements and the Company's shareholder registers, maintaining them up-to-date and certifying any copy of these documents;
 - maintaining the register of Supervisory Board minutes and the register of minutes of General Meetings; and
 - in general, completing all legal formalities of filing, publicity and registration with the Trade and Companies Registry (RCS).
- (c) The Secretary of the Supervisory Board nominated, except in the case of absence, as meeting secretary at each Supervisory Board meeting, is in charge of maintaining the Supervisory Board attendance register, counting the votes and drawing up the minutes of the meeting under the responsibility of the Chairman of the Board.

(1) Pursuant to Article L. 432-6 Paragraphs 1 and 3 of the French Labour Code.

(2) Pursuant to Article L. 511-32 of the French Monetary and Financial Code.

Article 4. Notice of meetings of the Supervisory Board

4.1 Notice of meeting

(a) Frequency

The Supervisory Board shall meet as often as the Company's interests require it to do so, when convened by the Chairman, and at least once each quarter to review the Executive Board's report.

However, the Chairman must convene a Board meeting at a date that cannot be later than within 15 days, when at least one member of the Executive Board or at least one-third of the members of the Supervisory Board present him with a reasoned request to this effect. If the request is not acted upon, its authors may convene the Board themselves, and specify the agenda for the meeting.

In addition, and in accordance with the provisions of law No. 83-675 of 26 July 1983, at least one-third of the members of the Supervisory Board may convene the Supervisory Board if it has not met for over two months, specifying the agenda of the meeting.

(b) Form and content

The participants shall be invited to attend Supervisory Board meetings by any means (ordinary or registered letter, fax, telegram or email), and for this purpose shall provide their contact details to the Secretary of the Board. The notice of meeting shall be issued by the Chairman, or in the absence of the Chairman, the Vice-Chairman, where applicable, except in the cases provided above in Paragraphs 2 and 3 of Article 4.1 (a). It may be communicated by the Secretariat of the Board.

The notice of meeting shall indicate the date, venue and agenda of the meeting, and, where applicable, the necessary information to allow members of the Board to take part in meetings by the means referred to in Article 5.4 below. This latter information may, however, be specified subsequently by the author of the notice of meeting with the same formal requirements as the notice of meeting itself.

Meetings of the Supervisory Board shall take place either at the registered office or at any other location indicated in the notice of meeting.

(c) Provisional schedule

At the last Board meeting for the financial year, at the latest, the Supervisory Board shall establish a provisional schedule of its upcoming meetings. This provisional schedule shall be updated by the Board during the year.

4.2 Deadlines for notice of meeting

A period of at least ten (10) days must be observed between the date of sending the notice and the date on which the Supervisory Board meeting covered by said notice takes place.

However, the Chairman is authorised to add to or amend the agenda of a meeting convened previously by sending another notice before the planned date of the meeting, specifying the agenda thus added to or amended and giving a reminder of the date and venue of the meeting.

The Chairman may also, in case of emergency, convene an extraordinary meeting of the Supervisory Board on a defined agenda. In this case, the minimum period of ten (10) days does not apply.

4.3 Documents and information

The necessary and relevant internal documents to enable the participants to give an informed decision regarding the items on the agenda shall be sent by mail or by secure electronic media, if possible at the same time as the notice of meeting and except in exceptional cases at least six (6) days before the date of the Board meeting.

The documents communicated to the participants shall be treated as strictly confidential, in the terms specified in Article 9 below, unless otherwise decided at the Supervisory Board meeting.

The minutes of the previous meeting shall be approved at the next Supervisory Board meeting.

Article 5. Proceedings of Supervisory Board meetings

5.1 Attendance register

An attendance register is maintained, which is initialled at the start of the meeting by the Supervisory Board members attending either in their personal capacity or in their capacity as proxy.

When persons participate in the Board meeting by the means referred to in Article 5.4 below, the attendance register shall be initialled in their name by the meeting Chairman with an indication of the means of participation of the persons concerned.

5.2 Quorum for the Board meeting and verification of the quorum

(a) The quorum for the Supervisory Board meeting is reached when at least half the Board members are effectively present. Members of the Supervisory Board who take part in the Supervisory Board meeting by the means referred to in Article 5.4 below shall be deemed present for the purpose of calculating the quorum.

The quorum shall be recorded by the Secretary at the start of each meeting. His observation shall be recorded in the minutes of the meeting.

(b) When the Supervisory Board deliberates on an agreement that is within the scope of application of Articles L. 225-86 et seq. of the French Commercial Code (so-called regulated agreements), the Board members having an interest in the agreement are not counted for calculating the quorum. The Supervisory Board can in that case conduct business only if half the Board members not having an interest in the agreement are effectively present.

5.3 Proxies

A member of the Supervisory Board may give another member of the Board a mandate to represent them at any Supervisory Board meeting by letter, email, or fax.

Each member of the Supervisory Board may only have one proxy for a given meeting.

5.4 Resolutions

Under the conditions and subject to the exceptions provided for in law, the Supervisory Board's resolutions are voted (i) either through the actual presence of the members at the meeting place, (ii) or by videoconferencing or using all telecommunications facilities, or any other means authorised by the regulations, that enable the members to be identified under the conditions set by the current laws and regulations, (iii) or by a combination of these means.

If videoconferencing or telecommunications facilities are provided to enable all or part of the members to take part in the meeting, the Chairman of the Board shall ensure that the facilities thus implemented by the Company offer technical characteristics ensuring continuous effective participation and retransmission of the discussions. Otherwise, the Board members in question cannot be considered present and, given the lack of a quorum, the meeting must be postponed.

It is the responsibility of each Board member or each participant to be equipped to take part remotely in the meetings via these facilities.

5.5 Voting procedures

Voting in the Supervisory Board takes place by a show of hands.

The Supervisory Board's decisions are taken by majority vote of the Board members present or represented; each member has one vote. In the event of a split vote, the meeting Chairman shall have the casting vote.

Members of the Board who take part in the Supervisory Board meeting by the means referred to in Article 5.4 above shall be deemed present for the purpose of calculating the majority.

When voting on a so-called regulated agreement as referred to in Article L. 225-86 of the French Commercial Code, those persons having an interest in the agreement shall declare themselves before voting on the decision and may not take part in the vote in accordance with the current legal provisions. For this ballot, the majority is calculated taking into account only those members having a voting right.

Any member of the Supervisory Board who leaves a Board meeting when it is in progress is deemed not to take part in voting on the resolutions put to the vote in his absence, unless he has given an explicit proxy in writing to another member of the Board before leaving. This departure must be taken into account with regard to the quorum needed for the Board to be able to duly conduct business.

Article 6. Minutes

6.1 Content of the minutes

The minutes of each meeting of the Supervisory Board shall mention the date, time and place of the meeting and state the meeting agenda. It shall indicate the names of the Board members, specifying whether they are present or participating in the meeting by the means referred to in Article 5.4 above, represented or absent and, where applicable, the names and job titles or positions of the other participants in the meeting. The minutes shall also mention, where applicable, any technical incident relating to videoconferencing, when said incident has disturbed the meeting proceedings.

The minutes report the substantive statements of each of the Board members and other participants, contains, in extenso, the text of the resolutions voted on by the Board members and mentions departures as provided for above in Article 5.5 Paragraph 5. For any vote on the text of a resolution, the minutes report the result of the vote, giving details of votes for, votes against, abstentions and, where applicable, the opinions of persons attending the Board meeting in an advisory role. They specify whether the resolution has been passed or not as a result of this vote.

Where applicable, the minutes record statements, reservations or specific opinions that any Board member expressed the wish to see mentioned in the minutes during the meeting.

6.2 Procedure for drawing up the minutes

As soon as possible following each meeting of the Supervisory Board, draft minutes containing all the information referred to in Article 6.1 above shall be drawn up by the Secretary of the Board.

This draft shall be forwarded to each Board member with the information and documents mentioned in Article 4.3 above relating to the next meeting.

The Board members may express their comments at the Supervisory Board meeting, which establishes the final terms of the minutes allowing them to be retranscribed on the legal register.

This formal approval does not prevent the possibility of establishing excerpts of the minutes necessary for the accomplishment of legal formalities between two meetings of the Supervisory Board.

6.3 Form of the minutes

All minutes shall be typewritten and paginated with no discontinuity in a register kept by the Secretary of the Supervisory Board and stored by the Board at the Company's registered office.

After approval by the Board, the minutes shall be signed by the Chairman and at least one member of the Board.

6.4 Copies or excerpts produced in evidence or made public

Copies or excerpts of minutes to be produced in evidence or made public shall be certified in compliance with the original by the Chairman of the Supervisory Board, the Vice-Chairman of the Supervisory Board, a member of the Executive Board or by the Secretary.

6.5 Confidentiality of proceedings and minutes

Minutes and all excerpts shall be confidential, under the terms specified in Article 8 below, except when their publication is required by law or by binding regulations, or except if the Supervisory Board decides otherwise.

The same holds true for any position expressed during Supervisory Board meetings by any of its members or participants. By derogation, each member of the Board may freely state their personal position on the subjects discussed by the Board, except if such statements or positions mention information that is confidential.

Article 7. Information conveyed to the Supervisory Board and committees

7.1 - Each member of the Supervisory Board or committees may request any information necessary to accomplish their remit from the Executive Board.

7.2 - Requests for information shall be sent to the Executive Board by the Chairman of the Supervisory Board, or, if the Chairman is absent or unavailable, by the Vice-Chairman, or by the Chairman of the committee in question. The Executive Board shall send the information and documents that it has obtained to the Board or committee making the request by return mail.

7.3 - To this effect, the members of the Executive Board, at the time of their appointment, shall become acquainted with the respective powers of the committees and agree to forward to the Supervisory Board, via its Chairman, the documents needed for its remit and to accept any request for information or the production of documents.

Article 8. Means made available to the members of the Supervisory Board

8.1 - The members of the Supervisory Board must have the necessary means to perform their mandate.

8.2 - The Company shall provide to the members of the Supervisory Board the ability to send and receive all correspondence related to their remit, with a guarantee of confidentiality.

8.3 - Every member of the Supervisory Board elected by the personnel shall have, for this purpose, a time credit of 15 hours per month to perform their mandate.

Article 9. Obligation of confidentiality

9.1 - Every member of the Supervisory Board and any person taking part in a meeting of the Supervisory Board is required to observe the utmost confidentiality with regard to the documents and information of which they have knowledge when performing their duties and may not disclose any of it, in any way, to outsiders.

9.2 - In particular, except for documents for which the Chairman explicitly authorises disclosure to third parties, the documents and exhibits forwarded to Board members before Supervisory Board meetings, or during or as a consequence of said meetings (or outside of any meeting, within the more general framework of the Board members' performance of their mandate), are of a strictly confidential nature and may not be disclosed to third parties in any way.

9.3 - If necessary, an indication may be marked on these documents giving a reminder of this nature. The absence of such an indication in no case amounts to a derogation from the rule of confidentiality.

9.4 - Regarding confidential operations, the Chairman is not required to provide written information to the Board members. He may thus choose to communicate the information in question orally at Board meetings intended to provide knowledge of these plans. Board members and participants are in that case required to preserve the oral nature of the information thus transmitted, and may not report it to third parties or disclose it.

9.5 - The confidentiality rules summarised in the Internal Regulations apply in the same terms to the Board members and to any person called upon to take part in the work of the Supervisory Board, in any capacity.

9.6 - Failure to comply with the obligation of confidentiality mentioned in this article exposes the faulty Board member or participant to a civil suit for damages brought by the Company, without prejudice to any other legal action which could also be considered.

Article 10. Liability of Supervisory Board members

10.1 - The Supervisory Board members are liable, under civil and penal law, for the faults they commit when performing their mandate under the conditions set by the current legislation.

10.2 - In accordance with Article 22 of the law of 26 July 1983, when the liability of a Supervisory Board member representing the employees is involved, it shall be assessed while taking into account the non-remunerated nature of his mandate.

Article 11. Remuneration of Supervisory Board members – Reimbursement of expenses

11.1 - The General Meeting that approves the annual financial statements may determine a total amount of directors' fees which may be awarded to Board members for their duties performed in the current financial year and in subsequent financial years, until a further resolution.

The Supervisory Board distributes this amount among the Board members except for the members representing the employees, who perform their duties on a non-remunerated basis, in accordance with the law of 26 July 1983.

11.2 - The Board members representing the employees and those representing the shareholders are entitled, upon presentation of substantiating documents, to the reimbursement of travel and travel-related expenses they have reasonably paid to perform their duties.

Article 12. Date of adoption and amendment of the Internal Regulations

12.1 - The Internal Regulations came into effect on 25 January 2006. They underwent revision by the Supervisory Board on 29 March 2007 and 16 December 2014.

12.2 - Any amendment of the Supervisory Board's Internal Regulations is adopted by a majority vote of the Board members present or represented, under the conditions summarised above.

Article 13. Communication of the Internal Regulations

13.1 - The texts of these Internal Regulations and the internal regulations of the committees, together with the Board Members' Charter, appended to the Internal Regulations to which they must subscribe by signing the deed of membership attached in appendix, shall be communicated to every member of the Supervisory Board at the time of their appointment.

13.2 - The text of these regulations is also communicated to the members of the Executive Board when they are appointed.

The members of the Supervisory Board and/or the Executive Board may also consult them at any time by contacting the Secretary of the Supervisory Board.

13.4 - At each meeting of the Supervisory Board, the text of the Internal Regulations is made available to anyone taking part in the meeting, particularly the invited persons mentioned in Article 3.1 above, to whom the Internal Regulations are applicable.

STATUTORY AUDITORS' SPECIAL REPORT ON RELATED-PARTY AGREEMENTS AND COMMITMENTS

10

ANNUAL GENERAL MEETING TO APPROVE THE STATEMENT OF ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2014

This is a free translation into English of the Statutory Auditor's special report on related party agreements and commitments issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and conducted in accordance with, French law and professional auditing standards applicable in France.

La Banque Postale SA

Registered offices: 115, rue de Sèvres – 75275 Paris Cedex 06

To the Shareholders,

In our capacity as your Company's Statutory Auditors, we hereby present our report on related-party agreements and commitments.

Our role is to inform you, based on the information that has been provided to us, of the characteristic features and of the main terms and conditions of the agreements and commitments that have been disclosed to us, or of which we may have become aware during our assignment. It is not up to us to issue an opinion on their usefulness and legitimacy, or to see whether other agreements and commitments exist. Your role, in accordance with the terms of Article R. 225-58 of the French Commercial Code, is to assess the Company's interest in entering into these agreements and commitments, with a view to their approval.

Furthermore, it is our role, where applicable, to disclose the information specified in Article R. 225-58 of the French Commercial Code on the execution of the agreements and commitments that have already been approved by the General Meeting during the financial year just ended.

We have performed the checks that we considered necessary, in light of the professional standards of the French National Institute of Auditors relating to this assignment. These checks consisted in ensuring that the information provided to us was consistent with the background material from which it was derived.

Agreements and commitments submitted for the approval of the General Meeting

We inform you that we have not received notice of any agreement or any commitment authorised during the financial year just ended to be submitted for approval by the General Meeting in accordance with the provisions of Article L. 225-86 of the French Commercial Code.

Agreements and commitments approved during the financial year just ended

We inform you that we have not received notice of any agreement or any commitment authorised during the financial year just ended to be submitted for approval by the General Meeting in accordance with the provisions of Article L. 225-86 of the French Commercial Code.

Agreements and commitments authorised since the closing

We have been informed of the following agreements and commitments, authorised since the closing of the financial year just ended, which received the preliminary approval of your Supervisory Board.

A memorandum between LBP, SF2, and Malakoff Médéric, La Mutuelle Générale, La Banque Postale Assurance Santé and La Banque Postale Asset Management regarding health insurance

Nature and purpose

The Supervisory Board of 20 January 2015 authorised La Banque Postale to sign a preliminary memorandum between the Company, acting jointly with SF2, and Malakoff-Médéric (MM), La Mutuelle Générale (LMG), La Banque Postale Insurance Santé (LBPAS) and La Banque Postale Asset Management (LBPAM) providing for an agreement on health insurance under the terms that were presented.

Directors concerned

Rémy Weber, Chairman of La Banque Postale's Executive Board and Director of La Banque Postale Assurance Santé.

Terms and Conditions

The Preliminary Memorandum was signed on 30 January 2015. The agreement on health insurance is intended to establish the principles and conditions for collaboration between MM, LMG, LBP and LBPAS within the framework of a partnership on the development of joint projects on individual and collective health and collective contingency insurance.

It should be recalled that LBP and LMG have already entered into a partnership that resulted in the creation of LBPAS as a joint venture that is 65% owned by LPP and 35% by LMG, as well as the signature of a partnership agreement and a shareholders' agreement dated 11 March 2011.

The partnership is intended to be long-term with an initial duration of 15 years counting from the launch of the marketing of the *Petites Collectives* offer. Following the initial 15-year term, assuming compliance with a rendez-vous clause to be specified in the Definitive Memorandum, the partnership may be renewed for 5-year terms.

The Definitive Memorandum, with an intended signature date of 31 March 2015, will usher the actual launch of the partnership leading to the implementation of the marketing of the *Petites Collectives* offer by LBP/LBPAS on 1 April 2015.

This memorandum had no bearing on the accounts of La Banque Postale for the financial year ended 31 December 2014.

Agreements and commitments already approved by the General Meeting

Agreements and commitments approved in prior financial years and that continued to be implemented during the last financial year

Pursuant to Article R. 225-57 of the French Commercial Code, we have been informed that implementation of the following agreements and commitments, which had already been approved by the General Meeting in prior financial years, was ongoing during the financial year just ended.

La Banque Postale's commitment granting compensation to Executive Board members Marc Batave and Yves Brassart in the event of termination of their term of office

Nature and purpose

The Supervisory Board meeting of 31 July 2013 modified the clause for granting compensation to Executive Board members in the event of termination of their term of office.

Subject to the approval of the French Investments Agency (APE), the Supervisory Board meeting of 27 February 2013 authorised severance payments to be made to Executive Board members in the event of termination of their duties. This agreement had been approved by the General Meeting of 28 May 2013 based on the special report of the Statutory Auditors of 28 February 2013. The commitment vis-à-vis Yves Brassart ended on 7 April 2014, the termination date of his duties as a member of the Executive Board.

Terms and Conditions

The initial commitment stipulated that severance payments would be made in the event of dismissal during their term of office and in the event of a merger, change of control or change of strategy resulting in the departure of the Executive Board member, except in cases of gross misconduct or serious professional misconduct having a material impact on the Company's financial position. It also stipulated that where a director's term of office is not renewed, the decision of whether to make a severance payment would be at the Supervisory Board's discretion, on the basis of advice received from the Appointments and Remuneration Committee.

During the Supervisory Board meeting of 31 July 2013, the APE ruled out making severance payments in case of non-renewal of the office term.

The other terms and conditions authorised by the Supervisory Board meeting of 27 February 2013 remained unchanged.

Severance payment is due subject to fulfilling a performance condition according to which a success rate of 80% or above in meeting the annual targets set by the Executive Board for two out of the last three full financial years.

The severance payment due to Mr Marc Batave will be equal to the aggregate amount of the director's last annualised fixed remuneration, on the day of cessation of his duties, and to the average annualised variable component of his remuneration over the last three years.

Should an executive rejoin the Public Sector within two years of his or her forced departure from the Company, the severance payment will be reduced commensurate with the remuneration (including bonuses) accruing to the civil service rank in question.

Mr Marc Batave will be entitled to an unemployment insurance policy taken out by La Banque Postale and providing compensation in all cases limited to one year's remuneration over the chosen compensation period. This insurance policy will replace the severance payment listed above on completion of the waiting period.

This commitment had no impact on the 2014 financial statements.

La Banque Postale's commitment granting compensation to Rémy Weber in the event of termination of his term of office

Nature and purpose

Subject to the approval of the Minister of the Economy, the Supervisory Board of 15 October 2013 authorised a severance payment to be made to the Chairman of the Executive Board in the event of termination of his duties.

Directors concerned

Rémy Weber, Chairman of La Banque Postale's Executive Board

Terms and Conditions

Subject to the approval of the Minister of the Economy and subject to fulfilling the performance condition set out below, in accordance with and under the conditions provided for in Article L. 225-90-1 of the French Commercial Code, Rémy Weber, Chairman of the Executive Board will receive a severance payment, except in the case of gross misconduct or serious professional misconduct having a material impact on the Company's financial position, in the following cases:

- ▶ dismissal during their term of office;
- ▶ a merger, change of control or change of strategy resulting in the departure of the Executive Board member.

The severance payment shall be subject to fulfilment of a performance condition, according to which a success rate of 80% or above in meeting the annual targets set by the Executive Board, as defined by the Supervisory Board, for two out of the last three full financial years.

The severance payment shall be equal to a maximum of twice his fixed annual remuneration as on the day of termination of his duties. This commitment had no impact on the financial statements for financial year 2014.

Framework memorandum of understanding setting out the principles for collaboration between CNP, Écureuil Vie and La Banque Postale

Nature and purpose

La Banque Postale has entered into a memorandum of understanding governing the principles according to which CNP Assurances and Écureuil Vie collaborate with La Banque Postale branches to distribute insurance policies.

The provisions of this memorandum apply from 1 January 2006 to 31 December 2015.

Terms and Conditions

This memorandum had no bearing on the accounts of La Banque Postale for the financial year ended 31 December 2014.

Implementation memorandum between La Banque Postale and CNP Assurances regarding the distribution of life insurance and investment-based insurance policies

Nature and purpose

La Banque Postale has entered into an implementation memorandum governing the principles for collaborating with CNP Assurances in distributing CNP Assurances' life insurance and investment-based policies via La Banque Postale, as part of the latter's business activities.

The provisions of this memorandum apply from 1 January 2006 to 31 December 2015. The conditions of their partnership are subject to review.

The Chairman of the Executive Board of La Banque Postale and the Chairman of the Executive Board of CNP have set up a Negotiation Committee to propose amendments to the partnership agreement for the 2013/2015 period.

Terms and Conditions

This memorandum had no bearing on the accounts of La Banque Postale for the financial year ended 31 December 2014.

Partnership agreement with CNP, as amended on 9 July 1998, 6 June 2006, and 24 July 2006.

Nature and purpose

La Banque Postale has entered into an implementation memorandum governing the principles for collaborating with CNP Assurances in distributing CNP Assurances' insurance, life insurance and investment-based policies via La Banque Postale, as part of the latter's business activities.

Pursuant to the framework agreement mentioned above, the amendment to the partnership agreement between La Banque Postale and CNP was signed on 24 July 2006, primarily in order to define the new tariff breakdowns, applying retroactively from 1 January 2006 to 31 December 2015.

Terms and Conditions

Pursuant to this amendment, the income received by La Banque Postale came to €582.1 million for the financial year ended 31 December 2014.

Memorandum of agreement between CNP Assurances and La Banque Postale regarding the increased autonomy of La Banque Postale Prévoyance

Nature and purpose

The agreement signed on 17 January 2011 aims to determine the terms and conditions under which La Banque Postale Prévoyance may acquire greater autonomy to perform services described in the agreement, immediately or gradually depending on the area, within three years at the most from the date of the agreement, by granting La Banque Postale Prévoyance the appropriate means and resources.

Terms and Conditions

This memorandum had no bearing on the accounts of La Banque Postale for the financial year ended 31 December 2014.

The Statutory Auditors

Paris La Défense, 12 March 2015

KPMG Audit

A division of KPMG SA

Isabelle Goalec

Associée

Neuilly-sur-Seine, 12 March 2015

PricewaterhouseCoopers Audit

Agnès Hussherr

Associée

PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

11

Person responsible for the Registration Document

Rémy Weber
Chairman of the Executive Board
La Banque Postale

Statement by the person responsible for the Registration Document

I hereby certify that I have taken all reasonable steps to ensure that the information contained in this Registration Document is, to my knowledge, consistent with reality, and does not contain any omission likely to affect its import.

I certify that, to my knowledge, the financial statements have been drawn up in accordance with applicable accounting standards, and give a true and fair view of the assets, financial position and results of the Company and of all companies included in the scope of consolidation, and that all the information shown in the management report (featured on pages 63 to 73 of this Registration Document) provides a true picture of the business trend, the results and of the financial position of the Company and of all companies included in the scope of consolidation, together with a description of the main risks and uncertainties that they are facing.

I have received a letter from the legal auditors stating that they have completed their assignment, and in which they mention that they have checked the information relating to the financial position and financial statements provided in this document, and have read this document from end to end.

The consolidated financial statements for the financial year ending 31 December 2014 presented in this Registration Document are the subject of a report by the Statutory Auditors, which is featured on pages 171 to 172 of this document and contains an observation.

Paris, 16 March 2015
Rémy Weber
Chairman of the Executive Board

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12.1 REGISTRATION DOCUMENT CORRELATION TABLE

(Appendix 1 of European Regulation 809/2004)

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REGISTRATION DOCUMENT		
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▶ Interim financial information	NA	3.2
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▶ Company background and developments	4	5.1
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▶ Main markets	10-14	6.2
▶ Exceptional events	72	6.3
▶ Potential dependency	NA	6.4
▶ Key elements of any statement made by the issuer regarding its competitive position	4	6.5
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▶ Summary description	6	7.1
▶ List of major subsidiaries	6; 208-209	7.2
Property, plant and equipment		8
▶ Major existing or planned tangible fixed asset	146	8.1
▶ Environmental issue that may affect the use of the tangible fixed assets	230-231	8.2
Review of the financial position and results		9
▶ Financial position	109-212	9.1
▶ Operating Profit	63-74	9.2
Cash and equity capital		10
▶ Issuer's equity capital	113	10.1
▶ Origin and amount of cash flows	114	10.2
▶ Borrowing conditions and financial structure	66	10.3
▶ Information regarding any restriction on the use of capital that has had, or may have, a material impact on the issuer's operations	NA	10.4
▶ Expected source of financing	96-97	10.5
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Profit forecasts or estimates	NA	13
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▶ Administrative and management bodies	20-21	14.1
▶ Conflict of interest at the level of the administrative and management bodies	21	14.2
Remuneration and benefits		15
▶ Remuneration amount paid and benefits in kind	58-60	15.1
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	Pages	Items in Appendix 1
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▶ Service agreement binding the members of the administrative bodies	NA	16.2
▶ Information on the Audit Committee and on the Remuneration Committee	29-30	16.3
▶ Current corporate governance rules in the issuer's country of origin	22-23	16.4
Employees		17
▶ Number of employees	243	17.1
▶ Profit sharing and stock options	244	17.2
▶ Agreement providing for employee participation in the issuer's capital	NA	17.3
Main shareholders		18
▶ Shareholders with over 5% of the equity capital	17	18.1
▶ Existence of voting rights	17	18.2
▶ Control of the issuer	17	18.3
▶ Agreement known to the issuer, where the implementation could subsequently result in its control changing hands	NA	18.4
▶ Transaction with related parties	164-165	19
Financial information on the issuer's assets, financial position and results		20
▶ Historical financial information	5	20.1
▶ Pro forma financial information	109-212	20.2
▶ Financial statements	109-212	20.3
▶ Verification of the annual financial information	176-177	20.4
▶ Date of the latest information available	31 December 2014	20.5
▶ Interim and other financial information	NA	20.6
▶ Dividend distribution policy	18	20.7
▶ Legal and arbitration proceedings	108	20.8
▶ Material change to the financial or commercial position	254	20.9
Additional information		21
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▶ Deeds of incorporation and Articles of Association	257-266	21.2
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▶ Required information likely to have an impact in the event of a public offering (Article L. 225-100-3 of the French Commercial Code)	32	
▶ Expenses not deductible for tax purposes	70	
▶ Statutory Auditors' fees	166	
▶ Information regarding share buybacks (Paragraph 2 of Article L. 225-211 of the French Commercial Code)	NA	
▶ Chairman's report on the work performed by the Supervisory Board and on internal control procedures	19-46	

	Pages	Items in Appendix 1
▶ Equity investments made over the year (Article L. 233-6)	215-217	
▶ Significant events that have occurred between the year-end and the date on which the management report was drawn up (Paragraph 2 of Article L. 232-1 of the French Commercial Code)	72	
▶ Tables featuring key financial data for the past five years	210	
▶ Information on non-financial employee-related and environmental data	213-251	
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Consolidated financial statements	109-170	
Statutory Auditors' report on the consolidated financial statements	171-172	

12.2 ANNUAL FINANCIAL REPORT CORRELATION TABLE

Pursuant to Article 222-3 of the French Financial Markets Authority General Regulations (Autorité des marchés financiers, AMF), the annual financial report mentioned in Section I of Article L. 451-1-2 of the French Monetary and Financial Code includes the items described in the following pages of the Registration Document:

	Page No.
ANNUAL FINANCIAL REPORT	
Statement by the person responsible for the document	280
Management report	
▶ Review of the results, financial position, risks of the parent company and the consolidated entity and list of delegations of authority relating to capital increases (Article L. 225-100 and L. 225-100-2 of the French Commercial Code)	63-73; 75-108
▶ Information required by Article L. 225-100-3 of the French Commercial Code regarding the items likely to have an impact on the public offering	32
▶ Information regarding share buybacks (Paragraph 2 of Article L. 225-211 of the French Commercial Code)	NA
Financial statements	
▶ Parent company financial statements	173-210
▶ Statutory Auditors' report on the annual financial statements	211-212
▶ Consolidated financial statements	109-170
▶ Statutory Auditors' report on the consolidated financial statements	171-172

In addition, and pursuant to Article 28 of EC Regulation 809/2004 of 29 April 2004, the following documents have been included in this Registration Document for reference purposes:

- ▶ the consolidated and parent company financial statements for the 2013 financial year, together with the Statutory Auditors' report on the consolidated and parent company financial statements, which are shown on pages 176-177 and 219-220 respectively of the 2013 Registration Document, as filed with the AMF on 10 March 2014 under No. D.14-0128;
- ▶ the consolidated and parent company financial statements for the 2012 financial year, together with the Statutory Auditors' report on the consolidated and parent company financial statements, which are shown on pages 164-165 and 205-206 respectively of the 2012 Registration Document, as filed with the AMF on 4 May 2012 under No. R. 12-018.

Operational Committee

Rémy Weber Chairman of the Executive Board remy.weber@labanquepostale.fr	Philippe Bajou Managing Director of the La Poste Network philippe.bajou@laposte.fr	Marc Batave Member of the Executive Board, General Secretary marc.batave@labanquepostale.fr
Anne-Laure Bourn Head of Operations anne-laure.bourn@labanquepostale.fr	Catherine Charrier-Leflaive Head of Human Resources catherine.charrier-leflaive@labanquepostale.fr	Florence Lustman Chief Financial Officer florence.lustman@labanquepostale.fr
Didier Moaté Head of Retail banking didier.moate@labanquepostale.fr	Patrick Renouvin Head of Information Systems patrick.renouvin@labanquepostale.fr	Daniel Roy Head of the asset management unit daniel.roy@labanquepostale.fr

Executive Committee

Chaired by Rémy Weber, the Bank's Executive Committee comprises the members of the Operational Committee, as well as:

Serge Bayard Head of Social Economy and Land Development serge.bayard@labanquepostale.fr	Guillaume de Lussac Head of the insurance unit guillaume.delussac@labanquepostale.fr	Dominique Rouquayrol de Boisse Head of Legal Affairs dominique.rouquayroldeboisse@labanquepostale.fr
Didier Brune Head of Strategy and Development florence.lustman@labanquepostale.fr	Stéphane Magnan Head of Financial Operations stephane.magnan@labanquepostale.fr	Pierre-Manuel Sroczyński Head of Compliance and Permanent Control pierre-manuel-scroczyński@labanquepostale.fr
François Geronde Group Chief Risk Officer francois.geronde@labanquepostale.fr	Marie-Frédérique Naud Deputy Director of the Retail Banking Department marie-frederique.naud@labanquepostale.fr	Christophe Van de Walle General Inspector christophe.vandewalle@labanquepostale.fr
	Jean-Marc Ribes Chairman of the BPE Executive Board and Head of the wealth management unit jean-marc.ribes@labanquepostale.fr	

Regional Representatives of the Bank

Jean-Paul Barré RBR – West. Overseas Departments 11 rue Vaneau CS 49201 – 35092 Rennes Cedex 9 02 99 02 69 30 jean-paul.barre@labanquepostale.fr	Danièle Faivre RBR – South and South-West 52 rue Georges-Bonnac 33900 Bordeaux Cedex 9 05 57 78 80 00 daniele.faivre@labanquepostale.fr	André Taboni RBR – Mediterranean. Corsica 165 avenue du Prado 13008 Marseille 04 91 29 81 71 andre.taboni@labanquepostale.fr
Gilbert Doré RBR – North-East Tour Lille Europe 1606 Parvis de Rotterdam 59777 Euralille 03 20 74 70 21 gilbert.dore@labanquepostale.fr	Catherine Garnier-Amouroux RBR – Centre-East 8 rue Félix-Brun – BP 7334 69357 Lyon Cedex 7 04 37 42 56 11 catherine.garnier-amouroux@labanquepostale.fr	

Bernard de Marnhac, Secretary, bernard.de-marnhac@labanquepostale.fr





Limited Company with Executive Board
and Supervisory Board, capitalised at 4,046,407,595 euros
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