REGISTRATION DOCUMENT 2014 GROUPAMA SA

Including the annual financial report

Groupama
GROUP

INSURING TOMORROW WITH CONFIDENCE

CONTENTS

2014

GROUPAMA SA

REGISTRATION DOCUMENT

INCLUDING THE ANNUAL FINANCIAL REPORT

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

This Registration Document was filed with the AMF on 23 April 2015, in compliance with Article 212-13 of its General Rules. It may be used in support of a financial transaction if it is supplemented by a transaction memorandum approved by the AMF. This document was prepared by the issuer and is binding on its signatories.

This Registration Document includes all aspects of the Annual Report mentioned under Section I of Article L.451-1-2 of the French Monetary and Finance Code as well as Article 222-3 of the General Rules of the AMF. A table of concordance for the documents mentioned in Article 222-3 of the General Rules of the AMF and the corresponding sections of this Registration Document is provided on page 362.

Copies of this Registration Document are available free of charge from Groupama, 8-10 rue d'Astorg, 75008 Paris, Tel: +33 (0) 1 44 56 77 77, as well as on the Groupama website (www.groupama.com) and on the website of the Autorité des Marchés Financiers (www.amf-france.org).

This is a free translation into English of the French registration document filed with the Autorité des Marchés Financiers (AMF) and which is provided solely for the convenience of English readers.

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OVERVIEW OF THE GROUP

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1.1 HISTORY OF THE COMPANY

The creation of Groupama is a story that goes back more than one hundred years. The starting point was the Act of 4 July 1900, which allowed the birth, then the subsequent organisation of the agricultural mutual insurance movement in France.

The Agricultural Mutual Insurance Companies (Assurances Mutuelles Agricoles) were created to protect and serve the farmers who at that time represented 80% of the nation's wealth. Over the course of the 20th century, they became the leading agricultural insurer in Europe (source: internal).

The Agricultural Mutual Insurance Companies very quickly realised the need to re-invent themselves and open themselves up to other insurance markets and, more recently, to the banking business, in order to continue their vocation of serving the interests of agriculture and passing on the tradition of mutual insurance.

In 1963, the Agricultural Mutual Insurance Companies opened up their business to the entire non-life insurance segment.

In 1972, they started a life insurance business.

The name "Groupama" was created in 1986, bringing together all the entities of an insurance group that had adapted to the new economic conditions and the globalisation of the financial markets.

In 1995, policyholders who were not part of the agricultural world – at the time covered by SAMDA, a subsidiary of Groupama created in 1963 to insure "non-agricultural" customers – became full members of their mutual.

In 1998, on conclusion of a privatisation procedure involving major international groups, Groupama acquired Gan, a group whose business activities complemented those of Groupama. The acquisition resulted in the creation of one of the leading French multi-line insurers.

In 2001, seeking to extend its services to include banking products, the Group joined forces with Société Générale, the leading French retail banking institution, with a view to creating a multi-channel bank for Groupama's customers (Groupama Banque). Groupama plans to become a global player in financial insurance-banking.

Also in 2001, the Board of Directors of the Central Mutual approved a structure consolidating the regional mutuals.

A number of mergers and acquisitions were initiated during 2002 in France (acquisition of CGU Courtage, which was merged with and into Gan Eurocourtage) and internationally (acquisition of Plus Ultra Generales in Spain).

In 2003, the regional mutuals rolled out a banking offering to Groupama's members. The Group also obtained a non-life insurance licence for China.

In addition, the Group's national entities were restructured to be better adapted to its growth strategy. The Fédération Nationale Groupama was created, and Groupama SA became the exclusive reinsurer of the regional mutuals following the dissolution of the Central Mutual, the Caisse Centrale des Assurances Mutuelles Agricoles.

In 2006, Groupama acquired the Spanish subsidiaries of a French group, the Turkish insurance group Basak, 6th-largest insurer in Turkey (Source: Foreign Economic Relations Division, 2006 data) as well as UK broker Carole Nash.

In 2007, the Group's international development intensified with the purchase of the Nuova Tirrena insurance company, which held some 2% of the Italian non-life insurance market, strengthening the Group's subsidiary in Italy. In the United Kingdom, the Group acquired two new brokers (Bollington Group and Lark Group).

In 2007 and 2008, Groupama made strong advances in Central and Eastern Europe by acquiring the Greek insurer Phoenix Metrolife and Romanian insurance companies BT Asigurari and Asiban, and by strengthening its positions in Turkey, through the purchase of insurance companies Güven Sigorta and Güven Hayat. Groupama also entered into a strategic partnership with OTP Bank, the leading independent bank in Central Europe, resulting in distribution agreements in nine countries and the acquisition of OTP's insurance operations (OTP Garancia), the leading company in Hungary, as well as its insurance subsidiaries in Bulgaria, Romania and Slovakia.

Groupama also acquired a 35% stake in STAR, the leading company in the Tunisian insurance market.

With a view to gaining an urban customer base and new distribution channels in France, in mid-2008 Groupama launched "Amaguiz.com", a new brand intended for web sales only.

In 2009, Groupama signed a partnership agreement with La Banque Postale for the distribution of non-life products *via* a joint venture using La Banque Postale's networks.

The creation of Groupama Gan Vie, through the merger/takeover of Groupama Vie and Gan Eurocourtage Vie by Gan Assurances Vie and the transfer of the portfolios of Gan Patrimoine and Gan Prévoyance, enabled the consolidation of the Group's activities into a single company in France.

The Group's French banking businesses have also been pooled through the merger of Groupama Banque and Banque Finama.

At international level, the Group merged its Italian, Hungarian, Romanian and Turkish subsidiaries in order to strengthen its positions on all those markets.

In 2010, the Group implemented a large number of partnerships in various areas.

In the bancassurance market, the partnership agreement signed with La Banque Postale in 2009 resulted in the creation of a joint enterprise, La Banque Postale Assurances IARD, which is 65%-held by La Banque Postale and 35% by Groupama. At the end of 2010, this company launched its non-life insurance products (motor, home, legal protection) *via* remote-selling channels (internet and telephone), then progressively through La Banque Postale's network of offices beginning in 2011.

In December 2010, Groupama and the Chinese group AVIC (Aviation Industry Corporation of China) signed an agreement on the creation of a joint venture to expand activities in the non-life insurance segment in the People's Republic of China. Already active in Sichuan province since 2003, Groupama intends to accelerate its development on a market, the rapid expansion of which should make it a major growth centre for the Group.

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Major events of 2011 included the eurozone debt crisis, particularly in Greece, and the significant deterioration of the financial markets, which affected Groupama's financial position.

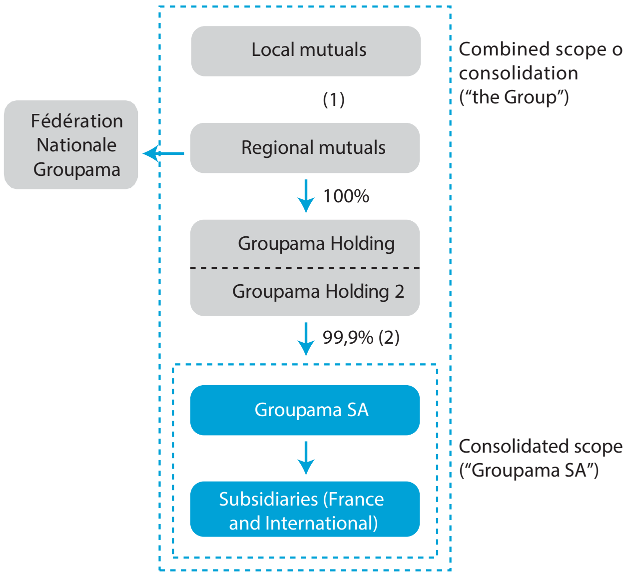
Against this background, the Group implemented measures in 2012 to strengthen its solvency margin while reducing the sensitivity of its balance sheet to financial market fluctuations. Groupama thus adjusted its business scope by selling Gan Eurocourtage's property and casualty business, Gan Eurocourtage's maritime business in France, the Spanish subsidiary, and the non-life insurance subsidiary in the United Kingdom in 2012.

In 2013, the Group finalised the adjustment of its scope with the disposal of 100% of the capital of Groupama Private Equity in January and the disposal of its 51% stake in the British brokerage firm Bollington in March. In April, Groupama reinforced its partnership with the Chinese Group AVIC to support the strong growth of Groupama AVIC Insurance on the agricultural insurance market and in the rural sector in China.

In addition, the law of 26 July 2013 on the separation and regulation of banking activities established Groupama SA as the central body of the network of agricultural insurance and reinsurance companies and mutuals (hereinafter the Groupama network).

The General Meeting of 11 June 2014 modified Groupama SA's by-laws to include in its corporate purpose its role as central body.

1.2 ORGANISATION OF THE GROUP AND GROUPAMA SA



(1) Since regional and local mutuals are mutual insurance companies, companies without share capital, there is no capital relationship between them. Local mutuals are members of a regional mutual from which they get reinsurance.
(2) 90.96%-owned by Groupama Holding and 8.99% by Groupama Holding 2.

1.2.1 GENERAL ORGANISATION

The Group has a governance method which empowers everyone involved within the organisation. Members elect their representatives at local level (44,000 elected), and they in turn elect their representatives at regional and national levels. The Board members, who are all policyholders of the mutual insurance company, control all the Boards of Directors of the entities within the mutual insurance Group. They select the Managers, who handle operating activities. The elected representatives thus participate in all of the Group's decision-making bodies, whether local (3,300) or regional mutuals (9 regional mutuals in Metropolitan France, 2 overseas mutuals and 2 specialist mutuals) or national bodies, through the federations and the Boards of Directors of Groupama SA and its subsidiaries.

There are therefore two scopes within Groupama:

- the combined scope, which includes all the entities of the Group and all of the activities of the regional mutuals;
- the consolidated scope, in which Groupama SA is the parent holding company. Its business lines include, in addition to the activities of the subsidiaries, approximately 40% of the activities of the regional mutuals, which is captured by the Internal Reinsurance mechanism.

Since 2003, Groupama has had three central structures:

- the Fédération Nationale, comprised of the Groupama regional mutuals. Its duties are to define the overall strategies of the mutual insurance group and check their application, act as an agricultural trade organisation at national level, and promote mutual-insurance principles within the Group;

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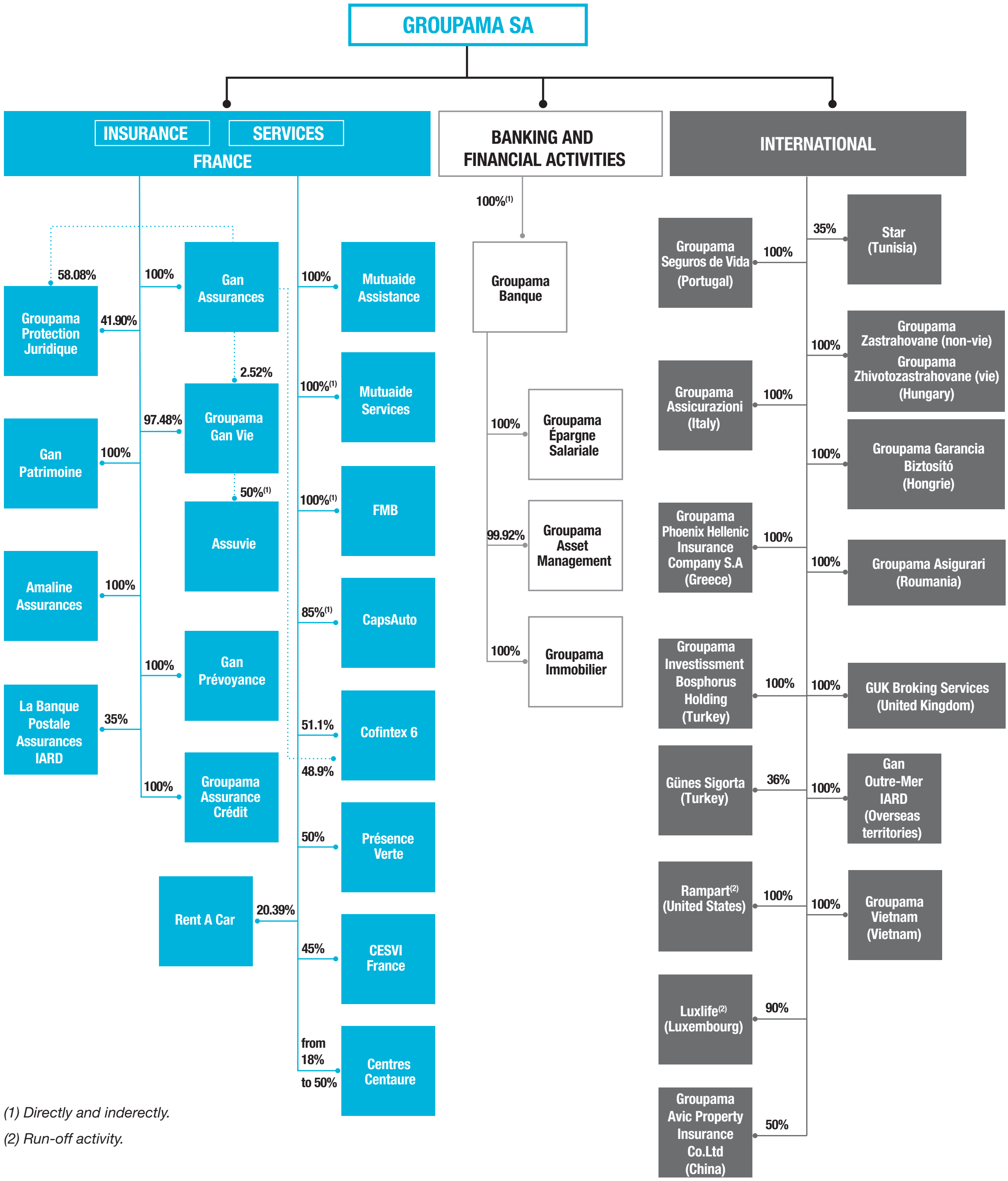
- Groupama SA, which directs the operating activities of the Group and its subsidiaries, is the reinsurer for the regional mutuals and has become the central body of the Groupama network since the law of 26 July 2013 on the separation and regulation of banking activities;
- Groupama Holding: the function of this intermediate entity is to ensure the financial control of Groupama SA by the regional mutuals, by combining all their equity interests.

The entities share the same Chairman and the same Executive Management to ensure greater consistency.

1.2.2 GROUPAMA SA



(1) Directly and inderectly.

(2) Run-off activity.

Groupama SA, a French *société anonyme* (public limited company), is 99.95%-owned by the Caisses Régionales d'Assurances et de Réassurances Mutuelles Agricoles and the specialist mutuals ("regional mutuals") through Groupama Holding and Groupama Holding 2. The remaining portion of its share capital (0.05%) is owned by former or current agents and employees of Groupama SA.

As at 31 December 2014, the breakdown of share capital and voting rights (including double voting rights) is the following:

- 90.96% held by Groupama Holding;
- 8.99% held by Groupama Holding 2;
- 0.05% held by former and current agents and employees of Groupama SA (directly or through collective employee shareholding plans – FCPEs).

Both Groupama Holding and Groupama Holding 2, which are French *sociétés anonymes* (public limited companies), are wholly owned by the regional mutuals.

Groupama SA is a non-life insurance and reinsurance company, the central body of the Groupama network, the sole reinsurer for the regional mutuals and the holding company for the Equity Management Division of the Groupama group. Its main missions are as follows:

- to ensure the cohesion and proper operation of the organisations within the Groupama network;
- to exercise administrative, technical and financial control over the structure and management of the organisations within the Groupama network;
- to define and implement the operational strategy of the Groupama group in collaboration with the regional mutuals and in line with the strategies defined by the Fédération Nationale Groupama;
- to reinsure the regional mutuals;
- to manage all the subsidiaries;
- to establish the external reinsurance programme for the entire Group;
- to manage the direct insurance business;
- to prepare the consolidated and combined financial statements.

The Company is governed with respect to its activities by the provisions of the French Commercial Code and the French Insurance Code, and is subject to the supervision of the French Prudential Control Authority (ACPR).

1.2.3 TIES BETWEEN THE VARIOUS ENTITIES OF THE GROUP

Entities within the Groupama SA division are bound by captial ties. The subsidiaries included in this division are consolidated in the financial statements. Moreover, in exchange for a certain amount of operational autonomy, each of the subsidiaries is subject to the requirements and obligations defined by the environment of Groupama SA, particularly in terms of control.

In the Mutual Insurance Division, they are governed:

- by an internal reinsurance agreement that binds the regional mutuals to Groupama SA;
- by a security and joint liability agreement between all the regional mutuals and Groupama SA ("Agreement defining the security and joint solidarity mechanisms of the Caisses de Réassurance Mutuelle Agricole that are members of Fédération Nationale Groupama"). This agreement is described in more detail in Note 44, Related Parties, of the consolidated accounts and is the subject of a special report from the statutory auditors on regulated agreements and commitments (see section 3.9).

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1.3 KEY FIGURES

1.3.1 GROUPAMA SA CONSOLIDATED SCOPE

The following table shows financial disclosures and ratios from the Groupama SA consolidated financial statements for the fiscal years ending 31 December 2012, 2013 and 2014. In accordance with EC Regulation No. 1606/2002 of 19 July 2002 on the application of international financial reporting standards, the Groupama SA consolidated financial statements have been prepared in accordance with the IFRS as adopted by the European Union.

(In millions of euros)	2014	2013 [6]	2012 [5]
Premium income [1]	**10,203**	**10,423**	**11,031**
Insurance – France	7,133	7,508	8,036
Insurance – international	2,788	2,646	2,726
Banking and Financial Activities	282	268	269
Non-life combined ratio	**102.0%**	**102.4%**	**104.1%**
Economic operating income/loss [3]	**(60)**	**(75)**	**(101)**
Net income (Group share)	**15**	**135**	**(622)**
Structure and financial soundness			
Shareholder's equity (Group share)	4,883	3,816	3,655
Total balance sheet	98,777	91,397	87,946
Debt ratio [4]	17,9%	42,2%	42,4%

(1) Insurance premiums written and income from financial businesses.
(2) See glossary in this registration document (page 361).
(3) Economic operating income equals net income adjusted for realised capital gains and losses, increases and write-backs to long-term impairment provisions and unrealised capital gains and losses on financial assets recognised at fair value (all such items are net of profit sharing and tax). Also adjusted are non-recurring items net of tax, impairment of value of business in force and impairment of goodwill (net of tax).
(4) Debt excluding cash of holdings, as a share of book value of capital excluding re-evaluation reserve (including subordinated liabilities and minority interests).
(5) In 2012, Groupama adjusted its business scope by selling the non-life business of Gan Eurocourtage, the maritime business of Gan Eurocourtage in France, its Spanish subsidiary, and its non-life insurance subsidiary in the United Kingdom.
(6) In 2013, disposal of Groupama Private Equity.

1.3.2 GROUPAMA COMBINED SCOPE

The following table shows financial disclosures and ratios from the Group's combined financial statements. The combined financial statements were prepared in accordance with the IFRS as adopted by the European Union. It provides a view of the entire scope of consolidation of the mutuals, including the Groupama SA capital ownership scope of consolidation.

(In millions of euros)	2014	2013	2012
Premium income (1)	**13,634**	**13,669**	**14,197**
Insurance – France	10,567	10,757	11,204
Insurance – International	2,788	2,646	2,726
Banking and Financial Activities	279	266	267
Non-life combined ratio (2)	**99.0%**	**100.8%**	**103.1%**
Economic operating income/loss (3)	**129**	**16**	**(78)**
Net income (Group share)	**257**	**283**	**(589)**
Structure and financial soundness			
Shareholders' equity (Group share)	8,062	6,654	6,280
Total balance sheet	106,439	98,559	94,753
Debt ratio (4)	11.6%	27.8%	28.5%
Solvency margin (5)	**253%**	**200%**	**179%**
Rating			
Fitch Ratings	BBB	BBB-	BB+

(1) Insurance premiums written and income from financial businesses.
(2) See glossary in this registration document (page 361).
(3) Economic operating income equals net income adjusted for realised capital gains and losses, increases and write-backs to long-term impairment provisions and unrealised capital gains and losses on financial assets recognised at fair value (all such items are net of profit sharing and tax). Also adjusted are non-recurring items net of tax, impairment of value of business in force and impairment of goodwill (net of tax).
(4) Debt excluding cash of holdings, as a share of book value of capital excluding re-evaluation reserve (including subordinated liabilities and minority interests).
(5) Pursuant to European Directives, Groupama is subject to regulations for covering the solvency margin, both at the corporate level for each of the insurance companies and at the level of the combined Group.

On 11 February 2014, Fitch Ratings upgraded the insurer financial strength rating of Groupama SA and its subsidiaries from "BBB-" to "BBB" and assigned a positive outlook to this rating. The agency also upgraded the rating for subordinated debt issued by Groupama SA to "BB" from "BB-".

On 6 August 2014, Fitch Ratings confirmed the insurer financial strength rating of Groupama SA and its subsidiaries as "BBB" and maintained its positive outlook.

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1.3.3 CONSOLIDATED SCOPE/COMBINED SCOPE DATA RECONCILIATION

Premium income

(In millions of euros)	2014	2013
Consolidated premium income	**10,203**	**10,423**
Premium income for regional mutuals	5,376	5,319
Internal transactions:		
■ Groupama SA	(1,940)	(2,069)
■ Groupama Gan Vie	(2)	(2)
■ Groupama Asset Management	(3)	(2)
Combined premium income	**13,634**	**13,669**

Net income/loss

(In millions of euros)	2014	2013
Consolidated net income/loss	**15**	**135**
Regional mutuals income/loss	244	151
Groupama SA income/loss	(2)	(2)
Holdings income/loss	(1)	(1)
Combined net income/loss	**257**	**283**

1.4 STRATEGY

In an environment of profound change, the Group has defined its strategic programme for 2014-2018.

This programme, which has been built on Groupama's key strengths, is based around four strategic workstreams for the Group: highly satisfied customers, profitable development, a culture of efficiency and highly motivated employees.

Each of the Group's entities has developed the strategic programme at its own level; a programme roll-out pack has also been provided to each entity with the aim of involving all of the Group's employees in the implementation of this strategic programme.

AN ENVIRONMENT UNDERGOING PROFOUND CHANGE

In a context of significant change, Groupama is facing external constraints that it has to take on board and transform into opportunities as part of the Group's strategic programme:

- a difficult economic environment, with interest rates at very low levels over the long term and a systemic crisis that is affecting demand for insurance and putting pressure on the economic model adopted by insurers, particularly in the life insurance segment;
- very stiff competition;
- numerous regulatory and fiscal changes that are unfavourable with respect to some of the Group's key business activities: for example, the consequences of the ANI (Accord National Interprofessionnel) on extended healthcare that will affect Groupama's individual healthcare portfolios, or the Hamon law, which makes it possible to terminate contracts at any time with effect from 2015;
- significant technological advancements, with digital technology playing an increasingly significant role and access to large quantities of information *via* massive databases. Insurers need to be able to process this information - "big data" represents a considerable opportunity, as long as companies know how to use it.

A GROUP WITH SOLID STRENGTHS

The Group has a number of key strengths and differentiating factors that allow it to face up to this challenging environment:

- a dense and dynamic institutional network;
- presence across all distribution channels with one of the most extensive networks in France;
- a market-leading position on the P&C and health and protection markets;
- very strong complementary brands, enabling it to address all types of client base;

- an extensive offering of insurance, banking and services products, enabling it to cover all of our customers' needs;
- an international network.

Groupama has built its strategic programme around all these key strengths.

A STRATEGIC PROGRAMME BASED AROUND FOUR WORKSTREAMS

The strategic programme has been defined in line with Groupama's core identity: an independent, multi-line, international Group with strong agricultural roots in the mutual insurance segment.

It is structured around four strategic priorities:

- **Highly satisfied customers**

  The customer is at the heart of the Group's focus. Actions involving the customer revolve around two themes: increasing customer satisfaction and retaining target customers.

  Indicators from our customers' Net Recommendation Index and the number of customers with only one policy provide a view on the successful implementation of these customer-focused actions.

- **Profitable development**

  Improving technical control across all business lines is a key strategic priority based on two themes:

  - increasing market share for business activities with high added value, in particular:
    - individual protection;
    - professional risks, capitalising on strengths such as the Gan brand image and Groupama's institutional network;
    - markets with potential still unexploited by the Group, in France and abroad, particularly high-growth markets;
  - the policy of profitable development in non-life as well as life insurance.

- **A culture of efficiency**

  Through efficiency, the Group's operating costs can be controlled, while offering good service quality for customers. In order to improve the Group's efficiency, efforts are made at the level of each entity and at the Group level.

  The efficiency workstream breaks down into two major action areas:

  - optimising the efficiency of the distribution networks,
  - increasing operational efficiency in order to simplify operating processes without negatively affecting the necessary controls.

  Monitoring changes in overheads enables the Group to improve the efficiency of its life and non-life businesses.

- **Committed employees**

  In order to ensure that the strategic plan's implementation is a collective success, the Group encourages the mobilisation and engagement of all employees:

  - increased development and adaptation of employee skills to promote professionalism and mobility as well as personal fulfilment;
  - emphasis on the roles played by leadership and management;
  - improved economic performance is passed on to employees; this involves the need to manage the payroll effectively so that it can be used to guide performance;
  - in the current environment of profound change, it is essential that we continue to think about the development of the businesses and the skills needed for this, and to identify potential talent so that we can lay the groundwork and prepare the leaders of tomorrow;
  - lastly, it is vital to maintain and develop our employees' quality of life at work, particularly through high-quality social dialogue.

  The level of pride in belonging to the Group will make it possible to assess the general commitment rate among employees.

IMPLEMENTATION AND ADOPTION OF THE GROUP'S STRATEGIC PROGRAMME

The strategic programme will be implemented over several phases:

- the Group's strategic programme has been developed further within its various entities, *via* specific action plans and monitoring of relevant indicators for that entity;
- a programme roll-out pack has been prepared by the Group Human Resources Department and issued to the Human Resources Managers in the various entities; this is intended to promote the adoption of the programme by everyone and ensure that all employees are involved. The entities can customise the pack depending on how they have developed the strategic programme within their scope. The pack includes:
  - fun reminders about the basic points of the strategic programme (workstreams, indicators, etc.);
  - an assessment of the impacts of the programme on everyone's daily working life;
  - high-priority, concrete actions that will bring the strategic programme to life in daily tasks;
- the programme roll-out pack was presented initially to the Managers of the different entities; each Manager was then asked to present the pack within their own teams.

Thus, each and every Group employee will be engaged in and committed to the success of the Group's strategic programme.

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1.5 HUMAN RESOURCES

1.5.1 SOCIAL POLICY

With a view to guiding its strategy and improving its performance, Groupama invests in its people and has developed a human resources policy based on social responsibility and the commitment of its 33,335 employees.

As at 31 December 2014, Groupama SA and its subsidiaries employed 15,675 staff (9,435 in France/Overseas Departments and Territories and 6,240 abroad).

Under the structure of the Group, the Group Human Resources Department manages and coordinates corporate policies and programmes and is at the head of the HR functional reporting line in accordance with the established distribution of responsibilities between the Group HRD and company-level HRD. Each company in the Groupama SA scope of consolidation manages its human resources and its social policy as locally as possible, in line with the policy principles and the overall strategy defined by the Group.

In 2014, the consolidated companies hired 1,475 employees under permanent contracts (excluding 230 transfers and 107 secondments), including 460 in France, to strengthen their sales networks and customer relationships platforms and to reinvigorate their management and advisory teams as well as the auditing, internal control, and steering functions: 22% of the new staff are under 26 years of age, 14% are 50 and over and 27% of new hires resulted from the conversion of fixed-term contracts into permanent contracts.

In 2014, the Group held its fourth Groupama Gan Jobmeetings, enabling nearly 830 pre-selected candidates to meet with the HR teams of the Group's companies in Paris, Nantes, Bordeaux, Lyon, Brest, Lille, Dijon, Saint-Brieuc, Reims, Arras, Rennes, Orléans and Angers. The website groupama-gan-recrute.com recorded 752,000 hits (on the web and mobile sites) and more than 115,000 applications in one year.

At the same time, the consolidated companies recorded 2,185 departures of employees on permanent contract (excluding 7 transfers and 93 secondments), including 826 in France; these break down as follows: 28% voluntary departure plans, 24% resigned, 16% were laid off, 15% retired, 6% contractual terminations, 5% left during their probation period and 1.6% died in service. At international level, 1,359 employees on permanent contracts left (excluding 12 secondments); these break down as follows: 52% contractual terminations, 28% resignation, 17% redundancy and 1% retirement.

Most companies within the consolidated scope have undertaken various measures in recent years to reduce their operating expenses and their workforce, in connection with programmes intended to improve their economic situation. The voluntary redundancy plans implemented at Gan Assurances, Groupama SA, Groupama Banque, Groupama Supports & Services and Gan Prévoyance have been completed and the significant effects of these plans were registered in 2014.

Out of more than 5,000 internal applicants in France, more than 2,000 involved mobility, which was the driving force behind the performance of the employees and the Group companies in 2014. The Mouvy intranet site, the internal online recruitment site open to all Group employees in France, recorded 5,032 applications. Since 2010, all inter-company transfers and secondments within the Group have been governed by a Group agreement. A unanimously signed addendum was added on 25 June 2014, reinforcing the mechanisms already in place: improved support, better publication of job postings on Mouvy, reduced time frames for transfers, etc.

The investment in training for consolidated companies in France in 2014 amounted to 2.6% of payroll. This investment affected two out of every three employees in all professional categories. It represents a major benefit for the development of business and Managerial skills. In 2014, e-learning programmes on Solvency II, the Hamon law and psychosocial risks were created and rolled out to a large number of staff.

The operation of the Group, which is made up of smaller-sized companies, is built around a management model based on listening, engagement and efficiency, which is reflected in particular in initiatives that aim to improve customer satisfaction at the same time as promoting employees' quality of life.

In France, the consolidated companies continued with the roll-out of programmes dedicated to Managers, their objective being to expand Managers' vision of the Group and its changes, particularly through the pursuit of a balance between performance and quality of life at work. These programmes have been enhanced with the addition of a Managerial values reference base and common mechanisms that are intended to improve the information and training offered to Managers.

At the same time, a roll-out pack has been provided to the companies to allow Managers and then employees to highlight the impact of the four workstreams of the strategic programme on the teams' work and to put forward concrete actions that will contribute to achieving our objectives.

In order to identify and build the loyalty of the talent that is essential to the Group and its companies, the "Groupama Talents" application is gradually being rolled out to all categories of staff. Groupama SA and fourteen other subsidiaries within the consolidated scope have already rolled it out to all of their employees. Staff reviews have been conducted in each company. Furthermore, 86 future Managers, selected by the Technical Careers Committee, participated in the "Directors Leadership" programme to prepare them for holding strategic positions.

In France, the consolidated companies are principally regulated by the Collective Insurance Companies Agreement (covering 80% of employees), with the other companies regulated by agreements covering their own business lines (banking, support, etc.). Contractual provisions are supplemented by inter-company or company agreements, especially with regard to the organisation and duration of work as well as pension and provident insurance schemes.

At Group level, social dialogue is managed in France within the Group Committee and the Social Dialogue Commission, a negotiating body, and at European level within the European Works Council.

With respect to the collective wages policy, profit-sharing measures are in place in all Group companies in France. In this regard, more than €16,117,552 (10,756 beneficiaries) and €2,484,267

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(6,427 beneficiaries) respectively were paid out in profit-sharing schemes during 2014.

All of the Group's collective employee shareholding plans (FCPE) were consolidated in 2012 into five new funds, accredited by the CIES (the French Inter-union Employee Savings Committee), that meet governance and socially responsible investment (SRI) criteria and simplify the choices offered to employees.

The Group's identity is built on its values of proximity, commitment, performance and solidarity. It is committed as an insurer, as an agricultural trade association and as a responsible employer.

As such, within the framework of the triennial review of the Group agreement of 24 October 2008 relating to diversity and equal opportunity, the Group's social partners unanimously signed an addendum on 14 October 2011 reinforcing measures in place with respect to "equal family and parental rights", "work/life balance" and "professional gender equality between women and men". A further review will be carried out during the first half of 2015.

The Group's companies have also strengthened their commitments to young people and seniors by implementing agreements (or action plans) - under the generation contract - to improve access for young people to employment, keep seniors employed and ensure the transmission of knowledge, skills and experience.

At the same time, the Group HRD has provided Group companies with training on themes linked to diversity, with particular focus for Managers on the following subjects: "Increasing Managers' awareness of diversity" and "Integrating and maintaining the disabled in employment»; in addition, as part of the "Mission Manager" cycle, a seminar was held at which the subject of "How to develop the right conditions for a collective dynamic in my highly diverse team?" was discussed and analysed.

Groupama has also taken a number of new operational initiatives, developing its presence in "diversity" recruitment fairs, supporting the integration of disabled persons and actively participating in the week focusing on the employment of the disabled.

In 2014, 15 employees (permanent or fixed-term contracts) with disabilities were recruited in the consolidated companies in France. Over ten years, nearly 1,000 disabled employees have been recruited (permanent and fixed-term contracts, training contracts or as temporary workers) by the Group's French companies in the framework of this long-term commitment.

Groupama has also broadened the scope of its work on the subject of professional gender equality. In France in 2014, in the consolidated companies, 66% of staff promoted to Managerial positions were women, bringing the ratio of women Managers to 46%.

Furthermore, on 10 October 2014 an addendum was added to the Group agreement of 2011 on quality of life at work, which encourages Group companies to develop actions that aim to prevent, deal with and eliminate or, if not, reduce psychosocial risks (PSR):

It is intended to strengthen the following areas:

- consolidate and reinforce the role of the Group "Committee for Quality of Life at Work";
- establish collective prevention measures, such as Training Managers on quality of life at work and the prevention of psychosocial risks; encouraging work/life balance; promoting the implementation of forums for discussion among employees.
- integration of the prevention of psychosocial risks within the Group companies: appointment of an HR coordinator for PSR and quality of life at work in each company, who will be available to employees if they believe they have identified a PSR situation; development of a diagnostic and an action plan for PSR situations to which employees have been exposed; implementation of a crisis management procedure; support for staff during times of significant transformation.

The implementation of the job security law of 14 June 2013 required, because of its impacts on the companies, a concerted approach at Group level, particularly relating to the implementation of economic and social databases (BDES) and consultation of the works councils on strategic directions and priorities. In June 2014, the companies (more than 300 employees) provided their employee representative bodies with a database developed from a unique model. Under this new framework they communicated their strategic priorities for the 2014-2018 period as part of the works council information-consultation process.

The fourth Groupama opinion survey was run between 31 March and 11 April 2014, in collaboration with research company Ipsos. As in previous years, (2008, 2010 and 2012), all Group employees on permanent contracts were invited to participate *via* an electronic questionnaire guaranteeing anonymity and complete confidentiality of responses. More than 21,500 of the Group's staff, or 75%, responded to the survey. The Group and its companies thus have representative data.

The results show that the level of engagement among employees increased between 2012 and 2014, reaching 71% (+6 points). A document summarising the results at Group level was distributed in July 2014 to all staff. Each company was then provided with the information relating to its own results and asked to pass it on to its Managers, staff and employee representative bodies.

Thus, Groupama offers all its employees a social and human plan over the long term, consistent with its values and within the framework now established by the Code of Ethics.

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1.5.2 GROUP CONSOLIDATED WORKFORCE (FRANCE AND INTERNATIONAL)

The consolidated scope includes approximately thirty companies for a total workforce, as at the end of 2014, of 15,675 employees.

The table below corresponds to Note 45 of the notes to the consolidated financial statements for the fiscal year 2014, as audited by the statutory auditors.

	2014			2013	2012
Workforce	**Insurance**	**Finance**	**Total**	**Total**	**Total**
France	8,541	894	9,435	9,469	10,123
United Kingdom	299		299	323	556
Italy	839		839	831	832
Hungary	2,292		2,292	2,341	2,427
Greece	319		319	331	332
Romania	1,641		1,641	1,858	2,044
Other EU	265		265	260	270
Outside EU	585		585	598	558
TOTAL	**14,781**	**894**	**15,675**	**16,011**	**17,142**

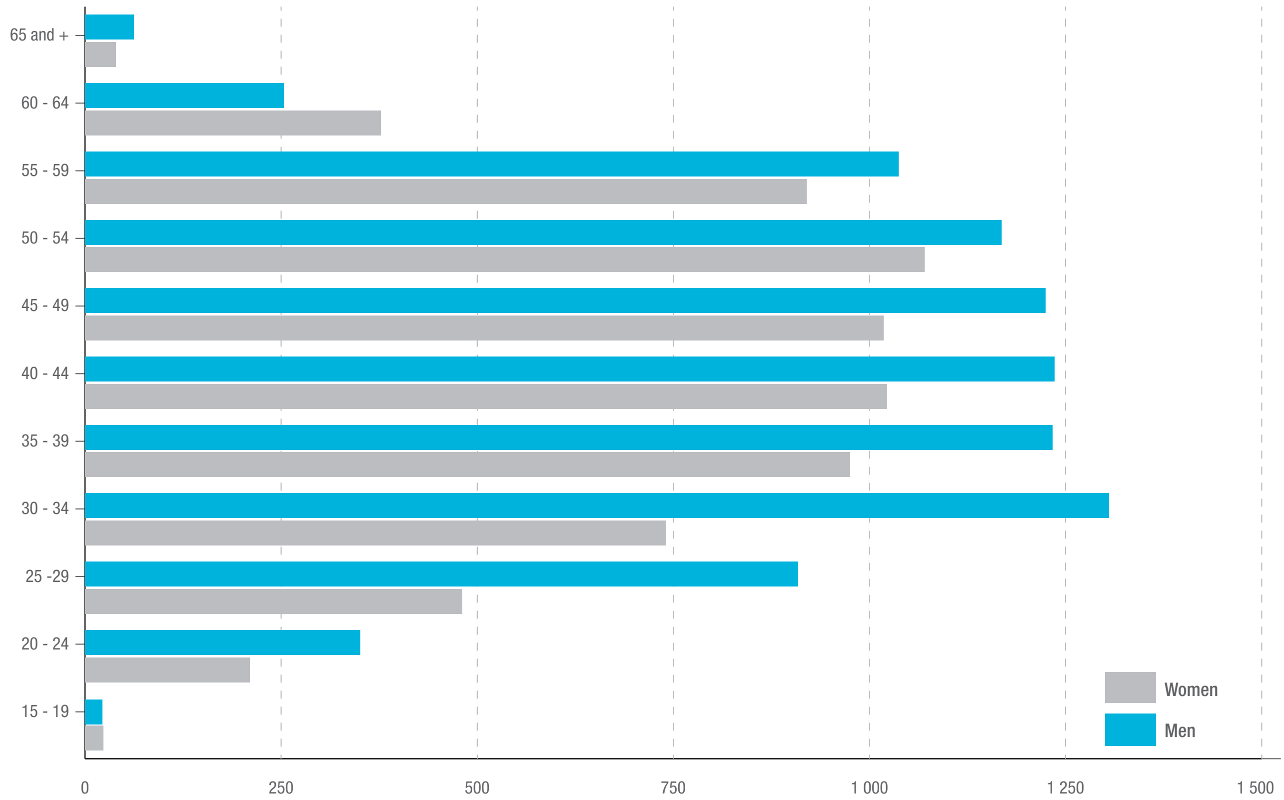
The decrease in Romania's workforce is mainly due to the closing down of around twenty agencies.

Workforce	**2014**	**2013**	**2012**
Groupama SA	1,272	1,375	1,573
Head Offices and after-sales services of subsidiaries with customer/network relationship (1)	1,597	1,563	1,733
Sales forces of subsidiaries with customer/network relationship (1)	1,518	1,618	1,916
Insurance/banking and services subsidiaries - France (2)	3,021	2,966	2,774
Groupama	592	607	667
Financial and real estate subsidiaries (3)	442	440	499
Support entities (Groupama Support & Services)	1,585	1,507	1,628
Sub-total - France	**9,435**	**9,469**	**10,123**
International	**6,240**	**6,540**	**7,019**
TOTAL	**15,675**	**16,009**	**17,142**

(1) Gan Assurances, Gan Patrimoine, Gan Prévoyance, Gan Outre-Mer IARD.
(2) Groupama Gan Vie, Groupama Banque, Groupama Épargne Salariale, Groupama Assurance-Crédit, Amaline, Groupama Protection Juridique, Mutuaide.
(3) Groupama Asset Management, Groupama Private Equity (for 2012), Groupama Immobilier, real estate activities.

Breakdown by gender		**Breakdown by policy type**		**Breakdown by status type**	
Men	Women	Permanent contract	Fixed-term contract	NC	C
44%	56%	95%	5%	64%	36%

The age pyramid is distributed as follows:



1.5.3 INVESTMENTS AND STOCK OPTIONS

Groupama SA awarded no stock subscription or purchase options to officers or employees in the fiscal year 2014. As of the date of filing of this registration document, there were no stock subscription or purchase options able to be exercised.

Each company Board member holds at least one company share, in accordance with Article 12 of the by-laws.

1.5.4 COMMITMENTS TO PERSONNEL

1.5.4.1 Pension schemes

The Group's companies have different retirement schemes. These schemes are generally financed by contributions paid to insurance companies or other funds, which are administered and valued on the basis of periodic actuarial calculations.

Group entities most frequently use the services of Groupama Gan Vie – the Group's life insurance company. Reserves are then recognised in the Group financial statements to cover this commitment. Sums received are invested in appropriate investments.

1.5.4.2 Other long term benefits

The Group also recognises reserves in its financial statements for other long-term benefits to Group employees, *i.e.*:

- retirement benefits;
- seniority bonuses;
- anniversary days;
- time-saving accounts.

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1.6 GROUPAMA CORPORATE SOCIAL RESPONSIBILITY POLICY (CSR)

The principal Corporate Social Responsibility indicators are presented in the report of the Board of Directors appearing in section 5.1.12 of this registration document.

Groupama, ever driven by its values - proximity, commitment, performance and solidarity - in the pursuit of customer satisfaction, has throughout its history striven to respond to social issues - economic, social and environmental expectations. We believe the CSR approach is a key factor in our employees' commitment and motivation, in innovation, operational efficiency and the reinforcement of the quality of our relationship with external and internal audiences, thus building confidence.

Groupama has established an ambitious, cross-functional CSR strategy for 2013-2015. It is driven and coordinated by the CSR, Employer Brand and Internal Communication Department within the Group HRD.

The strategy is based on five key areas, broken down into Group objectives to be achieved by 2015:

› Marketing of CSR offerings

As a pioneering group with strong brands, Groupama develops insurance and financial products that respond to society's major issues, such as mobility, entrepreneurship, incentives for responsible behaviour, management of sustainable social protection (retirement, health), problems related to the ageing of the population (assistance, long-term care) and asset management incorporating environmental, social and governance criteria (ESG). A prevention policy – property and personal security, health, prevention of climate risks, etc. – is being developed in line with these offerings and adapted into local actions to meet the specific needs of our individual, professional, corporate and local authority customers. Today, Groupama is committed to going further in the integration of environmental and social factors in the design of its insurance, banking and asset management offerings through product innovation.

› Committing to the fight against rare diseases with the Fondation Groupama pour la Santé

As France's leading private health insurer, Groupama has spent more than 15 years contributing to the fight against rare diseases, one of the three major national public health priorities along with cancer and Alzheimer's disease, through the Fondation Groupama pour la Santé. The Foundation has three missions: supporting research, raising awareness of rare diseases and support for patients. Since its creation, the Foundation has supported 28 researchers and provided nearly €9 million in funding for association-based projects. During 2015, we will be seeking to highlight our support for research – including medico-social research – and further mobilise our elected representatives and employees around this commitment.

› Acting for the development of the regions and community organisations and associations

Proximity is at the heart of Groupama's operations, through its decentralised organisation and its businesses that are firmly established in the regions. They enable an ongoing dialogue between elected representatives, customers, employees and stakeholders. Above and beyond local actions for the prevention and fight against rare diseases, the Group's companies are fully committed, particularly through partnerships, to supporting the development of economic initiative in the territories and to a large number of community actions.

› Being a responsible employer

For a number of years, Groupama has made many commitments as a responsible employer in line with the social issues of CSR, such as professional equality, non-discrimination and promotion of diversity, employment of workers with disabilities and quality of life at work, while at the same time increasing employees' commitment levels. This dynamic continues at both Group level and company level. The biennial Group Opinion Survey (GOS) was run in 2014 and results showed an advance of 6 points in employee commitment levels compared with 2012, to 71% (participation rate in the GOS: 75%).

› Acting for the environment

We have initiated actions to further reduce our environment footprint. We thus intend to continue our efforts and, between now and the end of 2015, strive to meet Group quantified objectives in terms of reducing our CO_2 emissions from energy consumption, travel and paper consumption.

Groupama is fully aware of its responsibility in terms of indirect impacts and as such has developed actions over several years in support of the eco-responsibility of its customers and suppliers, *via* its insurance offerings (including SRI products), prevention and awareness actions and procurement contracts.

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THE GROUP'S BUSINESS LINES

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2.1 GROUPAMA, A MULTI-LINE AND MULTI-CHANNEL INSURER

Groupama, a multi-line insurance group member of a large mutual of agricultural origin, is an independent Group, founded at the end of the 19th century by farmers. The expertise developed by the Group throughout its history has been extended to the benefit of all socio-economic players: individuals, professionals, companies and local authorities. Today, Groupama is a major player on the insurance market in France (seventh-largest French multi-line insurer, source: Argus de l'Assurance), in property and casualty insurance and life and health insurance, as well as banking services and financial businesses.

As at the end of 2014, Groupama benefits from dense, complementary distribution networks covering the entire French territory: 7,600 sales representatives employed by Groupama's regional mutuals, 950 general agents and 250 representatives at Gan Assurances, 600 partner brokers at Gan Eurocourtage, 300 Gan Patrimoine agents and 750 in-house advisors at Gan Prévoyance.

Groupama also has a presence in direct sales channels following the 2008 launch of Amaguiz.com, a brand exclusively dedicated to direct insurance sales *via* the Internet.

On the domestic market, the Group is supported by the following three brands: Groupama, Gan and Amaguiz, each offering their own specific line of products and services.

Internationally, the Group is present in 11 countries, mainly in Europe and with growth areas in Asia.

2.1.1 STRUCTURE OF CONSOLIDATED PREMIUM INCOME

At the end of 2014, Groupama SA reported total consolidated premium income of €10,203 million, including €9,921 million in insurance premiums and €282 million originating from asset management and other financial businesses

Approximately 72% of Groupama SA's insurance business is realised in France, amounting to €7.1 billion as at 31 December 2014.

The table below presents the breakdown of premium income by business line in France and abroad.

(In millions of euros)	31.12.2014	31.12.2013	31.12.2012	Variation 2014/2013 (1)
Property and Casualty insurance - France	3,157	3,076	3,086	+3,3%
Life and Health insurance - France	3,971	4,426	4,944	-10,3%
Sub-total - France	**7,128**	**7,502**	**8,030**	**-4,8%**
Property and Casualty insurance - Internationall	1,835	1,889	1,995	-0,9%
Life and Health insurance - International	953	757	731	+28,9%
Sub-total - International	**2,788**	**2,646**	**2,726**	**+7,6%**
Discontinued activities (France and International)	5	6	6	-12,1%
Banking and financial activities	282	268	269	+5,1%
TOTAL GROUPAMA SA	**10,203**	**10,423**	**11,031**	**-1,4%**

(1) At constant scope of consolidation, exchange rate and accounting methods.

Details of the premium income by business segment are presented in "Note 33 – Analysis of insurance premium income by major categories" in section 6 – "Financial Statements" of this registration document.

2.1.2 FRENCH NETWORKS

The table below presents the breakdown of consolidated premium income by distribution network in France.

(In millions of euros)	31.12.2014	31.12.2013	31.12.2012
Groupama SA	2,076	2,199	2,226
Groupama Gan Vie	3,358	3,669	4,180
Gan Assurances	1,413	1,390	1,368
Amaline Assurances	59	52	49
Other Group specialist companies [(1)]	222	193	206
Insurance sub-total - France [(2)]	**7,128**	**7,502**	**8,030**
Discontinued activities [(3)]	5	6	6
Banking and financial activities	282	268	269

(1) Groupama Assurance-Crédit, Mutuaide Assistance, Groupama Protection Juridique, Caisse Fraternelle Epargne and Caisse Fraternelle Vie.
(2) Excluding discontinued operations.
(3) Assu-Vie.

2.1.2.1 Groupama network

The Groupama network includes local and regional mutuals.

The local mutuals are the basis of Groupama's mutualist organisation, allowing true proximity to be established with policyholders. Policyholders automatically become members of a local mutual, which gives them the right to participate in the General Meeting, be listened to, elect their representatives to the Board of Directors and be candidates for the Board.

Local mutuals are reinsured with regional mutuals according to a specific reinsurance mechanism by which the regional mutual takes the place of the local mutuals within its district in fulfilling their insurance commitments towards members.

The regional mutuals are insurance companies that, under the control of a central body Groupama SA with which they are reinsured, are responsible for their management, pricing and product policy and, as part of the Group's strategy, their sales policy.

At the end of 2014, the Groupama network had 9 regional mutuals in metropolitan France, 2 overseas mutuals and 2 specialist mutuals.

2.1.2.2 Gan networks

Gan Assurances is the fourth-largest network of general agents in France (source: L'Argus de l'Assurance – April 2013) with a network of 950 general agents and 250 representatives.

The Gan Eurocourtage network offers social protection solutions for business leaders and their employees, working in close collaboration with 600 broker partners.

Gan Prévoyance has a network of 750 sales representatives.

Gan Patrimoine offers its products through a network of more than 300 agents.

2.1.2.3 Direct sales channels

"Amaguiz.com" is the brand dedicated to innovation in the Group. As at the end of 2014, with more than 192,000 policies in its portfolio, Amaguiz.com is one of the leading players in France in direct insurance sales to individuals (motor, home and health insurance, Everyday Accident, dogs/cats and loan insurance - source: FFSA, 2012 ranking).

To meet all the insurance needs of its customers, Amaguiz.com launched three new product offerings in 2014: a new home insurance policy, a loan insurance policy and Everyday Accident insurance.

2.1.2.4 Partnerships

In 2009, Groupama signed a partnership agreement with La Banque Postale resulting in the creation of a joint venture, La Banque Postale Assurances IARD, 65% of which is held by La Banque Postale. This company began distributing non-life insurance products at the end of 2010 *via* distance-selling channels (Internet and telephone) and *via* La Banque Postale's network of offices. The commercial arrangement has clearly yielded results, with the portfolio amounting to more than 1,100,000 policies by the end of 2014.

2.1.3 INTERNATIONAL NETWORKS

Groupama offers a wide range of non-life and life insurance products abroad, in 11 countries, mainly in Europe. Products on these markets are offered *via* various distribution networks, particularly exclusive agents, salespeople, brokers, banking networks and partnerships.

In the mid-2000s, the Group began to establish banking partnerships, sometimes exclusive, a particular example being the exclusive agreement with OTP Bank covering several countries in Central and Eastern Europe; these partnerships have enabled the Group to develop in new markets supported by established players. In addition to bancassurance partnerships, the international subsidiaries have developed exclusive and non-exclusive distribution agreements with partners such as leasing companies, automobile distribution networks, or farming cooperatives, such as in Turkey, where the Group signed an exclusive agreement with the farming cooperative TKK in 2008. During the first half of 2013, Groupama Assicurazioni signed a number of bancassurance agreements with independent regional banking establishments of medium size located in located in north-central Italy.

At the end of 2010, Groupama and the AVIC group (Aviation Industry Corporation of China) signed an agreement on the creation of a joint venture to expand activities in the non-life insurance segment in the People's Republic of China. The joint venture Groupama AVIC has established sales and service networks for individuals and companies in the provinces where it holds licences. In November 2012, it obtained the qualification to provide complete coverage in non-life insurance on the Chinese market. In 2013, Groupama and the AVIC Group signed a second partnership agreement in the field of insurance to support the strong growth of Groupama AVIC Insurance on the agricultural market and the rural sector in China.

2.2 INSURANCE IN FRANCE

2.2.1 ECONOMIC ENVIRONMENT AND MARKET TRENDS

In France, insurance activity increased +6% in 2014 with premium income of €199 billion. This general market trend was driven by life and health insurance, which represents nearly 75% of premium income for 2014 (*source: FFSA – 29 January 2015*).

Premium income in life and health insurance increased 7% to €148 billion, driven by life insurance, which gained 8% to reach €128 billion at the end of 2014. Benefits and redemptions on life insurance policies were down 1% over 2014. Net inflows in life insurance (premiums exceeding payouts) thus increased by €21 billion, almost doubling the figure for 2013 and the best since 2010. Life insurance assets continued to grow, amounting to €1,515 billion in 2014, up 4%. In health insurance, premium income grew 2% to €20 billion. Health insurer expenditure also continued to grow (+3% between 2013 and 2014).

Premium income in property and casualty insurance increased 1.5% to €51 billion. Changes in the volume of insurable items and strong competition weighed on premium growth. By branch, premiums increased in all sectors (+2% in motor insurance and +4.5% in multi-risk home insurance) except in construction insurance (-5%). The claim rate reached €37 billion in 2014 and the change compared with 2013 showed mixed results: more natural disasters, fewer burglaries and, for the first time in 19 years, an increase in the frequency of bodily injury from car accidents.

2.2.2 COMPETITION AND POSITIONING

On the mature insurance market in France, many insurance companies offer products comparable to Groupama's products, sometimes through the same marketing techniques. The Group is in competition with insurance companies, mutuals and bancassurance companies and may face competition on the savings market from Asset Managers, independent asset management advisors and other financial institutions.

The difference lies primarily in the following criteria:

- the size, power and quality of the distribution networks, particularly in advisory services;
- the range of products offered, their quality and the capacity for innovation;
- prices;
- service quality;
- financial management performance;
- brand reputation and awareness;
- attractiveness of products to customers.

Groupama SA generated €7.1 billion in insurance premium income in France during 2014. The table below shows the change in Groupama's ranking in France, seventh-largest French multi-line insurer in 2014:

French ranking (1)	2014	2013
Insurance	7	7
P&C	4	5
L&H	12	9

(1) Source: Argus de l'Assurance – December 2014 and December 2013.

2.2.3 PROPERTY AND CASUALTY INSURANCE

Groupama SA generated €3.2 billion in premium income in property and casualty insurance in France (44% of premium income generated in France) as at 31 December 2014.

2.2.3.1 Motor insurance

Groupama is ranked fourth on the French market in terms of number of policies (*source: Argus de l'Assurance, November 2014*) and insures nearly 3,800,000 passenger vehicles (1) (excluding fleets) as at the end of 2014.

The Group offers a complete, innovative range of products and services at competitive prices responding to the major trends in consumption and including an original value-added service offering with the CapsAuto network of repairers as well as a unique prevention offering *via* the Centaure Centres, for policyholders and their children, also available to all drivers.

2.2.3.2 Multi-risk home insurance

Groupama is ranked fourth on the French market in terms of number of policies (*source: L'Argus de l'Assurance, November 2014*), insuring nearly 3.5 million homes [1] Groupama SA's premium income increased +10.5% in a highly competitive, challenging market environment.

This growth is largely due to strong price positioning, the increasing density of its urban network, the development of the offering at Amaguiz.com, the roll-out of the distribution partnership with La Banque Postale and continued product innovation.

2.2.3.3 Services

(a) Assistance, remote surveillance, remote alarms

Offered by Mutuaide Assistance, which has operations in all assistance businesses (car breakdown assistance, medical repatriation, travel insurance, home care), this business places the Group in sixth position on this market in France (source: Argus de l'Assurance, July 2014). In 2014, the Group continued to roll out new tools based on new technologies, such as the automatic assignment app available on mobile phones.

The remote surveillance services provided by Activeille (property security) are gaining market share, particularly with the development of an innovative offer on Amaguiz.com and the establishment of new partnerships. Présence Verte (personal security) currently numbers more than 110,000 subscribers and has confirmed its position as number one on this market.

(b) Individual service – Fourmi Verte

After several years during which it was driven by the dynamics of the Borloo law and in a gloomy economic environment, Fourmi Verte has succeeded in introducing some new technologies (a website and customer and service provider extranets) in order to industrialise the management chain while continuing to satisfy the thousands of customers who put their trust in it each year.

(c) Legal protection

Groupama is the second-largest player in France (*source: Groupement des Sociétés de Protection Juridique, 2014)* in the legal protection market, with insurance cover managed by the regional mutuals on the one hand and Groupama Protection Juridique on the other. With this cover, Groupama provides support to policyholders, whether individual or professional, who face situations of conflict, by helping them to assert their claims and assuming the corresponding expenses. The operating performance of Groupama Protection Juridique is based on the satisfaction of its customers, controlled by its quality assurance system certified ISO 9002 by BVQI.

In 2014, the Group implemented two digital technology innovations: the "Digidroit" service, which is a digital legal information service aimed at individuals, and the "Easy PJ" service, which supports individual policyholders whose cover cannot be activated by offering an alternative solution for the amicable settlement of small claims.

(d) Credit insurance

Groupama Assurance-Crédit is the Group specialist in matters of credit insurance and surety. Its products are marketed by the regional mutuals, Gan Assurances agents and specialist brokers. Its premium income amounted to €38 million as at 31 December 2014.

In 2014, Groupama Assurance-Crédit renewed two partnerships with professional agri-food associations and continued to develop its digital services offered to policyholders.

2.2.3.4 Agricultural insurance

The Group, a leading player in agricultural insurance in France, continues to provide insurance solutions that are either new or adjusted to all changes observed on the market. For farm equipment, the Titane Pro policy offers tailored cover. In property damage/TPL agricultural insurance, the Group rolled out its "Reference" offer, covering property damage, professional liability, operating losses

(1) Number of policies insured directly or indirectly (through the reinsurance agreement).

and livestock mortality. This insurance combines essential cover to protect the farmer and more specialised cover that is adapted to new agricultural practices: diversification, contractualisation, etc.

In multi-risk climate insurance, the Group held more than 83,000 policies in the portfolio at the end of 2014. Groupama supported its policyholders during a year that was marked by a succession of major events, which particularly affected farmers.

2.2.3.5 Professional insurance

This category includes micro-enterprises, very small businesses and heads of independent companies with very diverse profiles (craftsmen, retailers, self-employed professionals and service providers). Largely dominated by the networks of general agents, followed by the mutuals and the brokers, this is a highly sought-after and profitable market, which is becoming increasingly competitive since the advent of the *Accord National Interprofessionnel* (National Interprofessional Agreement) The Group has updated its comprehensive range of offerings and has diagnostic tools that enable risk analysis and advisory services that meet customers' needs as closely as possible.

2.2.3.6 Construction

In a particularly challenging economic environment, Groupama SA generated €92 million in premium income as at 31 December 2014, driven primarily by multi-risk policies (Non-Life, Civil Liability and Ten-Year Civil Liability) and distributed through the employee and agent networks.

2.2.3.7 Insurance for local authorities

As the leading insurer of local authorities and community associations, Groupama offers insurance policies and services that are designed for the long term and develops innovative solutions, especially for municipalities.

The Group provides prevention and advisory services adapted to the risks faced in today's environment: road safety, crisis management, prevention of climate-related risks, etc. In the area of climate-related risk prevention, the roll-out of the Groupama - Prédict service continued in 2014; this service sends out highly localised alerts on the Internet and by SMS in the event of a weather event or natural disaster, based on customised information provided up front. The Group has also rolled out the mayor's "e-guide" and its Apple and Android apps that inform elected members of the risks and how best to control them, and is gradually developing its service providing theft and vandalism prevention in public areas.

2.2.3.8 Commercial insurance

In a difficult economic environment where insurance capacity is decreasing, the Group has maintained its level of involvement with businesses. In addition to the agri-food sector, where Groupama remains the leading insurer, it is increasing its presence in the SMEs/SMIs segment; these small companies benefit from a very comprehensive offering including "foundation" coverage packages for property and casualty insurance, credit insurance, group insurance, employee savings and legal protection, as well as retirement savings and unemployment protection for business leaders.

2.2.4 LIFE AND HEALTH INSURANCE

Groupama SA generated premium income of €4 billion in life and health insurance (56% of premium income generated in France) as at 31 December 2014.

2.2.4.1 Individual health insurance

With a portfolio of 1.2 million policies as at 31 December 2014, the Group has confirmed its market-leading position in the individual health insurance segment (source: L'Argus de l'Assurance, 2013 ranking).

In 2014, Groupama adapted its offering to take into account new legal restrictions on Managers' policies. Partnerships with health care professionals were strengthened, thanks to the territory-wide ramp-up of a network of hearing aid specialists *via* Sévéane, a resource-pooling EIG established with Pro BTP. In addition, Groupama has rolled out the "Optique Solidaire" system intended for policyholders aged over 60 with modest incomes; this system enables them to purchase quality optical equipment at a reduced price.

Groupama was once again recognised by Dossiers de l'Epargne for providing products and services that are perfectly adapted to meet its policyholders' needs; the "Excellence" label was awarded to its Groupama SAnté Active offering.

2.2.4.2 Individual retirement savings

As at 31 December 2014, Groupama SA generated €1.8 billion in premium income in individual savings/pensions, with a share of unit-linked products in individual savings of 38%, representing a significant increase over the figure for 2013.

In 2014, the Group offered savings solutions for policyholders in an environment of low rates, particularly with offerings such as structured products, unit-linked products combining performance and security (Zen, Prophyre, Topaze and Mahogany) and an expanded range of sustainable funds (Flexible Allocation, Europe Actions Immobilier, Actions Emergentes, etc.). In 2014, the Group launched a new life insurance retirement savings tax relief policy with an innovative method of management (fixed-term management).

2.2.4.3 Protection

On the individual protection insurance market, Groupama continues to be the leading player in an increasingly competitive market. On the personal accident insurance market, Groupama is the second-largest insurer (source: FFSA, 2013 data) and has more than 600,000 policies in its portfolio, up 13% compared with 2013. In 2014, the creation of a PRO option, reserved for professionals, demonstrates the Group's capacity for innovation.

Groupama was once again awarded the "Excellence" label by Dossiers de l'Epargne for its personal accident insurance and death insurance offerings (Capital Essentiel and Capital Reference).

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2.2.4.4 Group insurance

Groupama SA generated €1.2 billion in group insurance premium income as at the end of 2014.

In 2014, the Group rolled out its "essentiel" healthcare range, launched in June 2013, in response to the *Accord National Interprofessionnel* (National Interprofessional Agreement) and developed offerings dedicated to group agreements in health and personal risk. In addition, during September, the Group extended its range of pensions products, with multi-component Article 39/IFC offerings added to the Article 83/Madelin retirement products.

The Group continued to optimise the performance of its services with a view to continuously improving customer satisfaction, not only for its end-customers but also its business partners. Its flagship projects include 100% online policy subscription, electronic policy documents and a new website for advisory and management services aimed at customers.

The quality of the Group's health and personal risk offerings was a dominant factor this year, once again. The "Excellence" labels awarded by Dossiers de l'Epargne recognised Groupama's offerings to employees, company founders and majority owner-Managers and, in September, brokers awarded Groupama Gan Vie the "Laurier de l'innovation produits en collectives" (award for innovation in group products).

2.2.4.5 Employee savings

Groupama Épargne Salariale is the Group subsidiary dedicated to employee savings. Its products are distributed mainly by the regional mutuals, Gan Assurances and Gan Prévoyance. Assets entrusted to Groupama Épargne Salariale by its customers and managed by Groupama Asset Management increased 8%, exceeding €1 billion by the end of 2014.

In 2014, 900 new customers subscribed from French companies, making the Group one of the market's most dynamic players.

2014 was marked by Groupama Épargne Salariale joining the EIG GES (Gestion de l'Epargne Salariale), an account management platform. This change in operational structure was accompanied by the development of digital services offered to customers and their employees, particularly the launch of an app for mobile phones enabling personalised emails confirming the processing of a transaction or alerting them to a new statement on their secure website.

2.3 INTERNATIONAL INSURANCE

Groupama SA generated international premium income of €2.8 billion in 2014, which represents 28% of the Group's insurance premium income. Premiums written reached €1.8 billion (66% of total premiums) in property and casualty insurance and €1.0 billion (34% of total premiums) in life and health insurance.

The Group is present in 11 countries, mainly in Europe and with growth areas in Asia. The table below presents Groupama's rankings in the major countries where the Group is present:

	2014		2013	
Ranking	**Non-life**	**Life**	**Non-life**	**Life**
Italy [(1)]	7	27	8	24
Turkey [(2)]	7	13	8	10
Hungary [(3)]	4	3	4	4
Romania [(4)]	5	10	4	9
Greece [(5)]	11	9	12	9

(1) Source: IVASS.
(2) Source: TSB/ Insurance Association of Turkey.
(3) Source: MABISZ.
(4) Source: ASF (ex. CSA).
(5) Source: HAIC - Hellenic Association of Insurance Companies.

The table below presents the geographical breakdown of consolidated premium incomes abroad.

Premium income *(in millions of euros)*	31.12.2014	31.12.2013	31.12.2012	Variation 2014/2013 (2)
International insurance	**2,788**	**2,646**	**2,727**	**+7.6%**
Italy	1,596	1,419	1,490	+11.5%
Turkey	406	429	398	+8.7%
Greece	146	152	167	-3.9%
Portugal	58	54	69	+8.1%
CEEC (1)	482	487	493	+1.6%
Other countries	99	105	110	-5.3%

(1) Central and Eastern European countries (Hungary, Romania, Bulgaria, Slovakia as from 2012).
(2) At constant scope of consolidation, exchange rate and accounting methods.

2.3.1 ITALY

The Italian market was down -3% in non-life insurance but recovered in the life insurance segment, which posted growth of 32% as at 30 September 2014.

Groupama Assicurazioni generated €1,596 million in premium income as at 31 December 2014, principally *via* a network of general agents across the entire territory and, since 2013, *via* the banking channel, as a result of partnerships concluded with regional banks in northern Italy.

In a highly competitive environment, premium income in property and casualty insurance reached €1,039 million as at 31 December 2014, including 77% from motor insurance. Groupama Assicurazioni launched new non-life insurance products adapted to the needs of customers in a time of economic crisis, both in home and motor insurance. In life and health insurance, premium income increased significantly in 2014 to reach €365 million as at 31 December 2014.

2.3.2 TURKEY

The non-life insurance segment made steady progress in Turkey with a rise of +9% while the life insurance segment dropped -9% as at 31 December 2014.

Groupama Sigorta and Groupama Emeklilik generated premium income of €406 million as at 31 December 2014 *via* a highly diversified distribution network of more than 2,300 agents, partnerships, brokers and banking partners throughout the territory. As at 31 December 2014, property and casualty insurance represented €325 million in premium income, and life and health insurance €81 million.

In 2014, the Group launched a Premium Protection insurance offering in the property and casualty insurance segment, available to all individual policies. In the individual health segment, new plans - the Santé Fit and Santé Smart packages - were offered to policyholders.

2.3.3 GREECE

The Greek insurance market recovered, with growth of +13% in life insurance while the non-life insurance segment remained negative at -10% as at 31 October 2014.

The €146 million in premium income as at 31 December 2014 was generated mainly by brokers and exclusive branches.

Premium income in property and casualty insurance, in a highly competitive market suffering the effects of the economic crisis, amounted to €88 million and represented 60% of the business. In life and health insurance, Groupama Phoenix generated premium income of €58 million. In 2014, the range of health insurance products was extended with two new offerings, adapted to the changes in local purchasing power, and a new individual savings product that was launched in October.

2.3.4 PORTUGAL

The Portuguese market declined slightly in non-life insurance, losing -0.3%, while in life insurance, the market was up +13% as at 30 November 2014.

Groupama Seguros is ranked 12th on the health insurance market and 19th on the life insurance market in Portugal (source: APS, 2014 data).

In Portugal, Groupama Seguros offers multi-line insurance products distributed by networks of agents and brokers. As at 31 December 2014, its premium income amounted to €58 million.

Premium income in life and health insurance stood at €51 million, representing 88% of the business, while premium income in property and casualty amounted to €7 million.

2.3.5 CENTRAL AND EASTERN EUROPEAN COUNTRIES (CEEC)

Groupama's premium income for countries in Central and Eastern Europe amounted to €482 million at 31 December 2014. The Group holds dominant positions in Hungary and Romania.

2.3.5.1 Hungary

The Hungarian market was up 4% in non-life insurance and 3% in life insurance as at 30 September 2014.

Groupama Garancia Biztosito generated premium income of €314 million as at 31 December 2014 *via* a highly diversified distribution network of agencies, banking partnerships, 400 brokers and online subscription sites. At 31 December 2014, life and health insurance represented €182 million and property and casualty insurance €133 million. In 2014, new products were launched, particularly in life insurance and health insurance, and the home insurance offering was revamped to better meet policyholders' needs.

2.3.5.2 Romania

The Romanian market is down -6% in life insurance and -5% in non-life insurance as at 30 September 2014.

Groupama Asigurari generated premium income of €160 million at 31 December 2014, driven in equal amounts by bancassurance, brokers, independent agents and the direct network. Property and casualty insurance represents the bulk of business with premium income of €148 million. New products and services were rolled out in 2014, particularly in motor insurance and agricultural insurance.

The Company received the XPRIMM award in 2014 for its life insurance products and the UNISCAR award for the quality of its services.

2.3.5.3 Bulgaria

At the end of 2014, premium income from the Bulgarian subsidiaries Groupama Zastrahovane and Groupama Jivotozastrahovane amounted to €7 million, including €4 million in life and health insurance.

2.3.6 OVERSEAS TERRITORIES

Gan Outre-Mer remains one of the major insurance players both in the Antilles (Guadeloupe, Martinique) and in the Pacific (New Caledonia, French Polynesia, Wallis and Futuna), with premium income of €99 million as at 31 December 2014, including €91 million from property and casualty insurance.

2.3.7 CHINA/VIETNAM

In China, the Groupama AVIC joint venture continued to develop during 2014 and is now ranked second among foreign non-life insurers on the Chinese market. Premium income generated by the 136 branches present in five provinces stood at €186 million [(1)] as at 31 December 2014. Innovative solutions in the agricultural insurance segment were developed in 2014.

In Vietnam, the Group is present on the non-life insurance market. Despite strong growth in 2014 and a significant breakthrough into the transport insurance segment, premium income currently remains marginal.

(1) Entity using the equity method in the consolidated accounts of Groupama SA.

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2.4 FINANCIAL AND BANKING BUSINESSES

2.4.1 GROUPAMA BANQUE

Groupama Banque offers a range of products and banking services to individuals, companies and professionals and to companies of the Group; it is also developing a private banking business. It is the parent company of the asset management subsidiaries of the Group.

Groupama Banque's income as at 31 December 2014 amounted to €154 million. It continued its development despite the unstable economic environment and unprecedentedly low interest rates.

At the end of the year, outstanding deposits amounted to €2.0 billion and outstanding loans exceeded €1.6 billion. In 2014, Groupama Banque extended its range of Elancio progressive interest rate accounts, initially dedicated to individuals, with the launch of Elancio PRO for professional customers. It also carried out a significant programme of development of its digital services, particularly the upgrade and enhancement of its mobile banking app. Customer satisfaction levels (93% for individuals), resulting from surveys carried out [1] at the end of the year, remain high.

The bank's products and services were recognised once again in 2014: seven "Excellence" labels were awarded to Groupama Banque by Dossiers de l'Epargne, for the quality of its offering.

2.4.2 GROUPAMA ASSET MANAGEMENT

Groupama Asset Management, a subsidiary dedicated to asset management, is ranked ninth among French asset management companies (AFG ranking as at 30 November 2014). Groupama Asset Management posted income of €123 million as at 31 December 2014. Assets under management at the end of 2014 amounted to €91.4 billion, including 15% on behalf of external customers.

With regard to SRI, in line with the Group's policy and values, Groupama Asset Management incorporates ESG (environmental, social and governance) criteria into its overall management.

The quality of management of the range of funds was once again recognised this year at the Trophées du Revenu, with the award of the bronze "Trophée" for management of international bonds, and by the "Corbeilles Mieux vivre votre Argent" as the best range of profiled funds. In addition, the management company was ranked as the leading French asset Manager (in the category of 70-100 funds) at the European Funds Trophy awards.

2.4.3 GROUPAMA IMMOBILIER

The core activities of Groupama Immobilier are the valuation of properties under management, the administrative and financial management of leases and providing advice to companies of the Group and third parties.

Groupama Immobilier is ISO 9001-2000 certified for all its property management activities.

In 2014, the Group created a property portfolio management company (Groupama Gan REIM) - a subsidiary of Groupama Immobilier (60%) and Groupama Gan Vie (40%) - to manage OPCI/SPCI products (French real estate mutual funds and investment trusts) designed for use as unit-linked investment vehicles.

As at 31 December 2014, property assets held by Groupama SA and its French subsidiaries represented a total value of €3.4 billion. These assets include commercial real estate (69%) and residential real estate (27%), mainly in Paris and its immediate suburbs, as well as forests (4%).

(1) Telephone and email surveys performed by the INIT from 29 September to 20 October 2014.

1 2 3 4 5 6 7

3

CORPORATE GOVERNANCE AND INTERNAL CONTROL

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3.1 MEMBERSHIP OF THE ADMINISTRATIVE AND MANAGEMENT BODIES

3.1.1 BOARD OF DIRECTORS AS AT 31 DECEMBER 2014

Chairman:

- Jean-Yves Dagès

Vice-Chairman:

- Jean-Louis Pivard

Directors:

Representing the Controlling shareholder:

- Michel Baylet
- Annie Bocquet
- Daniel Collay
- Amaury Cornut Chauvinc
- Marie-Ange Dubost (1)
- Michel L'Hostis
- François Schmitt

Independent members:

- Caroline Grégoire Sainte Marie
- Bruno Rostain
- Odile Roujol

Employee representatives:

- Maria Frigara
- Brigitte Homo

Works Council representative:

- Rémi Paris

Secretary of the Board:

- Fabrice Heyriès (2)

(1) During its meeting on 31 July 2014, the Board of Directors appointed Marie-Ange Dubost to replace Jean-Marie Bayeul. This appointment will be submitted to the General Meeting on 18 June 2015 for ratification.

(2) Fabrice Heyriès replaced Astrid Panosyan on 22 September 2014.

3.1.2 OFFICES HELD BY THE DIRECTORS

As far as the Company is aware, the other offices held by the Directors during the past five years are those listed below:

JEAN-YVES DAGÈS

Date of birth: 21 July 1958

BUSINESS ADDRESS

GROUPAMA D'OC
14, RUE VIDAILHAN
BP 93105
31131 BALMA CEDEX

Main role in the Company

Jean-Yves Dagès has been Chairman of the Board of Directors since 14 December 2012 and a Director since 3 August 2011. His term of office will expire at the close of the General Meeting convened to approve the financial statements for the year ended 31 December 2014.

He was a member of the Audit and Risk Management Committee from 3 August 2011 to 14 December 2012.

Main position outside the Company

- Farmer

Professional experience/Management expertise

- Chairman of Fédération Nationale Groupama
- Chairman of Groupama d'Oc

Current offices held

Served within the Group in France

Groupama Holding	› Chairman of the Board of Directors	Since 14 December 2012
	› Director	Since 21 September 2011
Groupama Holding 2	› Chairman of the Board of Directors	Since 14 December 2012
	› Director	Since 21 September 2011

Offices held between 2010 and 2014 no longer held by Mr Dagès

Served within the Group in France

Centaure Midi-Pyrénées	› Permanent representative of Groupama d'Oc, Director (end of term 13 June 2012)
Gan Assurances	› Chairman of the Board of Directors (end of term 13 February 2013)
Groupama Asset Management	› Director (end of term 13 October 2011)
Groupama Assurance-Crédit	› Permanent representative of Groupama d'Oc, Director (end of term 13 October 2011)
Groupama Banque	› Permanent representative of Misso, Director (end of term 13 October 2011)
Groupama Holding	› Vice-Chairman of the Board of Directors (end of term 14 December 2012)
Groupama Holding 2	› Vice-Chairman of the Board of Directors (end of term 14 December 2012)
Groupama Immobilier	› Director (end of term 29 January 2013)
Groupama SA	› Vice-Chairman of the Board of Directors (end of term 14 December 2012)

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JEAN-LOUIS PIVARD

Date of birth: 27 May 1958

BUSINESS ADDRESS

GROUPAMA RHÔNE-ALPES AUVERGNE
50, RUE DE SAINT CYR
69251 LYON CEDEX 9

Main role in the Company

Jean-Louis Pivard has been Vice-Chairman of the Board of Directors since 14 December 2012 and a Director since 25 April 2012. His term of office will expire at the close of the General Meeting convened to approve the financial statements for the year ended 31 December 2014.

After serving as a member of the Agreements Committee from 30 May to 14 December 2012, he has been a member of the Audit and Risk Management Committee since 14 December 2012.

Main position outside the Company

- Farmer

Professional experience/Management expertise

- Vice-Chairman and Treasurer of Fédération Nationale Groupama
- Chairman of Groupama Rhône-Alpes Auvergne

Current offices held

Served within the Group in France

Gan Assurances	Chairman of the Board of Directors	Since 13 February 2013
	Director	Since 7 March 2007
Groupama Holding	Director	Since 18 April 2012
Groupama Holding 2	Director	Since 18 April 2012
SCI Château de Cap de Fouste	Member of the Supervisory Board	Since 21 June 2013
SCI Domaine de Nalys	Director	Since 8 March 2013

Offices held from 2010 to 2014 no longer held by Mr Pivard

Served within the Group in France

Gan Patrimoine	Chairman of the Board of Directors (end of term 13 February 2013)
Groupama Gan Vie	Director (end of term 14 December 2012)
Groupama Immobilier	Director (end of term 29 January 2013)

MICHEL BAYLET

Date of birth: 29 September 1954

BUSINESS ADDRESS

GROUPAMA CENTRE-ATLANTIQUE
2, AVENUE DE LIMOGES
BP 8527
79044 NIORT CEDEX 9

Main role in the Company

Michel Baylet has been a Director since 29 June 2006. His term of office was renewed at the General Meeting on 27 May 2009 and will expire at the close of the General Meeting convened to approve the financial statements for the year ending 31 December 2014.

After serving as a member of the Audit and Risk Management Committee from 30 May 2007 to 14 December 2012, he has been a member of the Compensation and Appointments Committee since 14 December 2012.

Main position outside the Company

- Farmer

Professional experience/Management expertise

- Vice-Chairman of Fédération Nationale Groupama
- Chairman of Groupama Centre-Atlantique

Current offices held

Served within the Group in France

Centaure Midi-Pyrénées	Director	Since 14 June 2007
Gan Prévoyance	Chairman of the Board of Directors	Since 11 July 2006
Groupama Holding	Director	Since 29 June 2006
Groupama Holding 2	Director	Since 29 June 2006
SCA Château d'Agassac	Chairman of the Management Board	Since 28 January 2008
SCI Château de Cap de Fouste	Member of the Supervisory Board	Since 27 June 2008
SCI Domaine de Nalys	Director	Since 24 January 2008

Offices held from 2010 to 2014 no longer held by Mr Baylet

Served within the Group in France

Gan Patrimoine	Director (end of term 13 February 2013)
Groupama Holding	Vice-Chairman of the Board of Directors (end of term 23 May 2012)
Groupama Holding 2	Vice-Chairman of the Board of Directors (end of term 23 May 2012)
Groupama SA	Vice-Chairman of the Board of Directors (end of term 26 October 2011)

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ANNIE BOCQUET

Date of birth: 23 August 1950

BUSINESS ADDRESS

GROUPAMA NORD-EST
2, RUE LÉON PATOUX
CS 90010
51686 REIMS CEDEX 2

Main role in the Company

Annie Bocquet has been a Director since 30 June 2008. Her term of office was renewed at the General Meeting on 27 May 2009 and will expire at the close of the General Meeting convened to approve the financial statements for the year ending 31 December 2014.

She has been a member of the Compensation and Appointments Committee since 30 June 2008.

Main position outside the Company

- Farmer (retired)

Professional experience/Management expertise

- Vice-Chairman of Fédération Nationale Groupama
- Chairman of Groupama Nord-Est

Current offices held

Served within the Group in France

Groupama Banque	Chairman of the Board of Directors	Since 1 October 2009
Groupama Holding	Vice-Chairman of the Board of Directors	Since 14 December 2012
	Director	Since 27 August 2008
Groupama Holding 2	Vice-Chairman of the Board of Directors	Since 14 December 2012
	Director	Since 27 August 2008

Offices held from 2010 to 2014 no longer held by Ms Bocquet

Served within the Group in France

Groupama Asset Management	Vice-Chairman of the Board of Directors (end of term 14 February 2013)
Groupama Immobilier	Vice-Chairman of the Board of Directors (end of term 29 January 2013)

DANIEL COLLAY

Date of birth: 17 January 1961

BUSINESS ADDRESS

GROUPAMA PARIS VAL DE LOIRE
161, AVENUE PAUL VAILLANT COUTURIER
94250 GENTILLY

Main role in the Company

Daniel Collay has been a Director since 30 May 2012. His term of office will expire at the close of the General Meeting convened to approve the financial statements for the year ended 31 December 2014.

He has been a member of the Agreements Committee since 14 December 2012 and became Chairman on 18 September 2013.

Main position outside the Company

- Farmer

Professional experience/Management expertise

- Vice-Chairman of Fédération Nationale Groupama
- Chairman of Groupama Paris Val de Loire

Current offices held

Served within the Group in France

Amaline Assurances	Chairman of the Board of Directors	Since 29 October 2014
Groupama Holding	Director	Since 23 May 2012
Groupama Holding 2	Director	Since 23 May 2012
Mutuaide Assistance	Chairman of the Board of Directors	Since 14 February 2013
SCA Château d'Agassac	Member of the Management Board	Since 8 February 2013
SCI Agrisud	Manager	Since 2 July 2004
SCI Château de Cap de Fouste	Member of the Supervisory Board	Since 16 April 2013
SCI Domaine de Nalys	Director	Since 8 March 2013

Offices held from 2010 to 2014 no longer held by Mr Collay

Served within the Group in France

Gan Prévoyance	Director (end of term 1 January 2013)
Groupama Gan Vie	Director (end of term 14 December 2012)

AMAURY CORNUT-CHAUVINC

Date of birth: 17 January 1953

BUSINESS ADDRESS

GROUPAMA MÉDITERRANÉE
MAISON DE L'AGRICULTURE
BÂTIMENT 2
PLACE CHAPTAL
34261 MONTPELLIER CEDEX 2

Main role in the Company

Amaury Cornut-Chauvinc has been a Director since 30 May 2007. His term of office was renewed at the General Meeting on 27 May 2009 and will expire at the close of the General Meeting convened to approve the financial statements for the year ending 31 December 2014.

He has been a member of the Audit and Risk Management Committee since 30 June 2008.

Main position outside the Company

- Farmer

Professional experience/Management expertise

- Deputy Vice-Chairman of Fédération Nationale Groupama
- Chairman of Groupama Méditerranéew

Current offices held

Served within the Group in France

Groupama Gan Vie	Chairman of the Board of Directors	Since 17 December 2009
Groupama Holding	Director	Since 17 October 2007
Groupama Holding 2	Director	Since 17 October 2007
SCA Château d'Agassac	Representative of Groupama SA, member of the Management Board	Since 8 February 2013
SCI Château de Cap de Fouste	Chairman of the Supervisory Board	Since 7 June 2011
	Member of the Supervisory Board	Since 14 June 2007
SCI Domaine de Nalys	Chairman of the Board of Directors	Since 6 December 2011
	Director	Since 1 June 1999

Served outside the Group in France

Paysan du Midi	Director	Since 6 June 2007

Offices held from 2010 to 2014 no longer held by Mr Cornut-Chauvinc

Served within the Group in France

SCA Château d'Agassac	Member of the Management Board (end of term 8 February 2013)

Served outside the Group in France

Cave de Tain l'Hermitage	Chairman of the Board of Directors (end of term 13 December 2010)
Société du Journal Midi Libre	Permanent Representative of Groupama Sud, member of the Supervisory Board (end of term 31 December 2011)

MARIE-ANGE DUBOST

Date of birth: 6 August 1955

BUSINESS ADDRESS

GROUPAMA CENTRE-MANCHE
35, QUAI DE JUILLET
BP 169
14010 CAEN CEDEX 1

Main role in the Company

Marie-Ange Dubost has been a Director since 31 July 2014. Her term of office will expire at the close of the General Meeting convened to approve the financial statements for the year ended 31 December 2014.

She has been a member of the Audit and Risk Management Committee since 31 July 2014.

Main position outside the Company

- Farmer

Professional experience/Management expertise

- Vice-Chairman of Fédération Nationale Groupama
- Chairman of Groupama Centre-Manche

Current offices held

Served within the Group in France

Groupama Assurance-Crédit	Chairman of the Board of Directors	Since 27 June 2014
Groupama Holding	Director	Since 17 September 2014
Groupama Holding 2	Director	Since 17 September 2014
SCA Château d'Agassac	Member of the Management Board	Since 15 September 2014

Offices held from 2010 to 2014 no longer held by Ms Dubost

Served within the Group in France

Gan Prévoyance	Director (end of term 6 October 2010)
Gan Eurocourtage	Director (end of term 31 December 2012)
Groupama Gan Vie	Director (end of term 14 December 2012)

Served within the Group abroad

Groupama Assicurazioni Spa	Director (end of term 1 October 2013)

CAROLINE GRÉGOIRE SAINTE MARIE

Date of birth: 27 October 1957

Main role in the Company

Caroline Grégoire Sainte Marie has been an Independent Director since 25 May 2011. Her term of office will expire at the close of the General Meeting convened to approve the financial statements for the year ended 31 December 2016.

She has been a member of the Compensation and Appointments Committee since 22 June 2011 and became Chairman on 24 October 2011. She has also been a member of the Audit and Risk Management Committee since 25 May 2011.

Main position outside the Company

- Company Director

Professional experience/Management expertise

2009 to 2011: Chairman of Frans Bonhomme (SAS)

2007 to 2009: Chief Executive Officer of Tarmac, France and Belgium

1997 to 2007: Lafarge

- 2004 to 2007: Chief Executive Officer of Lafarge Ciment Germany, Head of Mergers-Acquisitions of the Cement Branch
- 1997 to 2004: Financial and Legal Officer of the Specialist Metals Sector

1994 to 1997: Financial Officer at Albert Roussel Pharma, Germany

1983 to 1997: Various positions in the Management and Finance Control Department at Hoechst Pharma

Current offices held

Served outside the Group in France

Safran*	Non-voting Director	Since 21 April 2011
Eramet*	Director	Since 25 May 2012

Served outside the Group abroad

FLSmidth*	Director	Since 30 March 2012

Terms held from 2010 to 2014 no longer held by Ms Grégoire Sainte Marie

Served outside the Group in France

Bonhom Management	Non-shareholding Manager (end of term 1 September 2011)
Bonhom SAS	Chief Executive Officer (end of term 29 April 2011)
Frans Bonhomme	Chairman (end of term 1 September 2011)

* *Listed company.*

MICHEL L'HOSTIS

Date of birth: 25 September 1955

BUSINESS ADDRESS

GROUPAMA LOIRE BRETAGNE
23, BOULEVARD DE SOLFÉRINO
CS 51209
35012 RENNES CEDEX

Main role in the Company

Michel L'Hostis has been a Director since 17 January 2013. His term of office will expire at the close of the General Meeting convened to approve the financial statements for the year ended 31 December 2014.

He has been a member of the Agreements Committee since 17 January 2013.

Main position outside the Company

- Farmer

Professional experience/Management expertise

- Vice-Chairman of Fédération Nationale Groupama
- Chairman of Groupama Loire Bretagne

Current offices held

Served within the Group in France

Gan Patrimoine	Chairman of the Board of Directors	Since 13 February 2013
Groupama Holding	Director	Since 20 February 2013
Groupama Holding 2	Director	Since 20 February 2013

Offices held from 2010 to 2014 no longer held by Mr L'Hostis

Served within the Group in France

Gan Eurocourtage	Director (end of term 31 December 2012)
Groupama Gan Vie	Director (end of term 15 February 2013)

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BRUNO ROSTAIN

Date of birth: 18 April 1956

BUSINESS ADDRESS

BLACKFIN CAPITAL PARTNERS
127, AVENUE DES CHAMPS-ELYSÉES
75008 PARIS

Main role in the Company

Bruno Rostain has been an Independent Director since 2 August 2012. His term of office will expire at the close of the General Meeting convened to approve the financial statements for the year ended 31 December 2016.

He has been Chairman of the Audit and Risk Management Committee since 2 August 2012.

Main position outside the Company

- Chief Executive Officer of Blackfin Capital Partners

Professional experience/Management expertise

Since 2009: Chief Executive Officer of Blackfin Capital Partners

1991 to 2008: Aviva

- 2003 to 2008: Chairman of the Executive Board of Aviva France - Chairman of SEV and Aviva Direct - Chairman of Aviva Assurances and Aviva Vie
- 1999 to 2003: Deputy General Manager, then Chief Executive Officer of Aviva Vie (Commercial Union, Abeille and Norwich Union, which became Aviva in 2002)
- 1998 to 1999: On assignment at Commercial Union Life of America, USA
- 1995 to 1998: Chief Executive Officer at Commercial Union Assurances
- 1992 to 1995: Director of the Brokerage Enterprise Division at Abeilles Assurances
- 1991 to 1992: Director of the Office of the Chairman and CEO, Victoire Group

1989 to 1991: Ministry of Foreign Trade - Technical Adviser to the cabinet of Jean-Marie Rausch

1987 to 1989: Ministry of Agriculture - Representative to the Directorate Generate of Food

1985 to 1987: Regional Directorate of Industry and Research of Lorraine - Division head in charge of energy and mines

Current offices held

Served outside the Group in France

AnimSur SAS	› Chairman	Since 9 April 2014
Blackfin Capital Partners	› Chief Executive Officer	Since 19 March 2009
Chiarezza SAS	› Chairman	Since 25 January 2012
Finanzen France SAS	› Chairman	Since 31 July 2013
HSBC Assurances Vie	› Director	Since 22 October 2009
Société Financière du Porte Monnaie Electronique Interbancaires (SFPMEI)	› Director	Since 6 December 2010

Offices held from 2010 to 2014 no longer held by Mr Rostain

Served outside the Group in France

Compamut	› Chairman (end of term 24 January 2014)
Hestis SAS	› Chairman (end of term 07 February 2014)
KBO SAS	› Chairman (end of term 25 February 2014)
Mister Assur SAS	› Chairman (end of term 24 January 2014)
Owliance	› Director (end of term 31 October 2012)

ODILE ROUJOL

Date of birth: 14 January 1968

BUSINESS ADDRESS

ORANGE VILLAGE
BÂTIMENT A
1, AVENUE NELSON MANDELA
94745 ARCUEIL CEDEX

Main role in the Company

Odile Roujol has been an Independent Director since 1 August 2013. Her term of office was renewed at the General Meeting on 11 June 2014 and will expire at the close of the General Meeting convened to approve the financial statements for the year ending 31 December 2019.

She has been a member of the Agreements Committee since 1 August 2013 and became Chairman on 13 February 2014.

Main position outside the Company

- Head of Client Strategy and Data, Orange France

Professional experience/Management expertise

Since 2009: Orange group

- since November 2013: Head of Client Strategy and Data, Orange France
- April 2010 to October 2013: Head of Brand and Communication, France
- 2009 to 2010: Head of Customer Marketing for Orange's general public businesses in France

1996 to 2009: L'Oreal group

- 2006 to 2009: Chief Executive Officer at Lancôme International
- 2005 to 2006: Deputy Chief Executive Officer at Lancôme International
- 2003 to 2005: Deputy Chief Executive Officer – Deputy General Manager Senior-Vice President Marketing, Lancôme USA
- 2001 to 2002: Chief Executive Officer for France, Lancôme
- 1999 to 2001: Head of International Marketing for care and cosmetics, Lancôme
- 1996 to 1998: Head of Make-up, Lancôme

1992 to 1995: Brand Manager then Head of Make-up – Yves Saint Laurent Parfums

1989 to 1992: Brand Manager – Bourjois

Current offices held

None

Terms held from 2010 to 2014 no longer held by Ms Roujol

None

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FRANÇOIS SCHMITT

Date of birth: 06 March 1963

BUSINESS ADDRESS

GROUPAMA GRAND EST
101, ROUTE DE HAUSBERGEN
BP 30014 -SCHILTIGHEIM
67012 STRASBOURG CEDEX 1

Main role in the Company

François Schmitt has been a Director since 30 June 2008. His term of office was renewed at the General Meeting on 27 May 2009 and will expire at the close of the General Meeting convened to approve the financial statements for the year ending 31 December 2014.

After serving as a member of the Agreements Committee from 30 June 2008 to 26 August 2009, he has been a member of the Compensation and Appointments Committee since 26 August 2009.

Main position outside the Company

- Farmer

Professional experience/Management expertise

- Deputy Chairman of Fédération Nationale Groupama
- Chairman of Groupama Grand Est

Current offices held

Served within the Group in France

Groupama Holding	Director	Since 27 August 2008
Groupama Holding 2	Director	Since 27 August 2008
SCI Château de Cap de Fouste	Member of the Supervisory Board	Since 10 June 2009
SCI Domaine de Nalys	Director	Since 10 December 2008

Served within the Group abroad

Groupama Assicurazioni Spa	Chairman of the Board of Directors	Since 30 January 2013

Offices held from 2010 to 2014 no longer held by Mr Schmitt

Served within the Group in France

Mutuaide Assistance	Chairman of the Board of Directors (end of term 14 February 2013)

Served outside the Group in France

SICLAÉ	Member of the Supervisory Board (end of term 31 December 2012)

MARIA FRIGARA

Date of birth: 1 October 1954

BUSINESS ADDRESS

GROUPAMA SA
IMMEUBLE LE DIAMANT
14-16, RUE DE LA RÉPUBLIQUE
92800 PUTEAUX

Main role in the Company

Maria Frigara has been a Director representing the employees of Groupama SA since 28 February 2012. Her term will expire after the elections to be held in 2016.

Main position outside the Company

None

Professional experience/Management expertise

- Assistant in the Human Resources Department

Current offices held

None

Offices held from 2010 to 2014 no longer held by Ms Frigara

None

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BRIGITTE HOMO

Date of birth: 06 November 1958

BUSINESS ADDRESS

GROUPAMA
5-7, RUE DU CENTRE
93199 NOISY LE GRAND

Main role in the Company

Brigitte Homo has been a Director representing the employees of Groupama SA since 1 December 2010. She was re-elected on 28 February 2012. Her term will expire after the elections to be held in 2016.

Main position outside the Company

None

Professional experience/Management expertise

- Coordination - Direction Assurances France

Current offices held

None

Offices held from 2010 to 2014 no longer held by Ms Homo

None

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3.1.3 EXECUTIVE MANAGEMENT

The Company is managed by a CEO by resolution of the Company's Board meeting held on 18 December 2003 to separate the roles of the Chairman and the CEO and, as of 14 December 2011, a Deputy Chief Executive Officer appointed by the Board of Directors at the proposal of the CEO.

Thierry Martel, Chief Executive Officer, and Christian Collin, Deputy Chief Executive Officer, are vested with the broadest powers to act on behalf of the Company under any and all circumstances. They exercise their authority within the limit of the corporate purpose and subject to the authority expressly granted to General Meetings and the Board of Directors and within the limits set by the bylaws and the Board of Directors (see section 3.2.1.4).

As far as the Company is aware, the other terms of office held by the Chief Executive Officer and the Deputy Chief Executive Officer are those listed below:

THIERRY MARTEL

Date of birth: 25 October 1963

BUSINESS ADDRESS

GROUPAMA SA
8-10, RUE D'ASTORG
75008 PARIS

Main role in the Company

Thierry Martel was appointed Chief Executive Officer of Groupama SA on 24 October 2011. His term expires at the close of the General Meeting convened to approve the financial statements for the year ended 31 December 2014.

Main position outside the Company

- Chief Executive Officer of Fédération Nationale Groupama
- Chairman of Fédération Française des Sociétés d'Assurance Mutuelles (FFSAM)

Professional experience/Management expertise

- January 2010 to November 2011: Chief Executive Officer of Assurance & Banque France
- September 2008 to December 2010: Chief Executive Officer of Assurance France in charge of insurance and services to individuals, businesses and local communities and the Gan Assurances profit centre
- November 2006 to September 2008: General Manager of Individual Insurance and Services, in charge of the private, farming and professional markets
- March 2005 to October 2006: General Manager of Personal Insurance at Groupama SA
- November 2003 to February 2005: Auditing Manager overseeing Group Actuarial Affairs at Groupama SA
- April 1999 to October 2003: Head of Insurance at Groupama Grand Est
- September 1995 to March 1999: Head of Resources at Groupama Grand Est
- December 1990 to August 1995: Groupama Assurance Internationale: head of the Logistics and Organisation Department in charge of legal and technical due diligence in M&A transactions
- April 1988 to December 1990: Insurance commissioner/auditor in the Insurance Department of the Ministry of Economy and Finance
- September 1987 to April 1988: temporary transfer to serve as Finance Inspector at the Office of the Inspector General of Finance

Graduated from the École Polytechnique in July 1985.

Graduated from the Institut d'Études Politiques de Paris in July 1987 (Economics/Finance Division – majoring in finance and tax affairs).

Certified member of the Institut des Actuaires Français

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Current offices held		
Served within the Group in France		
Groupama Holding	Non-Director Chief Executive Officer	Since 26 October 2011
Groupama Holding 2	Non-Director Chief Executive Officer	Since 14 December 2012
Served outside the Group in France		
La Banque Postale Assurances IARD	Vice-Chairman of the Board of Directors	Since 08 December 2011
	Director	Since 10 December 2009

Offices held from 2010 to 2014 no longer held by Mr Martel	
Served within the Group in France	
Amaline Assurances	Chairman of the Board of Directors (end of term 21 March 2012)
Gan Patrimoine	Non-Director Chief Executive Officer (end of term 9 January 2012)
Groupama Banque	Permanent representative of Groupama SA, Director (end of term 13 October 2011) then Vice-Chairman of the Board of Directors (end of term 9 February 2012)
Groupama Gan Vie	Non-Director Chief Executive Officer (from 26 September to 28 November 2012)
Groupama Holding 2	Non-Director Chief Executive Officer (from 26 October 2011 to 19 September 2012)
SGPS	Manager (end of term 12 June 2013)
Served outside the Group in France	
Cegid Group*	Director (end of term 20 December 2011)
Société Générale*	Director (end of term 30 August 2013)

* *Listed company.*

CHRISTIAN COLLIN

Date of birth: 11 May 1954

BUSINESS ADDRESS

GROUPAMA SA
8-10, RUE D'ASTORG
75008 PARIS

Main role in the Company

Christian Collin was appointed Chief Executive Officer of Groupama SA on 24 October 2011. His term expires at the close of the General Meeting convened to approve the financial statements for the year ended 31 December 2014.

Main position outside the Company

- Director of the Fonds de Garantie des Assurances de Personnes (FGAP)

Professional experience/Management expertise

Since 2000: Groupama group

2010 to October 2011: General Manager of Finance and Risk at Groupama

- 2005 to 2009: General Secretary – Head of Strategy and Group HR. As of 2007, he also held positions in the Innovation Department and in early 2008, the Ethics and Sustainable Development Departments, as well as the M&A Department.
- 2002 to 2005: General Secretary of Groupama
- 2000 to 2002: Group Head of Legal, Tax and Logistics in charge of the Gan restructuring and the Groupama SA/Gan SA merger

1980 to 2000: Gan group

1998 to 2000: following the Gan privatisation, served as Head of Financial, Legal and Tax and Head of Strategic Marketing, Quality and Communications at Gan SA

- 1996 to 1998: Head of Strategy and Finance in charge of the Gan restructuring plan
- 1991 to 1996: General Secretary at Gan
- 1986 to 1991: Head of General Affairs at Gan
- 1980 to 1986: Head of the Organisation Department at Gan Incendie Accidents

1978 to 1980: Banque de Développement Économique de Tunisie – Representative

1977 to 1978: Groupe Lafarge – Representative of the Financial Department of Ciments Lafarge

Graduated from ESCP Europe (1977)

Current offices held		
Served within the Group in France		
Groupama Holding	Deputy Chief Executive Officer	Since 26 October 2011
Groupama Holding 2	Deputy Chief Executive Officer	Since 14 December 2012
Served outside the Group in France		
La Banque Postale Assurances IARD	Director	Since 10 December 2009
Fonds Stratégique de Participations	Permanent representative of Groupama SA, member of the Board of Directors	Since 1 July 2014
Gimar Finance & Compagnie	Permanent representative of Groupama Investissements, member of the Board of Directors	Since 06 December 2004
Served outside the Group abroad		
STAR*	Director	Since 16 October 2008

Offices held from 2010 to 2014 no longer held by Mr Collin	
Served within the Group in France	
Compagnie Foncière Parisienne	Chairman of the Board of Directors (end of term 05 October 2011)
Groupama Asset Management	Chairman of the Board of Directors (end of term 13 October 2011) then Permanent Representative of Gan Prévoyance, Director (end of term 4 May 2012)
Groupama Banque	Vice-Chairman of the Board of Directors (end of term 13 October 2011) then Permanent Representative of Groupama SA, Director (end of term 9 February 2012)
Groupama Holding 2	Deputy Chief Executive Officer (26 October 2011 to 19 September 2012), then Non-Director Chief Executive Officer (19 September to 14 December 2012)
Groupama Immobilier	Chairman of the Board of Directors (end of term 12 October 2011)
Groupama Private Equity	Chairman of the Board of Directors (end of term 06 December 2011)
Silic*	Permanent representative of Groupama SA, Director (end of term 22 June 2012)
Served outside the Group in France	
Cegid Group*	Director (end of term 20 December 2011)
Served outside the Group abroad	
Mediobanca*	Director (end of term 15 April 2014)

* *Listed company.*

3.1.4 STEERING COMMITTEE

The Steering Committee assists Groupama SA's Executive Management in carrying out its duties in managing the Company. It develops, proposes and implements the strategy of Groupama SA in accordance with the Group's general guidelines set by Fédération Nationale Groupama. It runs the French and international subsidiaries.

As the entity that prepares and approves the operating decisions that are the responsibility of Groupama SA, it sets the major priorities for the work of the various departments of Groupama SA and monitors the implementation of these decisions.

The committee is made up of 12 members and brings together representatives of Groupama SA's major departments to meet with the Chief Executive Officer and the Deputy Chief Executive Officer on a bi-monthly basis.

3.1.5 GROUP EXECUTIVE COMMITTEE

The Group Executive Committee participates in the preparation and operational monitoring of the Group's strategy. It implements strategy in the Group and ensures the operational coordination of all the entities' business lines.

The Group Executive Committee is made up of the Chief Executive Officers of the regional mutuals and the Senior Managers of Groupama SA. It is chaired by the Company's Chief Executive Officer. It meets monthly and may meet more often if the situation requires.

There are specialised Operating Committees (COMOP) – business lines, development, operational processes, information technology, finance, human resources and communication – whose members include the appropriate executives from the Group's entities. They contribute to the preparation of project files for the Group Executive Committee and propose steps to be taken on the operational level in accordance with the strategic guidelines.

3.1.6 RELATIONS WITHIN THE MANAGEMENT BODIES

As far as the Company is aware, there are no family ties among the members of the Company's Board of Directors or among the members of the Executive Management.

As far as the Company is aware, during the past five years: (i) no member of the Company's Board of Directors has been sentenced for fraud (ii) no member of the Board of Directors has been involved in any bankruptcy or placed in receivership or liquidation, and (iii) no official public charges and/or sanctions have been issued against such persons by statutory or regulatory authorities (including by designated professional agencies).

Furthermore, as far as the Company is aware, no Director has been prevented by any court of law from acting as a member of an administrative, management or supervisory body of any issuer or from participating in the management or the conduct of the business of any issuer in the past five years.

There is no arrangement or agreement entered into with the principal shareholders, nor with customers or suppliers under which any member of the Board of Directors or of the Company's Executive Management would have been selected.

There are no restrictions accepted by the members of the Board of Directors concerning the sale of any interests owned by them in the equity of the Company.

3.1.7 CONFLICTS OF INTEREST IN THE MANAGEMENT BODIES

In order to review the occurrence of any conflicts of interest between the duties of the people referred to in point 3.1 and their respective private and/or professional interests, an Agreements Committee has been established, the role and operation of which are described in 3.2.2.3.

Note that the Internal Regulations, in their Article 4.2.4, reiterate the Directors' duties of loyalty and the rules for prevention of conflicts of interest.

To date, the committee has not identified any conflicts of interest.

3.1.8 LACK OF SERVICE AGREEMENTS

As at the date of filing of this registration document, there were no service agreements binding the members of the Company's administrative and management bodies or any of its subsidiaries.

Sections 3.2., 3.3. and 3.4. below are the Chairman's report, drafted pursuant to Article L. 225-37 of the Commercial Code and Article R. 336-1 of the Insurance Code. This report, which was approved by the Groupama SA Board of Directors in its meeting of 18 February 2015, is based on the information compiled under the authority of the Groupama SA Executive Management. It describes the corporate governance of Groupama SA, the rules adopted to calculate the compensation and other benefits granted to the corporate officers, the internal control system in effect in the Company at the end of 2014 and the Group's internal control system established by Groupama SA as a consolidating entity (subsidiaries) and a combining entity (subsidiaries and regional mutuals).

3.2 DISCLOSURES ON CORPORATE GOVERNANCE

3.2.1 BOARD OF DIRECTORS

3.2.1.1 Membership

The Company is administered by a Board of Directors made up of 14 members, including:

- 12 Directors appointed by the General Meeting:
  - 9 Directors who are Chairmen of Groupama metropolitan regional mutuals, representing the Controlling shareholder,
  - 3 Independent Directors as defined by the AFEP-MEDEF task force and in the Internal Regulations of the Board of Directors (see appendix 4 of section 7.1.3.4);
- 2 Directors elected by employees.

During the fiscal year 2014, the composition of the Board of Directors was modified as a result of the appointment of Marie-Ange Dubost replacing Jean-Marie Bayeul, on 31 July 2014. Mrs Dubost's appointment will be approved at the Combined General Meeting on 18 June 2015 (see Fifth Resolution).

The average age of the Directors is 57.

The proportion of female Directors is 33.3% excluding the two Directors elected by the employees (42.8% including them).

The General Meeting did not use the authority provided for in Article 18 of the bylaws to appoint non-voting Directors.

3.2.1.2 Duration and Expiry of Terms of Office

The duration of the terms of office of the Directors appointed by the General Meeting is six years. These terms of office will expire during the 2015 Annual General Meeting for Directors representing the majority shareholder, and, with respect to the Independent Directors, during the 2017 Annual General Meeting for Mrs Caroline Grégoire Sainte Marie and Mr Bruno Rostain and during the 2020 Annual General Meeting for Mrs Odile Roujol.

The terms of office of the two Directors elected by the Company's employees, for a period of four years, will expire in the first half of 2016.

3.2.1.3 Responsibilities of the Board of Directors

The Board of Directors sets the guidelines for the Company's business, ensures they are implemented and oversees the functions performed by the management. Subject to the powers expressly assigned to the General Meetings and up to the limit of the corporate purpose, it deals with any issues involving the smooth running of the Company and settles matters affecting the Company by means of its deliberations. In addition, it performs any audits or controls it deems necessary.

In accordance with its corporate governance practices relating to mutual insurance, the Board of Directors has elected to separate the duties of Chairman from those of Chief Executive Officer. Executive functions will thus be entrusted to a CEO who will be assisted by a Deputy Chief Executive Officer, and neither will serve as Directors.

3.2.1.4 Responsibilities of the Chairman of the Board of Directors

The Chairman of the Board of Directors will organise and lead the work of the Board of Directors, on which he reports to the General Meeting. He will ensure the proper functioning of the corporate bodies and, in particular, will ensure that the Directors are capable of fulfilling their duties.

3.2.1.5 Authority Reserved for the Board of Directors

Under the bylaws of the Company, some operations must be subject to prior approval by the Board:

- amendments to and the annual implementation of the reinsurance agreement with the regional mutuals and the agreement governing security and solidarity plans;
- any issues of securities, irrespective of the type, that may result in a change in the share capital;
- any significant operations that may affect the Group's strategy and its business scope.

- use, by a vote by secret ballot, of the solidarity fund pursuant to the agreement on security and solidarity plans (an overview of this agreement appears in section 3.7 below, entitled "Related party transactions");
- termination of the agreement on security and solidarity plans at the initiative of Groupama SA.

The decision to terminate the reinsurance agreement at the initiative of Groupama SA must be made by a two-thirds majority of the members present or represented.

Certain operations are also subject to approval by the Board of Directors if they exceed a unit amount set by the Board of Directors.

Since 15 December 2011, the unit amount of operations beyond which the Chief Executive Officer and/or the Deputy Chief Executive Officer must obtain prior authorisation from the Board of Directors is as follows:

- above €100 million per security and in total consolidated holdings of Groupama SA, excluding buy/sell transactions: purchase (including by way of capital increase) any shares;
- above €100 million: dispose of any entities or company securities;
- above €20 million: purchase any entities or company securities endowing it with at least a blocking minority by any means (purchase, contribution, exchange, etc.);
- above €50 million: take out any loans, excluding cash operations conducted with companies that have equity ties to Groupama SA, either directly or indirectly;
- above €25 million: buy, sell or exchange any insurance investment or operating real estate assets (properties and shares or shares in real estate companies);
- above €10 million: grant any pledges on corporate property.

Furthermore, the Group would like to reduce its share exposure under the forthcoming Solvency II standard, and therefore the Groupama SA Board of Directors has expressed the need to enjoy maximum flexibility in this regard, in light of the financial and stock market volatility. Therefore, at its 15 December 2011 meeting, the Board of Directors resolved not to set an authorisation threshold on the disposal of shares; however, it has been stipulated in this instance that for transactions in excess of €400 million, the Executive Management undertakes to solicit the consent of the Chairman and two members of the Audit and Risk Management Committee.

3.2.1.6 Code of Corporate Governance

Although Groupama SA is an unlisted company, it applies the Code of Corporate Governance in force in France resulting from the AFEP-MEDEF recommendations. However, it does not apply some of its recommendations mainly because of the closed structure of its capital. Groupama SA's capital is now nearly 100% directly or indirectly held by the Groupama agricultural insurance and mutual reinsurance regional mutuals, and the Company has abandoned its planned public offering of capital. In 2014 as in 2013, the main exemptions from the recommendations from the Code of Corporate Governance in force were as follows:

- the duration of the term of office of Directors appointed by the General Meeting of the shareholders is not 4 years but 6; given the current situation, Groupama considers the maximum term provided for by law to be most appropriate for the structure of its capital;
- the number of Independent Directors represents only 25% of the total number of Directors making up the Board of Directors (excluding Directors elected by the employees) and not one-third, which is the percentage recommended for companies having a Controlling shareholder. However, the Company believes that this number, as things stand now, is appropriate given the Company's decision not to publicly offer its capital and sufficient in relation to the technical skills and the outside perspective that they provide as part of the work of the Board of Directors, and also given that it allows each of the Independent Directors to be Chairman of one of the three committees of the Board of Directors;
- the proportion of independent members within the Audit and Risk Management Committee is 40% compared with the recommended two-thirds at least; this membership is meant to be more in line with the structure of the shareholding controlled almost completely by the Groupama regional mutuals; note that the Chairman of the Committee is an Independent Director and that he has proven financial and insurance expertise;
- the Compensation and Appointments Committee does not have a majority of Independent Directors; the current membership of the committee reflects the presence of the Controlling shareholder. This committee was also chaired by an Independent Director. Moreover, the Company did not wish to include a Director representing the employees on the Compensation and Appointments Committee, believing that this body is not the most appropriate for employee expression, which is strongly developed elsewhere within the Group.

Lastly, note that the employment contract of the Chief Executive Officer and the Deputy Chief Executive Officer was suspended, given their seniority as employees within Groupama before their appointment, for 21 and 32 years respectively for Mr Martel and Mr Collin.

3.2.1.7 Work of the Board in 2014

The Board of Directors met ten times during the fiscal year 2014 (including the Board of Directors seminar, which was held in November following a half-day Board meeting), as in 2013.

The attendance rate of the members of the Board of Directors was 97%, as in 2013, *i.e.* a high rate of participation among the Directors. The Group General Secretary carried out the duties of Secretary of the Board.

In 2014, the Board deliberated mainly on the following issues:

- the parent company, consolidated and combined semi-annual and annual financial statements and the various reports required by the regulations;
- financing, refinancing and hedging transactions;
- modification of the General Reinsurance Regulations between Groupama SA and the regional mutuals;
- the reinsurance policy for 2015;

- the provisional audit plan for 2015;
- governance, with:
  - the assessment of the functioning of the Board of Directors,
  - the appointment of a new Director,
  - the status and compensation of Managers or corporate officers;
- the financing of major IT programmes for 2015;
- the report on gender equality.

Lastly, the Board of Directors acknowledged the work of the Board's three committees and reviewed certain matters for information purposes:

- the performance indicators for the Group's businesses and particularly the key management indicators;
- monitoring of measures to improve and reduce overhead expenses;
- the implementation and adoption of the Group's strategic programme;
- combined results forecasts for 2014 and the budget for 2015;
- the half-yearly review of the balance sheet and the guidelines for the asset management policy;
- with respect to risk management: chiefly, the major risks affecting the Group and an update on the Group's preparation for the implementation of Solvency II;
- an update on Groupama Gan Vie's unclaimed policies;
- the review of and guidelines for the human resources policy;
- the financial environment and regulatory changes.

The Board of Directors also held two training sessions for Directors during 2014, at the recommendation of the Compensation and Appointments Committee. The first was dedicated to Big Data issues affecting the insurance industry and the second to the application of Pillars 2 and 3 of the new Solvency II standard, which will come into force on 1 January 2016.

The 2014 financial statements were closed on 18 February 2015 by the Board of Directors, which also prepared the draft management report to which this report is appended and the text of draft resolutions to be presented to the General Meeting of Shareholders on 18 June 2015. The 2014 financial statements were submitted in advance to the Audit and Risk Management Committee, which reviewed them on 16 February 2015.

3.2.1.8 Internal Regulations of the Board of Directors

In its meeting of 10 January 2005, the Board of Directors unanimously adopted a set of Internal Regulations designed to specify its operating methods, to supplement the Company's legal, regulatory and statutory provisions and to spell out the rights and obligations of the Board members.

These regulations have been updated several times and include provisions on the prevention of conflicts of interest in investments in unlisted companies doing business with the Group and an appendix 4 on the independence criteria for Directors as set out in the recommendations in the AFEP-MEDEF Code of Corporate Governance.

In 2011, the Internal Regulations were amended to take into account the effects of expanding the responsibilities of the Audit and Accounts Committee to include risk management (see 3.2.2.1 below).

In 2013, the Internal Regulations were amended to take into account the consequences of establishing Groupama SA as the central body of the network of agricultural insurance and reinsurance companies and mutuals (Articles L. 322-27-1 and L. 322-27-2 of the Insurance Code), by distinguishing the decisions of the Board of Directors from those relating to the conduct of the business and remaining the responsibility of the Executive Management, and to incorporate the changes in governance having occurred within the Group and adapt them to the AFEP-MEDEF Corporate Governance Code, which was revised in June 2013.

These regulations are included in full in chapter 7, section 7.1.3.

3.2.2 COMMITTEES OF THE BOARD OF DIRECTORS

Pursuant to Article 14 of the bylaws, the Board may rule on the establishment of committees called to deliberate on issues submitted by the Board or its Chairman for review. As such, under the Internal Regulations of the Board of Directors of Groupama SA, the Board shall be assisted by technical committees in the performance of its responsibilities.

The committees of the Board of Directors have no power themselves, and their responsibilities neither reduce nor limit the powers of the Board. They are responsible for providing clarification to the Board of Directors in certain areas. It is up to the committees to report the findings of their work to the Board of Directors in the form of minutes, proposals, information or recommendations.

In accordance with Article R. 225-29, paragraph 2, of the French Commercial Code, the Board of Directors decided to create within itself an Audit and Risk Management Committee, a Compensation and Appointments Committee and an Agreements Committee. The Board of Directors is responsible for ensuring the proper operation of the committees.

The provisions relating to the organisation and operation of each of these committees are attached to the Internal Regulations (chapter 7, section 7.1.3).

3.2.2.1 Audit and Risk Management Committee

(a) Membership

In 2014, the Audit and Risk Management Committee was made up of five members appointed by the Board of Directors, including:

- 3 Directors representing the controlling shareholder: Marie-Ange Dubost, Chairman of the Groupama Centre Manche regional mutual, Amaury Cornut-Chauvinc, Chairman of the Groupama Méditerranée regional mutual, and Jean-Louis Pivard, Chairman of the Groupama Rhône-Alpes Auvergne regional mutual;
- 2 Independent Directors: Caroline Grégoire Sainte Marie and Bruno Rostain.

The Audit and Risk Management Committee is chaired by an Independent Director, Bruno Rostain.

It should be noted that the Executive Management of Groupama SA does not participate in the work of the Audit and Risk Management Committee except by special invitation and that it is represented by the Group Chief Financial Officer, accompanied by his Senior Accountant, the Head of Investment depending on the topics examined and the Group Head of General Audit and Risk, as well as by the General Secretary, who is also the secretary of the committee, accompanied by the Head of Legal.

(b) Responsibilities

The main responsibilities of the Audit and Accounts Committee, which are included in the Internal Regulations of the Board of Directors of Groupama SA, are listed below:

- reviewing the draft combined/consolidated/parent company semi-annual and annual financial statements as well as the references and scope of consolidation;
- ensuring that the procedures for internal data collection and control guarantee the quality and reliability of the Company's financial statements;
- reviewing the performance of the statutory auditors' responsibilities and the amount of fees paid to them and ensuring compliance with the rules guaranteeing their independence;
- reviewing the financial investment policy and assets/liabilities management;
- reviewing the forecasts in advance and monitoring their achievement;
- reviewing external growth projects and disposals;
- monitoring the risk management policy, procedures and systems.

(c) Activity in 2014

In 2014, the Audit and Risk Management Committee met eight times: 17 February, 11 and 27 March, 8 April, 4 June, 30 July, 13 October and 26 November. The attendance rate was 97.4% compared with 100% in 2013.

In 2014, the work of the Audit and Risk Management Committee was focused on the following main topics:

Monitoring the Group's financial position and implementation of the strategic programme

- over the course of two meetings, the Committee reviewed the asset management policy looking back to 2013 and 2014 as well as forwards to the fiscal year 2015; this enabled it in particular to monitor the implementation of the Group's investment policy in an environment of low interest rates, as well as look at reinvestment flows and their impact on asset structures;
- the Committee reviewed the cash position of Groupama SA as at 31 December 2013 and the provisional figures for 2014 and 2015, as well as cash flow forecasts over the long term;
- the Committee reviewed the combined results forecasts for 2014 for Groupama and the budget for 2015, as well as the action plans of some French subsidiaries and one international subsidiary, which were also submitted;
- the Committee monitored the measures taken to improve the Group's profitability and solvency.

Legal monitoring of annual and semi-annual financial statements

- the Audit and Risk Management Committee reviewed the 2013 annual and 2014 semi-annual combined, consolidated and parent company financial statements before they were presented to the Board of Directors and submitted to the Board its opinion on the financial statements as well as the call price of the Groupama SA share; In doing so, it gave the Board its opinion on the management report, the solvency report and the investment policy, as well as on the Chairman's report on internal control and the reinsurance report for 2013;
- it also devoted two meetings during the year specifically to a review of the principles, rules and options adopted for the closure of the annual and semi-annual financial statements so as to prevent and anticipate any difficulties with the closure of the books;
- it gave its opinion on draft press releases relating to the annual and semi-annual financial statements and was consulted on the draft registration document for 2013, which was filed with the French Financial Markets Authority (AMF) on 29 April 2014 under number D. 14-0432.

Risk monitoring

- the Committee monitored the major risks affecting the Group, including those relating to the banking businesses, on a half-yearly basis;
- it also reviewed the performance of the audit programme for the second half of 2013 and the first half of 2014 as well as the draft audit plan for 2015, the reports on major litigation under way within the Group, anti-money laundering and financing of terrorism activities, the reinsurance policy for 2014 and the prospects for renewal of the external reinsurance programme for 2015;
- it reviewed Groupama SA's off-balance sheet commitments;
- the Committee devoted three meetings to the Group's preparations for Solvency II, during which the following were presented:
  - the Group's Solvency II results as at 31 December 2013 based on the quantitative requirements defined by Pillar 1,
  - an update on the operational roll-out of Pillar 2 of Solvency II within the Group, relating to the qualitative requirements for risk control under the Solvency II supervisory system, the ORSA initiative (a process for the internal assessment of risks and solvency) and, for 2014, ORSA reports at Group and Groupama SA level, submitted to the ACPR,
  - the requirements for Pillar 3 of Solvency II on the subject of reporting and supervisory and financial communication.

Follow-up of statutory auditors' responsibilities

- the Committee reviewed the budget for statutory auditor's fees with respect to the fiscal year 2013;
- the statutory auditors presented their strategic audit plan to the Audit and Risk Management Committee, describing their responsibilities, the areas needing particular attention and their audit approach in response to the identified risks;
- the Committee approved the proposal for the renewal of the term of office of the statutory auditors for certain regional mutuals, in accordance with the recommendation of Auditors charter applicable to the scope of the regional mutuals;
- it is further noted that at every meeting, the Committee heard the statutory auditors without the management being present.

Follow-up on certain financial transactions or projects

- the Committee was informed about the renewal of the annual authorisation for the Company to issue bonds, the authorisation to use forward financial instruments to hedge the portfolio against equity, real estate and currency risks and the renewal of the annual authorisation given to the Executive Management regarding endorsements, securities and guarantees;

- the Committee was consulted on the subject of a proposed subordinated debt exchange realised in May 2014 and on the early renewal of a credit facility.

Finally, the Committee also defined its programme of work for the fiscal year 2015.

3.2.2.2 Compensation and Appointments Committee

(a) Membership

The Compensation and Appointments Committee is made up of 4 members, including:

- 3 Directors representing the Controlling shareholder: Annie Bocquet, Michel Baylet and François Schmitt;
- 1 Independent Director: Caroline Grégoire Sainte Marie, Chairman of the Committee.

The Chairman of Groupama SA and the Executive Management do not attend meetings of the Committee. The General Secretary of Groupama SA represents the Company and performs the duties of Secretary of the Committee.

(b) Responsibilities

The responsibilities of the Compensation and Appointments Committee, which are included in the Internal Regulations of the Board of Directors, are listed below:

- putting forward to the Board of Directors any questions relating to the personal status of the Corporate Secretaries, specifically compensation, retirement and any allocation of options for the subscription or purchase of Company shares, as well as provisions for the departure of members of the Company's management bodies;
- putting forward any proposals regarding the compensation of Corporate Secretaries and the allocation and distribution of Directors' fees;
- assessing the conditions, amount and distribution of any options for the subscription or purchase of shares;
- defining the rules for setting the variable portion of the compensation of Corporate Secretaries and ensuring the consistency of these rules with the annual assessment of the performance of the Corporate Secretaries and with the Group's medium-term strategies;
- evaluating all compensation and benefits received by Directors, as applicable, from other companies of the Group, including retirement benefits and benefits of any kind;
- establishing a procedure to select future Independent Directors and conducting its own assessments of potential candidates before any approach is made with regard to the latter;
- verifying, on an annual basis, the individual status of each Director with regard to the classification of Independent Director, and communicating the conclusions of its review to the Board of Directors;
- conducting, on an annual basis, a review of the Board of Directors' operating methods and communicating the conclusions of these reviews to the Board of Directors.

(c) Activity in 2014

During 2014, the Compensation and Appointments Committee met four times. Each time, the Committee presented a report on its activities to the Board of Directors. The attendance rate was 93.75%.

In 2014, the work of the Committee focused on the following main topics:

Status and compensation of corporate officers

- the Committee proposed a review of the variable compensation for 2013 for the Chief Executive Officer and the Deputy Chief Executive Officer;
- it reviewed the draft reference documents and the 2013 management report of Groupama SA relating to the compensation of Managers and corporate officers and to corporate governance;
- it presented the variable compensation scheme for 2014 and the multi-year plan for variable compensation;
- it formulated an initial proposal for the quantitative and qualitative objectives determining the variable compensation for the Chief Executive Officer and the Deputy Chief Executive Officer for the fiscal year 2015.

Policy for Directors' fees

- the Committee reviewed the level of Directors' fees received by the Directors of Groupama SA compared with a sample set of companies in the banking and insurance sector in France and Europe.

Verification of independence

- the Committee verified the independent status of the non-executive Directors on the Board of Directors with regard to the criteria set out in the AFEP-MEDEF Corporate Governance Code, included in the Company's Internal Regulations.

Training of Directors

- the Committee proposed a training programme for 2014 and put forward an initial proposal for subject areas likely to be adopted for 2015.

Operating methods of the Board of Directors and committees and changes in governance

- the Committee reviewed the results of the assessment of the operating method of the Board and the committees for the fiscal year 2013;
- it reviewed the draft questionnaire on the assessment of the work of the Board and the committees for the fiscal year 2014;
- it reviewed the application of the AFEP-MEDEF recommendations on corporate governance and Directors' compensation on the reading of benchmarks on a set of French and European companies;
- it reviewed the "Fit and Proper" scheme relating to corporate officers and in particular the implementation order of 13 November 2014 relating to Article 39 of the law of 26 July 2013 on the verification of the integrity and competence of the Directors and members of the governing bodies of insurance companies.

Groupama SA process for selecting Directors

- the Committee reviewed the process put in place by Groupama SA for selecting its senior executives. It focused in particular on increasing the percentage of female executives within the Group, in order to promote gender equality in leadership positions.

3.2.2.3 The Agreements Committee

(a) Membership

The Agreements Committee is made up of 3 members, including:

- 2 Directors representing the controlling shareholder: Daniel Collay, Chairman of Groupama Paris Val de Loire regional mutual, and Michel L'Hostis, Chairman of the Groupama Loire Bretagne regional mutual;
- 1 Independent Director: Mrs Odile Roujol.

The Agreements Committee has been chaired by an Independent Director, Mrs Odile Roujol, since 13 February 2014.

The General Secretary served as Secretary of the Committee and, along with the Head of Legal, participated as a permanent member of the Committee.

(b) Responsibilities

The responsibilities of the Agreements Committee, which are included in the Internal Regulations of the Groupama SA Board of Directors, are listed below:

- preventing any potential conflict of interest between the regional mutuals and Groupama SA and its subsidiaries, which is likely to result from their business relationships. As such, the Committee will analyse all agreements entered into between the regional mutuals and Groupama SA and its subsidiaries, and any addendum to these agreements, according to defined significance thresholds:
  - to ensure their legal security,
  - and specifically, to ensure that the conditions of compensation or distribution of the risks between the entities of the Mutual Insurance Division and the entities of the division made up of Groupama SA and its subsidiaries are consistent with the corporate interests of Groupama SA;
- analysing the regulated agreements;
- analysing the conditions for application of the reinsurance agreement between Groupama SA and the regional mutuals.

(c) Activity in 2014

During the fiscal year 2014, the Agreements Committee met three times: 13 February, 13 October and 9 December. On each occasion, it presented a report on its activities to the Board of Directors. The attendance rate was 100%, as in 2013.

In the framework of the business relations between Groupama SA and the regional mutuals, the Agreements Committee has primarily been consulted or informed about:

- the modification of the General Regulations on Reinsurance in force concerning the crops division;
- the business relations between the regional mutuals and the subsidiaries in the following areas: the employee savings scheme with Groupama Épargne Salariale; vehicle repair and associated services with CapsAuto; compensation in kind in home insurance with France Maintenance Bâtiment; remote assistance for individuals with Présence Verte and remote security systems for property with Cofintex 6 SA; the management of investment assets with Groupama Asset Management; and roadside assistance with Mutuaide Assistance. The review of the agreements underlying these business relations revealed no potential conflict of interest;
- financial support for Groupama SA with respect to the Group's major national programmes in the area of IT;
- the part of the draft Groupama SA 2013 registration document specifically concerning transactions with related parties and setting out the organisational and operating structure for economic relations between Groupama SA and its subsidiaries and the regional mutuals, specifically the justification for a mechanism to provide the regional mutuals with financial support in implementing Groupama SA's major national programmes.

The committee also examined the statement of agreements entered into by the Directors, which revealed that none were cited in the statutory auditors' special report, as well as the summary list of regulated agreements to be included in this report. As such, and to enable the Company to comply with the new mechanism applicable to regulated agreements as introduced by order no 2014-863 of 31 July 2014, the Committee re-examined the agreements concluded previously and still effective during the fiscal year 2014, and proposed to the Board of Directors that they be renewed, with the exception of the agreement concluded between Groupama SA and one of its wholly owned subsidiaries that it proposes deregulating, as now provided for by regulations.

Finally, the Committee also defined its programme of work for the fiscal year 2015.

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3.2.2.4 Membership of the committees

Since 31 July 2014, the membership of the committees of the Board of Directors was as follows:

Committee	Members
Audit and Risk Management Committee	Bruno Rostain, Chairman
	Amaury Cornut-Chauvinc
	Marie-Ange Dubost
	Caroline Grégoire Sainte Marie
	Jean-Louis Pivard
Compensation and Appointments Committee	Caroline Grégoire Sainte Marie, Chairman
	Michel Baylet
	Annie Bocquet
	François Schmitt
Agreements Committee	Odile Roujol, Chairman*
	Daniel Collay
	Michel L'Hostis

* *Mrs Roujol was appointed as Chairman of the Agreements Committee during its meeting on 13 February 2014. Until this date, Mr Collay had held the office of Chairman.*

3.2.3 ASSESSMENT OF THE BOARD OF DIRECTORS

Every year since 2005, Groupama SA has assessed the operations of its Board of Directors and committees and, in this framework, contracts for an external assessment to be carried out every three years, in accordance with the recommendations of the AFEP-MEDEF Code.

After two assessments carried out by an external firm successively in 2011 and 2012, Groupama SA conducted an internal assessment in 2013 on the basis of a questionnaire validated by the Compensation and Appointments Committee. The results of this assessment were discussed at the meeting of the Board of Directors on 18 February 2015.

Almost all of the Directors who responded felt that the operation of the Board of Directors met their expectations, and a very large majority of them believed that it had improved compared with 2013; three quarters of the Directors had already noted a significant improvement compared with 2012.

The discussions within the Board of Directors continued and the nature and quality of the contacts between the Chairman, the Directors and the Executive Management made a significant contribution.

The initiatives put in place by the Executive Management in 2014 to respond to the areas for improvement highlighted in the previous assessment were welcomed, relating to the work on the content of agendas for Board of Directors meetings, the increased consideration given to strategy and operational issues, the more frequent monitoring and analysis of decisions taken by the Board, the time devoted to reports on the work of the committees and the quality of the information provided on Directors' compensation.

The training modules organised in 2014 on the Group's preparation for Solvency II and on digital technology received positive feedback and significant interest was expressed in modules dedicated to the impact of new technologies on the insurance profession as well as the future of mutual insurance in the industry.

The Directors were satisfied overall with the operation of the corporate bodies of Groupama SA and aware of the significant progress made in 2014.

3.3 COMPENSATION PAID TO AND EQUITY INTERESTS OWNED BY DIRECTORS

In accordance with the recommendations of the Corporate Governance Code for listed companies revised in June 2013, calculation of the compensation due to corporate secretaries is the responsibility of the Board of Directors and is based on the proposals of the Compensation and Appointments Committee.

Items contributing to the compensation of each Corporate Secretary are reported in accordance with the standardised presentation format recommended by the Corporate Governance Code.

3.3.1 COMPENSATION AND BENEFITS PAID TO THE CORPORATE OFFICERS OF GROUPAMA SA

3.3.1.1 Compensation paid to the members of the Board of Directors

The system of Directors' fees established by the Board of Directors as part of the overall allowance authorised by the General Meeting involves the payment of Directors' fees to all Groupama SA Directors, except for the Chairman of the Board, who receives compensation for his duties, and the Directors elected by the employees. Thus, during the fiscal year, 9 Directors representing the majority shareholder and 3 Independent Directors received Directors' fees.

Directors' fees received by each Director for participating in the work of the Board of Directors and as compensation for their general responsibilities comprise a fixed portion and a variable portion, paid in accordance with their attendance. Participation in the work of the Board's committees also gives rise to payment of fixed and variable Directors' fees.

These Directors' fees are paid quarterly.

For the fiscal year 2014, as part of the global package reduced to €980,000 (vs. €1,045,000 for 2013), the distribution between fixed and variable amounts is as follows:

- for participation on the Board of Directors: €22,050 for the annual fixed portion and €2,745 per session for the variable portion paid based on attendance;
- for participation in the Board's specialised committees: €4,590 for the annual fixed portion per committee and €2,745 per meeting for the variable portion paid based on attendance.

A 50% reduction is applied to Directors' fees paid for additional exceptional meetings of the Board of Directors or the specialised committees attended remotely, *i.e.* €1,372.50 per meeting, keeping in mind that no compensation is provided in the event of remote participation in meetings of the Board of Directors and the committees scheduled in advance on the annual calendar.

Under these circumstances, and given the attendance of the Directors in 2014, the variable portion of the Directors' fees paid by Groupama SA tied to the attendance record outweighs the fixed portion.

Moreover, in 2014 certain Groupama SA Directors received attendance fees as members of the Board of Directors of the holding company, Groupama Holding, the breakdown of which is summarised in the following table.

Table of Directors' fees *(Figures in euros)*

(Gross amounts before tax and social security deductions*)

Members of the Board of Directors	Directors' fees paid in 2014 – By Groupama SA	Directors' fees paid in 2014 – By Groupama Holding	Directors' fees paid in 2014 – Total	Directors' fees paid in 2013 – By Groupama SA	Directors' fees paid in 2013 – By Groupama Holding	Directors' fees paid in 2013 – Total
Jean-Marie Bayeul (until 17 June 2014)	61,155	22,140	83,295	81,588	47,025	128,613
Michel Baylet	65,070	44,280	109,350	75,030	47,025	122,055
Annie Bocquet	62,325	41,535	103,860	63,898	41,535	105,433
Anne Bouverot (2) (until 1 August 2013)	-	-	-	57,453	-	57,453
Daniel Collay	62,325	44,280	106,605	66,033	47,025	113,058
Amaury Cornut-Chauvinc	76,050	62,280	138,330	89,976	65,025	155,001
Marie-Ange Dubost (appointed 31 July 2014)	11,003	16,590	27,593	-	-	-
Jean-Yves Dagès (4)	-	-	-	34,311	-	34,311
Maria Frigara (1)	-	-	-	-	-	-
Caroline Grégoire Sainte Marie (2)	87,503	-	87,503	106,665	-	106,665
Brigitte Homo (1)	-	-	-	-	-	-
Michel L'Hostis (appointed 17 January 2013)	60,953	44,280	105,233	41,940	47,025	88,965
Jean-Louis Pivard	76,050	62,280	138,330	68,472	65,025	133,497
Bruno Rostain (2)	76,050	-	76,050	74,573	-	74,573
Odile Roujol (2) (appointed 1 August 2013)	55,463	-	55,463	4,583	-	4,583
François Schmitt	65,070	62,280	127,350	64,202	65,025	129,227
Groupama regional mutuals (3)	-	467,695	467,695	-	489,655	489,655
TOTAL	**759,015**	**867,640**	**1,626,655**	**828,724**	**914,365**	**1,743,089**

* *Gross Amounts before 21% tax levy and 15.5% social security contributions.*
(1) *Directors employed for a period of four years; they do not receive compensation for their term of office.*
(2) *Independent Directors appointed by the General Meeting for a period of six years.*
(3) *Directors' fees for Directors who are Chief Executive Officers of regional entities are paid directly to their respective regional mutuals.*
(4) *In 2013, Mr Dagès received Directors' fees for the fiscal year 2012 in his capacity as Director. With effect from 2013, as Chairman, he no longer receives Directors' fees.*

3.3.2 COMPENSATION AND BENEFITS PAID TO CORPORATE SECRETARIES

3.3.2.1 Compensation

(a) Chairman

The compensation package due to the Chairman of Groupama SA is set by the Groupama SA Board of Directors on the recommendation of the Compensation and Appointments Committee. It comprises:

- gross annual compensation paid monthly over twelve months;
- rights to replacement income at the time of his departure representing 13.6% of his gross annual compensation, a plan identical to that of his predecessors;
- housing provided by the Company and associated benefits reported as benefits in kind.

Since 2012, at which time it was reduced by 10% at the request of the incumbent Chairman, the compensation package has remained unchanged.

Summary table of compensation and options and shares allocated *(Figures in euros)*

Jean-Yves Dagès (Chairman of the Board of Directors)	Fiscal year 2014	Fiscal year 2013
Compensation due with respect to the fiscal year *(detailed in the following table)*	320,453	318,579
Value of options allocated during the fiscal year	Not applicable	Not applicable
Value of restricted stock allocated during the fiscal year	Not applicable	Not applicable
TOTAL	**320,453**	**318,579**

Summary table of compensation *(Figures in euros)*

	Fiscal year 2014		Fiscal year 2013	
JeanYves Dagès (Chairman of the Board of Directors)	**Sums due**	**Sum paid**	**Sums due**	**Sum paid**
Fixed remuneration (1)	259,200	259,200	259,200	271,543
Variable remuneration	Not applicable	Not applicable	Not applicable	Not applicable
Exceptional remuneration	Not applicable	Not applicable	Not applicable	Not applicable
Director's fees	Not applicable	Not applicable	Not applicable	Not applicable
Benefits in kinds (2)	61,253	61,253	59,379	61,058
TOTAL	**320,453**	**320,453**	**318,579**	**332,601**

(1) The compensation paid in 2013 corresponds on a pro rata basis to the compensation due with respect to 2012 (€12,343 paid in 2013) and to the annual compensation for 2013 amounting to €259,200.

(2) The benefit in kind paid in 2014 corresponds to the retirement contribution for 2014 (€35,251) and a housing benefit in kind (€26,002).

(b) Executive Management

The tables below show the compensation packages of the Chief Executive Officer and the Deputy Chief Executive Officer, Corporate Secretaries since the end of 2011.

Note that the 2014 variable compensation is calculated based on a target figure (100% of their respective fixed compensation) from quantitative criteria (60%) based on the achievement of key performance indicators (share of unit-linked assets and bank savings as a percentage of total assets under management, Group non-life insurance combined ratio, solvency margin on equity as at 31 December of the year) and qualitative criteria (40%) based on strategic objectives. The quantitative criteria, qualitative criteria and amounts are set by the Groupama SA Board of Directors on the recommendation of the Compensation and Appointments Committee.

With effect from 2014, a multi-year performance plan over three years has been implemented for the period 2014-2016.

This involves a multi-year variable compensation package of a maximum amount equal to 75% of the fixed compensation received by each of the corporate officers, determined on the basis of predefined quantitative targets.

Each year, if the targets are met, one third of the compensation package will be reserved; this share will only be paid out at the end of the three-year period if performance, reviewed each year, is achieved. In order to be paid the reserved amount, there is a presence condition by virtue of which the officer must still be effective in the function at the end of the three-year period.

The criteria adopted to measure the achievement of the targets set for each year are as follows:

- net recommendation index of individual clients and reduction in overhead expenses for the Chief Executive Officer;
- IT indicators (linked to reductions in operating costs, availability of key applications, coverage of disaster recovery plans) and a reduction in overhead expenses for the Deputy CEO.

Chief Executive Officer

Summary table of compensation and options and shares allocated *(Figures in euros)*

Thierry Martel	Fiscal year 2014	Fiscal year 2013
Compensation due with respect to the fiscal year *(detailed in the following table)*	1,139,399	995,430
Value of options allocated during the fiscal year	Not applicable	Not applicable
Value of restricted stock allocated during the fiscal year	Not applicable	Not applicable
TOTAL	**1,139,399**	**995,430**

Summary table of compensation *(Figures in euros)*

	Fiscal year 2014		Fiscal year 2013	
Thierry Martel (Chief Executive Officer)	**Sums due**	**Sum paid**	**Sums due**	**Sum paid**
Fixed remuneration (2)	600,000	600,000	600,000	600,000
Variable remuneration	494,913	337,653	337,653	345,200
Exceptional remuneration	Not applicable	Not applicable	Not applicable	Not applicable
Director's fees	Not applicable	Not applicable	Not applicable	Not applicable
Benefits in kinds (2)	44,486	44,486	57,777	57,777
TOTAL	**1,139,399**	**982,139**	**995,430**	**1,002,977**

(1) Protection, healthcare, social insurance cover for company senior executives and Managers and vehicle benefits.

Deputy Chief Executive Officer

Summary table of compensation and options and shares allocated *(Figures in euros)*

Christian Collin (Deputy Chief Executive Officer)	Fiscal year 2014	Fiscal year 2013
Compensation due with respect to the fiscal year *(detailed in the following table)*	952,788	823,147
Value of options allocated during the fiscal year	Not applicable	Not applicable
Value of restricted stock allocated during the fiscal year	Not applicable	Not applicable
TOTAL	**952,788**	**823,147**

Summary table of compensation *(Figures in euros)*

	Fiscal year 2014		Fiscal year 2013	
Christian Collin (Deputy Chief Executive Officer)	**Sums due**	**Sum paid**	**Sums due**	**Sum paid**
Fixed remuneration (1)	500,000	500,000	500,000	500,000
Variable remuneration	412,428	265,075	265,075	271,000
Exceptional remuneration	Not applicable	Not applicable	Not applicable	Not applicable
Director's fees	Not applicable	Not applicable	Not applicable	Not applicable
Benefits in kinds (2)	40,360	40,360	58,072	58,072
TOTAL	**952,788**	**805,435**	**823,147**	**829,072**

(1) Protection, healthcare, social insurance cover for company senior executives and Managers and vehicle benefits.

3.3.2.2 Stock subscription or purchase options awarded during the year to corporate officers

Name of the Corporate Officer	Plan no and date	Nature of options (purchase or subscription)	Value of options according to the method used for the consolidated financial statements	Number of options awarded during the fiscal year	Strike price	Exercise price
Jean-Yves Dagès	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Thierry Martel	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Christian Collin	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

3.3.2.3 Stock subscription or purchase options exercised during the year by corporate officers

Name of the Corporate Officer	Plan no and date	Number of options exercised during the fiscal year	Strike price
Jean-Yves Dagès	Not applicable	Not applicable	Not applicable
Thierry Martel	Not applicable	Not applicable	Not applicable
Christian Collin	Not applicable	Not applicable	Not applicable

3.3.2.4 Restricted stock awarded to Corporate Officers

Restricted stock awarded by the General Shareholders' Meeting during the year to each corporate officer by the issuer and by any group company (nominative list)	Plan no and date	Number of shares awarded during the fiscal year	Value of options according to the method used for the consolidated financial statements	Vesting date	Availability date	Performance conditions
Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

3.3.2.5 Restricted stock vesting during the year for Corporate Officers

Restricted stock vesting for each corporate officer	Plan no and date	Number of shares vesting during the year	Terms of vesting
Not applicable	Not applicable	Not applicable	Not applicable

3.3.2.6 History of stock subscription or purchase option awards

Information about subscription or purchase options

Date of General Meeting	**Plans**
Date of Board of Directors meeting	Not applicable
Total number of shares that may be subscribed or purchased, of which, the number that may be subscribed or purchased by:	Not applicable
Corporate officers	Not applicable
Jean-Yves Dagès	Not applicable
Thierry Martel	Not applicable
Christian Collin	Not applicable
Start date of exercise of the options	Not applicable
Expiry date	Not applicable
Subscription or purchase price	Not applicable
Exercise terms (if the plan includes multiple tranches)	Not applicable
Number of shares subscribed as at 31 December 2014	Not applicable
Total number of subscription or purchase options cancelled or expired	Not applicable
Stock subscription or purchase options remaining at year-end	Not applicable

3.3.2.7 Stock subscription or purchase options awarded to the ten highest-paid non-management recipients and options exercised by them

	Total number of options awarded/ shares subscribed for or purchased	**Weighted average price**	**Plans**
Options awarded during the year by the issuer and any company within the scope of award of the options, to the ten highest-paid employees, for which the number of options thus awarded is the highest (global information)	Not applicable	Not applicable	Not applicable
Options held by the issuer and companies mentioned above, exercised during the year, by the ten employees of the issuer and of these companies for whom the options thus issued or subscribed is the highest (global information)	Not applicable	Not applicable	Not applicable

3.3.2.8 Summary of the status of the Corporate Secretaries

	Employment Contract		**Supplementary pension scheme**		**Compensation or benefits due or likely to be due as a result of termination or change of functions**		**Compensation relating to non-competition clause**	
Corporate Secretaries	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**
Jean-Yves Dagès Chairman of the Board of Directors Start date of term of office: 14 December 2012 End date of term of office: 2015		X	X			X		X
Thierry Martel Chief Executive Officer Start date of term of office: 24 October 2011 End date of term of office: 2015	X (1)		X			X		X
Christian Collin Deputy Chief Executive Officer Start date of term of office: 14 December 2011 End date of term of office: 2015	X (1)		X			X		X

(1) Employment contract suspended because of the two officers' service as employees in the Company before their appointment, for 21 and 32 years respectively for the Chief Executive Officer and the Deputy Chief Executive Officer.

3.3.3 MEMBERS OF THE STEERING COMMITTEE

3.3.3.1 Compensation

The other members of the Steering Committee receive fixed compensation and variable compensation, the latter based on the achievement of predefined objectives.

Note that the Steering Committee has 9 members, not including the Chief Executive Officer and the Deputy Chief Executive Officer, whose compensation packages are indicated in section 3.3.2.1 (b).

(figures in euros)	Year 2014 Gross amount paid during the year	Year 2013 Gross amount paid during the year
Members of the Steering Committee	3,992,484	4,052,281
Average number of members during the year	11	11

(1) The amount indicated for the members of the Steering Committee includes fixed compensation, variable compensation and various benefits (healthcare cover and, for some members, company car).

3.3.3.2 Pension commitments made for the members of the Steering Committee

A defined benefits scheme was established by agreement on 26 June 2001 for the members of the Steering Committee; this agreement was amended by agreement on 22 March 2004, then by agreement on 5 December 2005.

The benefits under this agreement were extended to the corporate officers who are members of the Steering Committee, after authorisation by the Board of Directors on 14 December 2005 and approval in the General Meeting as part of the regulated agreements on 29 June 2006.

The members of the Steering Committee may qualify for this system provided they meet the conditions precedent under the agreement.

Rights are calculated by reference to previous years in the Group in a management position and/or in a position in the Executive Management of Groupama SA.

The resulting income may be neither less than 10% of the benchmark salary defined in the agreement nor more than 30% of the average gross annual compensation for the past 36 months. The basic, additional or supplementary schemes must not exceed 50% of the gross annual compensation of the beneficiary.

The total liability as at 31 December 2014 was €24,825,577 for members of the Steering Committee at that time.

3.3.4 ELEMENTS OF THE COMPENSATION DUE OR ALLOCATED FOR THE FISCAL YEAR 2014 TO EACH EXECUTIVE DIRECTOR OF THE COMPANY, SUBJECT TO VOTE BY THE SHAREHOLDERS

In accordance with the recommendations of the AFEP-MEDEF Code revised in June 2013 (Article 24.3), a Code to which the Company refers in application of Article L. 225-37 of the Commercial Code, the following elements of the compensation due or allocated to each executive Director of the Company for the fiscal year now ended must be submitted for approval by the shareholders:

- the fixed portion;
- the variable portion with the objectives used to determine this variable portion;
- stock options, restricted stock and any other long-term compensation elements;
- compensation relating to assumption or termination of functions;
- the supplementary pension scheme;
- benefits of any kind.

It is proposed that the General Meeting of 18 June 2015 (see resolutions 15, 16 and 17 in section 7.3.2) vote on the elements of the compensation due or allocated to each executive Director of the Company for the fiscal year 2014, namely:

- Jean-Yves Dagès, Chairman of the Board of Directors;
- Thierry Martel, Chief Executive Officer;
- Christian Collin, Deputy Chief Executive Officer.

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3.3.4.1 Elements of the compensation due or allocated for the fiscal year 2014 to Jean-Yves Dagès, Chairman of the Board of Directors, subject to vote by the shareholders

It is proposed that the General Meeting of 18 June 2015 (15th Resolution) vote on the following elements of the compensation due or allocated to Jean-Yves Dagès, Chairman of the Board of Directors, for the fiscal year now ended.

Compensation elements due or awarded during the fiscal year now ended	Amounts or book value subject to vote	Comments
Fixed compensation	259,200	Annual gross compensation approved by the meeting of the Board of Directors held on 14 December 2012
Annual variable compensation	Not applicable	Jean-Yves Dagès receives no annual variable compensation.
Stock options, restricted stock and any other long-term remuneration elements	Not applicable	Jean-Yves Dagès has no stock options, restricted stock or any other long-term remuneration elements
Director's fee	Not applicable	Jean-Yves Dagès does not receive Director's fees.
Value of benefits of any kind	26,002	Housing benefit in kind

Elements of the compensation due or allocated for the fiscal year now ended that are or were the subject of a vote by the General Meeting under the procedure for regulated agreements and commitments	Amounts subject to vote	Comments
Severance pay	Not applicable	
Non-competition compensation	Not applicable	
Supplementary pension scheme	35,251	Defined benefits pension scheme (also applicable to his predecessors) authorised by the Board of Directors on 15 December 2012 and confirmed on 11 December 2014. The amount indicated is treated as a benefit in kind and corresponds to the contributions (13.6% of gross compensation) paid by the Company in the previous year.

3.3.4.2 Elements of the compensation due or allocated for the fiscal year 2014 to Thierry Martel, Chief Executive Officer, subject to vote by the shareholders

It is also proposed that the General Meeting of 18 June 2015 (16th Resolution) vote on the following elements of the compensation due or allocated to Thierry Martel, Chief Executive Officer, for the fiscal year 2014.

Compensation elements due or awarded during the fiscal year now ended	Amounts or book value subject to vote	Comments
Fixed compensation	600,000	Annual gross compensation approved by the meeting of the Board of Directors held on 15 December 2011
Annual variable compensation	494,913	Given the quantitative and qualitative criteria approved by the Board and the achievements recorded as at 31 December 2014, the amount of the variable portion was determined at the meeting of the Board of Directors held on 18 February 2015 based on recommendations from the Compensation and Appointments Committee on the basis of the following quantitative criteria (share of unit-linked assets and bank savings as a percentage of total assets under management, the Group's combined ratio for non-life insurance, solvency margin on equity as at 31 December 2014) and qualitative criteria linked to the Company's strategy.
Multi-year variable compensation	Valued at 125,025 (no payment in 2015)	With effect from 2014, a multi-year performance plan has been established for the period 2014-2016, the maximum amount of which is equal to 75% of the fixed compensation element. This compensation is subject to performance conditions determined on the basis of predefined quantitative objectives. Each year, if the targets are met, one third of the compensation package will be reserved; this share will only be paid out at the end of the three-year period if performance, reviewed each year, is achieved. In order to be paid the reserved amount, there is a presence condition by virtue of which the officer must still be effective in the function at the end of the three-year period. The criteria used to measure achievement of the objectives set for each year are the net recommendation index of individual clients and reduction in overhead expenses.
Stock options, restricted stock and any other long-term remuneration elements	Not applicable	Like all the executive Directors of the Company, Thierry Martel has no stock options, restricted stock or any other long-term remuneration elements.
Director's fee	Not applicable	Thierry Martel does not receive Directors' fees.
Value of benefits of any kind	44,486	Company car benefit in kind, protection and healthcare and social insurance cover for company senior executives and Managers.

Elements of the compensation due or allocated for the fiscal year now ended that are or were the subject of a vote by the General Meeting under the procedure for regulated agreements and commitments	Amounts subject to vote	Comments
Severance pay	Not applicable	
Non-competition compensation	Not applicable	
Supplemental pension scheme	No payment	Thierry Martel qualifies for the defined-benefits scheme for members of the Steering Committee. Note that the principle of the extension of this scheme to the corporate officers who are members of the Steering Committee was approved in the General Meeting of 29 June 2006, and that this extension was applied to Thierry Martel as approved at the meeting of the Board of Directors of 15 December 2011 and confirmed on 11 December 2014. ■ Eligibility for this scheme is subject to several conditions precedent, including the final completion of the career, the liquidation of all pension plans and the condition of being or having been a member of the Steering Committee for a minimum of at least five years. ■ The escalation of the rights is 2% per year of the average gross annual salary of the last 36 months (fixed portion + benefits in kind). ■ According to the terms of the contract, the annuity paid for this contract may not exceed 30% of the average gross annual compensation for the last 36 months, keeping in mind that all basic, complementary and supplementary schemes must not exceed 50% of the beneficiary's gross annual compensation. For example, if the calculation was done on the basis of the compensation due for 2014, the annual annuity for this scheme would be theoretically approximately 20% of this compensation.

3.3.4.3 Elements of the compensation due or allocated for the fiscal year 2014 to Christian Collin, Deputy Chief Executive Officer, subject to vote by the shareholders

It is also proposed that the General Meeting of 18 June 2015 (17th Resolution) vote on the following elements of the compensation due or allocated to Christian Collin, Deputy Chief Executive Officer, for the fiscal year 2014.

Compensation elements due or awarded during the fiscal year now ended	Amounts or book value subject to vote	Comments
Fixed compensation	500,000	Annual gross compensation approved by the meeting of the Board of Directors held on 15 December 2011
Annual variable compensation	412,428	Given the quantitative and qualitative criteria approved by the Board and the achievements recorded as at 31 December 2014, the amount of the variable portion was determined at the meeting of the Board of Directors held on 18 February 2015 based on recommendations from the Compensation and Appointments Committee on the basis of the following quantitative criteria (share of unit-linked assets and bank savings as a percentage of total assets under management, the Group's combined ratio for non-life insurance, solvency margin on equity as at 31 December 2014) and qualitative criteria linked to the Company's strategy.
Multi-year variable compensation	Valued at 93,750 (no payment in 2015)	With effect from 2014, a multi-year performance plan has been established for the period 2014-2016, the maximum amount of which is equal to 75% of the fixed compensation element. This compensation is subject to performance conditions determined on the basis of predefined quantitative objectives. Each year, if the targets are met, one third of the compensation package will be reserved; this share will only be paid out at the end of the three-year period if performance, reviewed each year, is achieved. In order to be paid the reserved amount, there is a presence condition by virtue of which the officer must still be effective in the function at the end of the three-year period. The criteria used to measure achievement of the objectives fixed for each year are IT indicators (linked to reductions in operating costs, availability of key applications, coverage of disaster recovery plans) and a reduction in overhead expenses.
Stock options, restricted stock and any other long-term remuneration elements	Not applicable	Like all the executive Directors of the Company, Christian Collin has no stock options, restricted stock or any other long-term remuneration elements.
Director's fee	Not applicable	Christian Collin, Deputy CEO, does not receive Director's fees.
Value of benefits of any kind	40,360	Company car benefit in kind, protection benefit in kink, healthcare and social insurance cover for company senior executives and Managers.

Elements of the compensation due or allocated for the fiscal year now ended that are or were the subject of a vote by the General Meeting under the procedure for regulated agreements and commitments	Amounts subject to vote	Comments
Severance pay	Not applicable	
Non-competition compensation	Not applicable	
Supplemental pension scheme	No payment	Christian Collin qualifies for the defined-benefits scheme for members of the Steering Committee. Note that the principle of the extension of this scheme to the corporate officers who are members of the Steering Committee was approved in the General Meeting of 29 June 2006, and that this extension was applied to Christian Collin as approved at the meeting of the Board of Directors of 15 December 2011 and confirmed on 11 December 2014. ■ Eligibility for this scheme is subject to several conditions precedent, including the final completion of the career, the liquidation of all pension plans and the condition of being or having been a member of the Steering Committee for a minimum of least five years. ■ The escalation of the rights is 2% per year of the average gross annual salary of the last 36 months (fixed portion + benefits in kind). ■ According to the terms of the contract, the annuity paid for this contract may not exceed 30% of the average gross annual compensation for the last 36 months, keeping in mind that all basic, complementary and supplementary schemes must not exceed 50% of the beneficiary's gross annual compensation. For example, if the calculation was done on the basis of the compensation due for 2014, the annual annuity for this scheme would be theoretically approximately 27% of this compensation.

3.4 REPORT ON INTERNAL CONTROL

This report on internal control as well as section 3.2, on the operating methods of the administrative and management bodies and section 3.3, on the compensation of corporate officers correspond to the application of Article L. 225-37 of the Commercial Code while sections 3.2 and 3.4, of Article R. 336-1 correspond to the Insurance Code. The Groupama internal control structure, as with any control structure, cannot be considered an absolute guarantee for attaining the Company's objectives: rather, it constitutes reasonable assurance of the security of its transactions and control of its income.

In accordance with Articles L. 345-2 and R. 345-1-1 of the Insurance Code, the Groupama group prepares and releases combined financial statements consisting of all the statements of the regional and local mutuals as well as the consolidated financial statements of the Groupama SA division. In accordance with Article R. 345-1-2 of the Insurance Code, the combining entity of Groupama is Groupama SA.

The scope of the combined financial statements includes the regional mutuals, the local mutuals, Groupama Holding, Groupama Holding 2, Groupama SA and all the subsidiaries in the scope of consolidation with which it has capital ties. A breakdown of the scope of consolidation is included in the notes to the combined financial statements.

This report describes the internal control system at the Group level, both on the scope of the consolidated financial statements and of the combined financial statements.

In this context, it is important to consider the Group's general organisation: there is a distinction between the two major divisions: the regional mutuals (Caisses Régionales d'Assurances Mutuelles Agricoles), and Groupama SA, which is the holding company for the other entities in the Group ("subsidiaries").

Relationships among the various entities of the Group are governed by the following:

- within the Groupama SA division, equity holding relationships. The main subsidiaries included in this division are consolidated in the financial statements. Moreover, in exchange for a certain operational autonomy, each of the subsidiaries is subject to the requirements and obligations defined by the environment of Groupama SA, particularly in terms of internal control.
- in the Mutual Insurance Division:
  - by an Internal Reinsurance contractual mechanism between the regional mutuals and Groupama SA and defined by an insurance agreement with terms updated every year,
  - by a security and joint liability agreement between all the regional mutuals and Groupama SA ("Agreement defining the security and joint solidarity mechanisms of the Caisses de Réassurance Mutuelle Agricole that are members of Fédération Nationale Groupama").

As a consolidating entity, Groupama SA is also the lead Company in the tax integration implemented between it, the subsidiaries owned in the proportion of 95% or more and, since 1 January 2008, the regional mutuals (see application for review of the corporate Group regime under Article 53 of the Corrective Finance law for 2007 dated 25 December 2007).

In addition, a framework agreement setting the general principles applicable to the business relationships between the regional mutuals and Groupama SA and its subsidiaries came into force on 1 January 2006.

3.4.1 CONTROL ENVIRONMENT

3.4.1.1 Strategy

Groupama SA is the parent company of the Groupama Subsidiaries Division, which is consolidated under it; it is also the parent company of the Groupama regional mutuals. As such, it is in charge of defining and coordinating the implementation of the Group's strategy in the companies:

- the Group's strategic guidelines are determined by the Group's management bodies over the medium and long term based on audits and recommendations made primarily by the Group's Strategy Department;
- they are implemented in the short or medium term in accordance with a Group Strategic and Operational Planning ("SOP") process.

The SOP involves the development of provisional corporate income statements, IFRS financial statements and analytical results by business line for each entity. It is broken down into operational action plans and thus constitutes the path for the period of the plan and the Group elements of reference for managing the entities.

The strategic plan is defined for a period of three years: the work carried out in 2013-2014 resulted in the definition of the SOP for 2015-2017.

Its content particularly relates to:

- execution of the operational plans managed by the Groupama SA Business Departments and by the companies;
- achievement by company and by business line of the key business objectives: premium income, new business, loss ratio, combined ratio, etc.;
- the policy income statements of the principal business lines of the companies in the Group;
- each company's objectives in terms of contribution to Group earnings.

For the France scope, the work is organised as follows:

- definition of the strategic framework by the Group Strategy Department, subject to approval by the Group management bodies;
- a preparation phase upstream of the Business Departments to analyse the environment and outlook as well as the Group's situation with respect to each Business Line;
- a quantification phase covering the three-year forecasts and action plans to be implemented in order to achieve them, carried out by each entity and shared during discussions.

The national consolidation of objectives was approved by the Group's executive bodies.

Internationally, each subsidiary develops a Strategic Operational Plan in the same way as the other entities of the Group; the SOP is submitted to the International Subsidiaries Department for approval before being included in the Group consolidation.

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3.4.1.2 Human Resources (HR)

The responsibilities of the Group HRD cover three main areas:

- corporate activities: implementation of Group policies, coordination of HR networks, support and advice for companies and dialogue between workforce and management with the European Works Council, the Group committee, and the UDSG [1] in a Group structure in which each company (around forty) has a Human Resources Department in charge of HR management and employee relations under the authority of a Chief Executive Officer.

  In order to promote the establishment of corporate policies and the implementation of control and compliance systems, the Group HRD is supported by an HR Operational Committee made up of the HRDs of the Group's French companies (Groupama SA, subsidiaries and regional mutuals).

  The Group HRD is also in charge of employee relations within the UES [2] with the aim of managing all information/consultation processes relating to the projects and activities of its member companies (Groupama SA, Groupama Gan Vie, Gan Patrimoine, Gan Prévoyance, Groupama Supports & Services, Gan Assurances);
- activities related to the HRD of the "company" Groupama SA involving internal checks to ensure that labour laws and regulations are properly enforced: compliance with legal and contractual obligations related to corporate dialogue, human resources development (diversity and non-discrimination, etc.), and to employment contracts, vocational training, occupational health, production and transmission of statistics, legal reports, etc.;
- "Shared service centre" activities for all payroll operations and staff administration for eight Group companies including Groupama SA (vs. nine in 2013, following the transfer of SGPS staff to Groupama Gan Vie) and 7,833 monthly payrolls (vs. 7,872 in 2013).

In addition, the Group HRD is responsible for managing and rolling out a number of Group tools or programmes, in particular:

- the Groupama-Gan-Recrute (recruitment) and Mouvy (internal mobility – career visibility) websites used by all its French companies, which enable increased efficiency of activities carried out to fill positions needed by the Group and improved consistency of image, and provide a back-office platform for recruiters that meets the requirements for security, compliance, and traceability of applications;
- the GroupamaTalents application: this secure, dedicated IT tool is used for the collection and sharing of data (job descriptions, career history and development, portfolio of skills, etc.) required for conducting annual performance interviews (support integrated into the tool) and Company and Group-level personnel reviews (identification of key skills, sensitive positions and establishment of succession plans). It is now open to 19,000 employees of 30 companies in the Group, including all executives, and 14 companies (vs. nine in 2013) have already extended it to all personnel categories. Its roll-out continues;
- collective programmes intended to increase operational efficiency and performance management of Groupama SA and Group employees. In this regard, a number of training initiatives were rolled out in 2014 on the following subject areas:
  - "Project Culture and Cross-Functional Management", taken by 487 employees; and "Organising and Managing a Project", "Managing a Cross-Functional Team", etc.,
  - a shared, dedicated management system implemented for all Managers of Group companies, in France and abroad (8,000 staff identified). This programme is applied in the Managerial approach of each company, with a view to supporting Managers in their daily activities and increasing their effectiveness,
  - a training programme intended for administrative and team assistants in light of their key role in the transversal and collaborative organisation of their activities;
- the Group HRD ensures the preparation of the work of the Technical Careers Committee, a body comprising the Chief Executive Officers of the regional mutuals and Groupama SA that handles appointments, identification of key skills, sensitive positions and the establishment of succession plans for Managerial positions, during its monthly meetings.

In 2014, the Group HRD also implemented:

- the 2014 Group Opinion Survey with all companies in France and abroad, in collaboration with research company Ipsos. As in previous years, (2008, 2010 and 2012), all Group employees on permanent contracts were invited to participate *via* an electronic questionnaire guaranteeing anonymity and complete confidentiality of responses.

  A document summarising the high-level results at Group level was distributed during July in France, then internationally, in 10 languages, to all staff. Each company then distributed the information relating to its own results.

  After analysing the results, the Group HRD proposed 32 community-level actions on which the companies positioned themselves by indicating a degree of priority. Working groups were established, with companies also working on specific actions.

  The actions are for the most part focused around the four engagement themes: collective effectiveness, professional development, performance management and quality of life at work:
- a support initiative for the roll-out of the new Group Strategic Programme. The communication campaign undertaken at the end of 2013 *via* various media (leaflets, videos/interviews with Directors, etc.) distributed in all the companies (France and abroad) was enhanced at Groupama SA during the second half of 2014 *via* an ownership initiative. Managers took part in seminars on the concrete impacts of the issues for the Group and Groupama SA

(1) Groupama Social Development Unit. The UDSG is an association governed by the French law of 1901 grouping together all companies within the agricultural mutual insurance scope. Groupama SA is part of the UDSG, as are the regional mutuals, for example. Legally, UDSG negotiations are conducted at inter-company level and may not replace company-level negotiations. The UDSG sets a community-level contractual framework and is a driving force behind certain non-mandatory topics, such as integration of disabled workers.

(2) Economic and Social Unit. The UES is a social structure that includes, to date: Groupama SA, Groupama Support et Services, Gan Assurances, Groupama Gan Vie, Gan Patrimoine and Gan Prévoyance. It is at the UES level that certain mandatory negotiations, such as Annual Wage Negotiations, for example take place.

and were then charged with leading team meetings covering the same themes, with the help of a dedicated pack.

The seven strategic indicators for the Group (including employee engagement) will be followed up and communicated each year.

The Group HRD also carried out social projects in the consolidated companies, relating to the obligations of transparency and non-financial reporting covered in the Grenelle II law (publication in the management report of information relating to social impacts - organisation of work, labour relations, diversity, etc.). Note that after audit and verification by the statutory auditors, Groupama successfully obtained a certificate of participation as well as an attestation of sincerity.

For Groupama SA subsidiaries and GIE Groupama Supports & Services, the management of human resources is handled by the HR Departments of each of these entities, in line with the Group Human Resources policies, standards, tools and mechanisms of control and compliance described above.

In 2014, an HR Committee for French subsidiaries was established. This body meets three or four times per year and is intended to meet two objectives: firstly, the sharing and monitoring of the implementation of Group policies and company best practices; secondly, information and discussion on currently relevant themes and review of the impacts on HR policies to be implemented.

3.4.1.3 Monitoring of subsidiaries

Every subsidiary is subject to ongoing monitoring by the departments of the division to which it is attached:

- Group Finance Department for financial subsidiaries;
- French Subsidiaries Department for French insurance subsidiaries;
- International Subsidiaries Department for foreign subsidiaries;
- Insurance, Banking and Services Department for service subsidiaries and Groupama Banque.

This specific monitoring is supplemented at Group level by cross-functional management of all of the entities, particularly in the following areas:

(a) Activity monitoring and financial reporting

On behalf of the Group, the various Group Analysis and Management Control Departments (within the Group Financial Control Department) implement procedures for activity monitoring (performance indicators) and financial reporting for all regional mutuals, French subsidiaries and international subsidiaries. The aim is transparency of results and an understanding of trends in these areas for the Groupama SA Executive Management and the entities.

This approach is based on a process of management planning that is common to all entities. It is implemented and coordinated by the Group Financial Control Department and is based on core Group standards for developing forecasts, approved by the Executive Management and updated regularly. The process involves establishing yearly results forecasts for the next three fiscal years, and then updating three times the forecast for the first fiscal year of that three-year period.

In each of these phases, reports per legal entity are prepared by the companies concerned, in line with a common presentation and formats. The reporting forms are standardised for all Group entities and are collected through the consolidation and Group reporting application.

Before the close of each fiscal year, the Group Financial Control Department carries out additional monitoring and compiles an analysis of provisioning levels for each company in relation to the Group's standards for provisioning. This analysis gives rise to a report intended for the executive management.

In addition to this monitoring process, business reviews are conducted at least twice a year for Group subsidiaries in France and abroad, involving the Executive Management of Groupama SA and the management of these subsidiaries, with the participation of the Group Financial Control Department and the management of the French subsidiaries or the management of the international subsidiaries, as applicable. The management of the international subsidiaries conducts a preparatory business review in advance, with each of the subsidiaries, during which all the operational elements are assessed and pre-approved before being presented to the Executive Management of Groupama SA.

The April/May business reviews thus focus on the previous year's results, the analysis of the current year's results and forecasts, and the review of the Company's medium-term strategy.

These reviews ensure, in particular, that the Company's strategic guidelines conform to the Group framework.

The November/December business reviews are intended to analyse the year-end closing conditions, understand changes and developments in the financial statements and year-end figures, and present the outline of the major objectives for the upcoming year.

Since 2010, these business reviews have included a specific "risk" section, presenting, by entity, the level of deployment of the internal control system and the main activities under way in the area of risk management.

(b) Management of the subsidiaries' assets

The Investment Department has established a system requiring Groupama SA, the French subsidiaries and the international subsidiaries to hold Financial Committee Meetings or Asset Allocation Committee Meetings at least once per year. These meetings are attended by the representatives of the entity, the Group Finance Department, and, where appropriate, the subsidiary's Department affiliation (international subsidiaries, French insurance subsidiaries (see point 3.4.4.3)).

These Finance Committees propose the target asset allocation, taking asset/liability constraints into account, and present the transactions previously conducted and the financial management problems.

The assets of Groupama SA and the subsidiaries are primarily managed by Groupama Asset Management and Groupama Immobilier (see point 3.4.4.2). Concerning the international subsidiaries, Groupama Asset Management attends the Finance Committee meetings of the international subsidiaries for which it manages the assets: these subsidiaries are Portugal, Italy, Greece and Hungary.

(c) Asset/Liability Management of the subsidiaries

The Asset/Liability Management of the subsidiaries is ensured jointly by each subsidiary and the Group Finance Department, with the help of appropriate software and methods; Asset/Liability Management control is primarily carried out by the Finance Committees (see above).

(d) Design of new products

The design of new products or any upgrade that changes the economic balance was formalised as part of a standard process taking into account the structure of the Group, on property and casualty products of regional mutuals and French subsidiaries. It is rolled out at Groupama Gan Vie and the international subsidiaries (see point 3.4.5.5 (a)).

3.4.2 INTERNAL CONTROL

3.4.2.1 Internal control principles and objectives

Establishing a comprehensive and effective internal control system for Groupama group as a whole is a key priority, in order to:

- enhance operational security and control over earnings;
- prevent and manage risks;
- increase operational efficiency;
- improve customer satisfaction;
- and ultimately, meet current regulatory requirements and anticipate future requirements, related in particular to the coming Solvency II system.

In this context, the general principles, goals and organisational structure of the Group's Internal Control Department were defined in the internal control charter approved by the Groupama Executive Committee in March 2009. This charter, which has been distributed to all the Group's entities, acts as a common reference point for them to comply with in the roll-out of their internal control procedures. As auditing is part of the internal control procedure, an audit charter, also approved by Groupama's Executive Committee in March 2009, supplements the provisions of the internal control charter with its own operating rules and scope of operation. A compliance charter approved by Groupama's Executive Committee in October 2009, defining the general scope for the implementation and functioning of the compliance policy within the Group and consistent with the Group's internal control charters, completes the internal control system.

All Group companies and Groupama SA departments are involved in or conducting preliminary work prior to the implementation of the new Solvency II standard. Efforts in this area have intensified since 2009 and particularly since 2011 to anticipate the future requirements of the second pillar of Solvency II, which establishes the essential nature of internal control and risk management.

In order to establish a common foundation for governance and process built on Solvency II principles, the Group's executive bodies outlined the general strategies of the Pillar 2 project in late 2009 and in June 2010 approved the directional strategy and work required for a pilot project initially, which can then be rolled out to the Group's other companies. The pilot project was carried out with Groupama SA departments and one regional mutual between the second half of 2010 and July 2011; it focused on four sites handling the essential features of Pillar 2: organisation and governance, risk policy and risk management process, process and risk mapping, a permanent control plan and change management.

As they received approval from the Group's executive bodies, deliverables produced by these sites have gradually been made available to the French and international companies since January 2011. They are currently being implemented in all Group entities, with support in terms of methodology and operational monitoring of the roll-out being provided by the Group Permanent Control/Compliance Departments (in collaboration with the International Subsidiaries Department for the subsidiaries concerned).

The Group's overall internal control and risk management system was also enhanced in 2012 with complementary projects focusing in particular on the quality of the data used to supply the three pillars of Solvency II (see point 3.4.5.3), the development and adaptation of an asset risk limit system (see 3.4.5.2), the enhancement of the non-life and life insurance risk nomenclatures, the design and roll-out of an EU tool for management of operational risks and the development of a Group business continuity policy. The work conducted in 2014 in the area of risk management, particularly in the framework of the ORSA preparatory work or the operational implementation of the asset risk limit system, enabled the Group entities to better understand their exposure to risk and their risk profiles, and to structure and develop their own assessments and measure the short-term and medium-term impacts on their solvency.

This approach is part of a global continuous improvement process.

It is inspired by best practices in this area such as COSO 2 and Enterprise Risk Management (ERM) particularly taking into account, as well as control activities, all risks to which the Group may be exposed, the global management of these risks and their integration into the management of the business (risk strategy, risk tolerance, risk profile, risk measurement systems, reporting, etc.).

Lastly, the Group ethics procedure, laid down in Groupama's ethics charter, defines the Group's business ethics commitments and principles and sets out rules of conduct for its employees. Groupama's Executive Committee approved the ethics charter in November 2008. The charter has been implemented in the Group's French companies since 2009, after an information and consultation process with the employee representative bodies of all the entities. Implementation of the charter within the international companies was finalised in late 2010, in line with the procedures and systems specific to each company. The Ethics Committee, responsible for following up on ethics-related issues in the Group, has met twice yearly since 2010. In 2014, it met on 18 March and 18 November. An update was presented to the Committee on the principal trends highlighted in the Group's annual CSR [1] report. A revised draft ethics charter was also presented to the Committee, integrating changes to the Group

(1) CSR

Corporate social responsibility (CSR) is a "concept in which companies incorporate social, environmental and economic concerns in their activities and their interactions with their stakeholders on a voluntary basis".

and the environment since 2008. Certain sections of this charter have been improved, in particular those on values, the duty to provide advice, the prevention of corruption and fraud, the freedom of expression of employees subject to the preservation of the Group's neutrality and the transformation of the role of the Committee, which may rule on any CSR-related subject as well as on ethics. The new version of the charter will be effective after an internal process of approval, information and consultation, to take place during 2015.

3.4.2.2 Organisation of Internal Control

(a) At Group level

Permanent Services

The Risk Management and Permanent Control/Compliance Departments as well as the Group General Audit Department report to the Groupama SA Deputy Chief Executive Officer, under the responsibility of the Group Audit, Risk and Control Manager (DARCG).

The Group Audit, Risk and Control Manager reports periodically to the Groupama SA Board of Directors Audit and Risk Management Committee on the Group's position and any work in progress in terms of internal control, risk management and auditing engagements.

Since 1 July 2013, in accordance with the regulatory requirements regarding key functions, the risk management and permanent control/compliance functions have been separated within the Group Audit, Risk and Control Department.

GROUP RISK MANAGEMENT DEPARTMENT (DRG)

At the end of 2014, the Group Risk Management Department (DRG) had a dedicated team of six staff. Its main responsibilities are the following:

- development of the Group's risk policy;
- definition of the process for setting the Group's risk tolerance (risk limits);
- implementation of the ORSA process (Own Risk and Solvency Assessment: the internal assessment by the Company of its risks and its solvency situation);
- monitoring of major group risks (RMG);
- contribution to prudential reports: EIOPA requests, IAIS requests (systematic risks), etc.;
- assessment and rating of insurance and financial risks, including sensitivity analyses and stress tests.

In 2014, the major tasks undertaken by the teams in the Group Risk Department focused on:

- the continuation of the Risk Tolerance project:
  - after approval by the Board of Directors on 13 December 2012 of the asset risk limits at Group level, the system was rolled out to the French and international subsidiaries and the regional mutuals in 2013 for operational implementation in 2014. Implementation was completed in 2014 and the Finance Committees reviewed all overruns and any dispensations,
  - the complementary work carried out as part of the Regulatory Capital-Adjusted Profitability project (RACR) with its impact on the assessment of target objectives for each non-life business, used in particular in strategic and operational planning (SOP) exercises for 2014 and 2015-2017 by the regional mutuals: introduction of "floor" profitability limits for locked-in capital per business line, determining of RACR targets per business line and measurement of any discrepancies against the target, calculation of a simplified solvency indicator, etc.

    This work was also covered in the use test phase of the pre-application process to the ACPR (the French banking regulator) for the partial non-life internal model with a view to its use from 2016 in calculating the regulatory solvency of the Group and Groupama SA, attesting to the integration in strategic management of capital requirements evaluated by the non-life internal model;
- the internal evaluation during 2014 of risks and solvency (ORSA: Own Risk and Solvency Assessment) in the framework of the market's preparation for Solvency II, with for Groupama group and the Group's French insurance entities the submission of a preliminary report to the ACPR on 24 September 2014.

  These reports, prepared from the analysis of the risk profile and the solvency situation of each entity integrate the three assessments required by the ACPR: assessment of the deviation of the risk profile in relation to the SCR assumptions; assessment of the overall solvency requirement; assessment of the ongoing compliance with regulatory obligations.

  They were produced based on the assumptions used as at 31 December 2013, taking into account the contra-cyclical measurement (Volatility Adjustment) and the application of the transitional measurement of underwriting provisions of Groupama Gan Vie in line with the planned requests for options to the ACPR. Likewise at Group and Groupama SA level, the assessments also integrate the internal model approach, in line with the request for pre-application of the internal model for non-life and non-SLT health underwriting risk with a view to its use from 2016 in the calculation of regulatory solvency.

  The ORSA reports were prepared by each risk Manager in close collaboration with the Pillar 1 Manager for each entity, in accordance with the specific features of its risk profile and solvency situation.

  The ORSA reports were produced based on common principles of assessment methodology and in line with a generic report proposed by a working group coordinated by the Group Risk Department, including a number of regional mutuals and non-life insurance subsidiaries of Groupama SA.

  Both at Group level and in the French entities, the ORSA process and the ORSA report have been presented regularly throughout 2014 and as work has progressed, with approvals sought at each stage from the steering committees of Groupama SA and the entities concerned (Group and entity Risk Committees and Specialist Risk Committees). These successive updates have enabled a greater understanding of the issues involved and validation of the approach and the results of each preliminary exercise.

  At the same time, the Boards of Directors, especially *via* their Audit and Risk Management Committees (or financial statements for some entities) have been kept informed of the regulatory requirements and the ORSA work carried out and, when the schedule allowed, approved them before submission to the ACPR.

  Internationally, the Italian and Greek subsidiaries also sent their first preliminary ORSA reports during 2014, on 31 October and 31 December respectively, in accordance with the regulatory requirements of their local supervisory authorities;

- assessment of major insurance and financial risks, realised in particular as part of the ORSA assessment work, stress tests (internal and EIOPA) and internal assessment initiatives coordinated by the Group Risk Department.

GROUP PERMANENT CONTROL/COMPLIANCE DEPARTMENT (DCPCG)

At the end of 2014, the Group Permanent Control/Compliance Department (DCPCG) had a dedicated team of seven staff. Its main responsibilities are the following:

- development of standards: mapping of processes, operational risks and permanent controls, permanent control plan, database of permanent controls;
- monitoring and assessment of operating risks (related to control of processes);
- project owner of the EU tool for management of operating risks, managing in particular the collection of audit results, the incident database and the assessment of operational risks;
- establishment of internal control for the Groupama SA entity;
- definition of the business continuity policy (BCP);
- definition and implementation of the compliance policy;
- data quality, in terms of governance and control plan;
- responsibility for internal approval of the internal model.

In 2014, the major tasks undertaken by the teams in the Group Permanent Control/Compliance Department focused on:

- support and monitoring for the roll-out of the Group Pillar 2 deliverables in the Group entities;
- assessment of operational risks by using the Group nomenclature and the Group assessment methodology;
- development and progressive production release in the Group companies of an EU operational risk management tool built on a shared methodology that offers a consolidated overview of Group-wide risks and meets security and tracking requirements for permanent controls;
- coordination of the Group's compliance initiatives particularly in connection with the strengthening of regulatory requirements regarding customer protection and unclaimed life insurance contracts; With respect to unclaimed policies, the Group Permanent Control/Compliance Department has been particularly rigorous in strengthening the work carried out in identifying deceased policyholders, searching for beneficiaries, valuing death benefits and improving the corresponding processes followed by the dedicated teams at Groupama Gan Vie;
- developing a Group business continuity policy and rolling it out within the entities;
- updating the document reference system;
- managing the network of risk and internal control officers appointed within each company, and organising meetings to share experiences among the Group's companies, which include, in addition to regular working groups (see below), frequent subject-specific or discussion workshops on operational risk and permanent control, internal fraud and compliance, for companies in France.

In addition to these actions to strengthen the risk and control system, the Group Risk Management and Permanent Control/Compliance Departments worked together on:

- coordinating the Group risk governance system, particularly *via* the Group Risk Management Committees, by risk category (insurance, financial and operational) (see below);
- strengthening the Group risk culture particularly with:
  - the continuation of *ad hoc* actions in the Group's various entities, relating to Solvency II, its impacts, preparation of the Group for its application and the essential nature of internal control and risk management;
  - the roll-out to the Group's French entities of e-training on Solvency II and internal control in order to raise awareness among all employees about the future Solvency II regulations, inform about the internal control approach adopted by the Group and understand the impacts on everyday activity; At the end of 2014, more than 70% of Groupama SA staff and the majority of the regional mutuals had completed the e-learning training on Solvency II and internal control;
  - two ORSA training sessions for risk and control officers within the Group's French entities in preparation for 2014 regulatory requirements;
  - regular updates to a document portal dedicated to Risk and Control, which is intended to share the Group references and standards in the area of risk management and permanent control/compliance.
- the annual internal control survey. The purpose of this self-assessment questionnaire is to ascertain the status of the risk control and internal control systems and their level of deployment (at both entity level and Group level) and uniformly measure the progress of the Group's entities in their preparation for the future requirements of Pillar 2 of Solvency II. This status assessment gives rise to the development and monitoring of improvement action plans.

Lastly, in addition to the Risk Management and Permanent Control/Compliance Departments, a Research division, reporting directly to the Group Audit, Risk and Control Manager, completes the system; its primary responsibilities include conducting general studies on the subject of risk management and control, monitoring the emergence of new risks and tracking CRO Forum files.

GROUP GENERAL AUDIT DEPARTMENT

The Group General Audit Department operates across the entire Group with a staff of twelve auditors. The Group General Audit Department's 2014 audit plan was approved by the Groupama SA Audit and Risk Management Committee in December 2013. It is built around a three-year audit approach for each company of the Group and also incorporates audits of the Group's cross-functional processes.

The general audits of entities conducted in 2014 by the Group General Audit Department focused on three regional mutuals, two insurance subsidiaries, two financial subsidiaries and three international subsidiaries. The standards defined for financial investments with respect to asset risk limits, developments in the area of SOP and the work carried out on the deployment of Pillar 2 of Solvency II complement the audit mechanism by ensuring more effective targeting of the investigations and thus more specific recommendations on the processes under review.

The cross-functional audits focused on the process for handling customer claims and on the system for prevention of external insurance fraud. The customer claims handling audit falls within the scope of the strategic programme for improvement of customer service quality. The objectives are designed to measure, for the companies in France, the level of compliance of the claims handling processes with the regulatory requirements (ACPR Recommendation R-05 of 15 December 2011 and Instruction 2012-I-07 of 13 December 2012) and their contribution to customer satisfaction. The fraud prevention audit is intended to measure the discrepancies between group/market best practices and identify actions to be undertaken to reinforce the control of risk of external fraud. The responsibility for managing the action plans implemented in response to the recommendations issued by the Group General Audit Department falls to the relevant business line departments within Groupama SA.

The audit conclusions are reported *via* a table of evaluation of risks to which the Company is exposed on its key processes. These conclusions are shared with the Steering Committees of the companies concerned and the Group Executive Committee for the cross-functional audits. They are then presented to the Audit and Risk Management Committee of Groupama SA.

In 2014, the increased expectations of the Groupama SA General Steering Committee and the Audit and Risk Management Committee in the area of monitoring of recommendations led the Group General Audit Department to reinforce its activities in this regard. Quarterly qualitative reports have been developed, which gives these bodies the means to understand exactly which remedial actions might be necessary to ensure the proper execution of the recommendations of the general audit.

In this regard, a special on-site monitoring assignment was carried out in Romania to ensure the effective implementation of the actions announced by the subsidiary.

At the end of 2014, the Group's audit team had more than 80 auditors across Groupama SA, the regional mutual and the Group's subsidiaries in France and abroad. The subsidiary is managed principally *via* agreements and a working group (WG).

The fourth Auditors' Convention, which was held on 27 and 28 January 2014, brought together around sixty Group auditors. The principal topics covered were the contribution of the audit to the Group's return to profitability, the overlaps between the internal audit and Group audit functions, the issues faced by the internal audit division in a more demanding regulatory environment and presentations by audit Managers on lessons learned from their assignments.

The Audit Working Group, made up of audit Managers from the regional mutuals and the French subsidiaries, met on 7 June 2014. The principal topics covered were the roll-out of Pillar 2 in the Group, the quarterly monitoring of the cross-functional motor audit recommendations and the presentation of the action plan of the Business and Local Authority Department following the cross-functional audit of underwriting and supervision of business risks, which was completed in February 2014.

Risk Committees

The specific bodies enabling Groupama SA's Executive Management to carry out regular monitoring of the main risks incurred at Group level are the Group Risk Management Committee and the specialist Group committees for the various risk categories (Financial Risks, Insurance Risks and Operational Risks).

GROUP COMMITTEES FOR SPECIFIC CATEGORIES OF RISK

These specialist committees cover all risks with a systematic focus on major Group risks. They ensure continuity of action from the Group Risk Management Committee to which they report up to the working groups and committees in charge of activities incurring risks. The specialist committees are chaired by a member of the Steering Committee. The Risk Management Department and/or the Group Permanent Control/Compliance Department provide coordination and secretarial support to these committees.

GROUP FINANCIAL RISK COMMITTEE (CRFG)

The Group Financial Risk Committee is made up of the Deputy Chief Executive Officer (Chairman), the Managers of the Group Financial and Investment Departments, the head of the Audit, Risks and Internal Control Department, the head of Risk Management and representatives of the French Subsidiaries/International Subsidiaries Departments and banking and Asset Management subsidiaries. It is responsible for proposing to the Group Risk Management Committee the policy and rules governing the acceptance and retention of financial risks. Its responsibilities are the following:

- identifying and evaluating financial risks;
- proposing risk limits at Group level and entity level as well as hedging principles;
- monitoring the proper application of these limits by the Group's entities and proposing action plans;
- validating any dispensations and/or the establishment of action plans;
- reviewing the models and methodologies for assessment of financial risks (e.g. Asset/Liability Management, valuation, etc.) and the limits of these models;
- defining stress test scenarios for financial risks, evaluating their consequences and proposing a modus operandi in case of occurrence of a financial crisis;
- alerting the Group's Executive Management where appropriate.

The committee met three times during 2014 (April, July and November). The main topics covered were:

- monitoring of the main financial risks and the associated financial policy put in place;
- operational monitoring of the system for risk limits on financial assets in the Group entities and the review of overruns and any dispensations;
- developments to the risk limit system and its governance rules;
- the impacts of a sustained drop in interest rates on the results and the solvency of the Group and its entities;
- the EIOPA financial stress tests and the ORSA stress tests;
- updates and/or information on the Groupama Banque risk limit system, currency hedging, the system for cash flow limits managed by Groupama Asset Management, lending transactions on financial assets, etc.;
- updates on the French debt issues and those of the peripheral markets.

GROUP INSURANCE RISK COMMITTEE (CRAG)

The Group Insurance Risk Committee is made up of the head of the Insurance, Banking and Services Department (Chairman), the

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heads of the Insurance and Agricultural Business Departments, SOP Management and Coordination, the Reinsurance Department, the Group Actuarial Department and the Group Financial Control Department, the head of Audit, the head of Risk Management and representatives of the French subsidiaries/International Subsidiaries Departments and Groupama Gan Vie. It is responsible for proposing the policy and rules governing the acceptance and retention of insurance risks to the Group Risk Management Committee. Its responsibilities are the following:

- identifying and evaluating insurance risks;
- proposing risk limits at Group level and entity level as well as the guidelines for external reinsurance coverage;
- checking the proper application of the risk limits taken by the Group's entities and proposing action plans;
- defining stress test scenarios on insurance risks, evaluating their consequences and proposing a modus operandi in case of occurrence;
- monitoring governance and the performance of the internal model for insurance risks (e.g. decision for major change of the model);
- checking the proper application of the process for development and compliance of new products (life and non-life) with the Group risk management policy;
- alerting the Group's Executive Management where appropriate.

The committee met three times during 2014 (March, June and November). The main topics covered were:

- review and plans for control of major insurance risks;
- monitoring of new products;
- ORSA insurance stress tests;
- the review of work relating to the internal non-life model;
- the capital allocation work (RACR (Regulatory Capital-Adjusted Profitability) and its impacts on target premiums/claims ratios and the SOP initiative);
- strategies for the 2014 external reinsurance programme;
- updates on the monitoring and supervision of emerging insurance risks, retention level per risk for international entities;
- updates on Group actions and their impacts, particularly in professional civil liability and legal protection.

GROUP OPERATIONAL RISK COMMITTEE (CROG)

This committee is made up of the Managers of the Groupama SA departments who "own" the major operational risks identified (see section 3.4.5.13) and is chaired by the Group General Audit and Risk Manager. Its responsibilities are the following:

- defining the operational risk management policy (including compliance and reputation) and ensuring that it is properly implemented in the entities;
- defining and checking the budgets and operational risk limits consistent with the Group risk tolerance;
- monitoring all Group operational risks, particularly major Group operational risks;
- defining the policy for hedging against operational risks (operating risk insurance, BCP, etc.);
- alerting the Group's Executive Management where appropriate.

The committee met three times during 2014. The main topics covered were:

- review and plans for control of major Group risks;
- update of the Group nomenclature for operational risks;
- approval of the Group IT Security Policy;
- update on the Business Continuity Plans for the French entities;
- review of the ACPR questionnaire relating to customer protection;
- validation of the Group AML/CFT organisation chart;
- update on the roll-out of permanent control at Groupama SA;
- monitoring of e-learning training of Groupama SA employees.

GROUP RISK MANAGEMENT COMMITTEE (CRG)

Its membership is the same as that of the Groupama SA Steering Committee.

Its tasks are to approve the risk management policy, particularly by setting the limits of major risks and determining the methods to be used to manage the risks, and reviewing and monitoring the management of major Group risks.

During 2014, this committee met twice to approve the work prepared by the specialist Risk Committees (see CRFG, CRAG and CROG above) with, in addition to the monitoring of the major Group risk control actions, particular attention on:

- roll-out and operational monitoring of the risk limit system on financial assets within the entities;
- the impacts of an environment of low interest rates on the results and the solvency of the Group and its entities;
- future IAIS regulatory requirements;
- capital allocation work;
- update and approval of the work carried out on the Own Risk and Solvency Assessment (ORSA) and the results achieved, and work to be carried out in 2015;
- update on the roll-out of permanent controls in Group entities and Groupama SA and, more generally, on the implementation of Pillar 2 of Solvency II, particularly with respect to the major themes covered in the annual internal control questionnaire;
- review of and changes in Major Group Risks.

Cross-functional committees

In addition to the specific Risk Committees (CRG and committees specialising in category of risk), the head of the Audit, Risks and Internal Control Department chairs two cross-functional committees, allowing him to coordinate two important areas involved in the control of the Group's risks: the partial internal model and data quality.

INTERNAL MODEL GROUP COMMITTEE (CGMI)

The Internal Model Group Committee (CGMI), coordinated by the Group Actuarial Department, is a body for discussion and decisions on the work related to the internal model. As such, it takes an active role in the process of validating and changing the internal model. Its responsibilities are defined and detailed in an internal model policy. It reports to the Group Insurance Risk Committee.

1 2 3 4 5 6 7

GROUP DATA QUALITY COMMITTEE (CGQD)

The Group Data Quality Committee, coordinated by the Group Management Control function, defines the Group data quality policy, verifies its operational implementation and manages projects necessary to improve data quality. Under the internal model, the CGQD ensures that the data quality (completeness, accuracy, relevance) is sufficient both for entry of the model into calibration and after calibration. It is supported by a network of Data Managers and data owners (by entity and for each Group department concerned), who are in charge of controls applied to the collection process. The CGQD prepares a Group report allowing it to monitor quality. The CGQD reports directly to the Group Risk Management Committee (see above).

(b) Within the entities

The specific risk control and internal control system of the entities is organised around two complementary systems:

- risk management and internal control of each entity;
- internal or operational auditing of every entity.

The first two systems are adapted to each entity based on its organisation, activities and resources and the local regulations abroad, under the authority of its Executive Management. As at the end of 2014, the Group deliverables for Pillar 2 of Solvency II on the Organisation and Governance project have been rolled out across almost all of the entities. As under the Group model, the entities regularly hold specialist Risk Committee meetings and reinforce the level of maturity of the key functions. Similarly, the entities updated their risk policy for approval by the Board of Directors, and implemented a risk limit system on financial assets based on the Group system at the end of 2013.

Likewise, work on the Group document reference system was updated for roll-out to the new entities.

Work on the project "Mapping of processes, risks and permanent control plan", to roll out the deliverables produced during the "pilot" on all business line and functional processes, continued in 2014.

Updates on the progress of the Pillar 2 projects are shared during the entity-level Risk Management and Control working groups (RC WG of regional mutuals, French and International subsidiaries) (see point 3.4.2.2 d) and is the subject of regular reporting to the Steering Committee/Group Executive Committee.

Integration of the permanent control plans is under way in a shared software package, with operational implementation to be completed in 2015. This tool also enables management of incidents, assessment of operational risks and management of action plans.

Since 2006, in accordance with Article R. 336-1 of the French Insurance Code, each entity subject to the French regulations has prepared an annual report on internal control, which it sends to the ACPR after approval by its Board of Directors. Internationally, this activity of reporting to the supervisory authority depends on the regulations in force.

In 2014, the Group's French entities subject to the requirements of Solvency II prepared and submitted, in accordance with the ACPR's requirement, a preliminary ORSA report on 24 September 2014.

(c) Within Groupama SA

In addition to the entities and GIE Groupama Supports & Services, implementing the internal control system at the level of the functional and operational activities of Groupama SA is the responsibility of the different officers in charge of these activities under the authority of the Steering Committee. The area of responsibility of each of these Managers is determined by the delegations of authority approved. Since 2010, internal control of the Groupama SA corporate entity has been strengthened and structured with the creation of a specific unit attached since March 2012 to the Group Permanent Control/Compliance Department, and a position of Head of IT Security in 2014. Groupama SA's internal control function is supported by a network of coordinators in the business lines and functional departments of Groupama SA.

(d) Groupama Working Groups and Workshops ("WG").

These working groups are inter-company entities in the Groupama SA Mutual Division. Their role is to communicate, discuss and coordinate, and in certain cases they are involved in underwriting decisions. Those working groups that play a significant role in terms of internal control are the following:

The Control and Risk Management WG

The Control and Risk Management WG, coordinated by the Group Risk Department and the Group Permanent Control/Compliance Department, has included the regional mutuals, Groupama SA and the French subsidiaries, since 2014. This WG is a discussion forum, which aims in particular to:

- share Group standards, references and methodologies for risk control and permanent control/compliance, with particular emphasis on risk assessment in 2014;
- share updates about the future Solvency II regulations, the impacts of their application, the work and Group deliverables of the Pillar 2 project, as well as methods of roll-out;
- provide a summary of the work conducted in connection with the topical workshops on operational risks, compliance, internal fraud and the life insurance business as well as the Own Risk and Solvency Assessment (ORSA) (see below);
- provide information on current major Group projects (risk tolerance, regulatory capital-adjusted profitability, assessment of financial, insurance and operational risks, operational risk management tool, Business Continuity Plan, Solvency II and internal control training, etc.);
- share experiences and good practices;
- review the self-assessment reports produced annually on internal control and discuss priority actions to be taken.

The Control and Risk Management WG met four times during 2014 (three times in 2013), in February, April, July and October.

The Control and Risk Management WG for international subsidiaries met twice during the fiscal year 2014 (April and October). As for the other entities of the Group, during 2014 the topics covered in these discussion forums focused in particular on monitoring and assessment of risks, compliance, the roll-out of the permanent control plan and ORSA. In addition to the working groups, a monthly follow-up meeting is held jointly with the Managers of the international subsidiaries.

As well as these meetings, regular subject-based workshops are held with the French Groupama SA subsidiaries and the regional mutuals, reporting to the WG (see above, point 3.4.2.2 a) and *ad hoc* working groups are set up by the Risk and/or Permanent Control/Compliance Departments, reporting to the WG on common issues such as the improvement in the Permanent Control Descriptive Fields on a given activity; the methodology for identification of an incident to be collected; the strengthening of the permanent control system for the life insurance business, the establishment of a reference set of IT requests to optimise control operations or the reinforcement of the methodology used for assessing operational risks (preparation of assessment files that are common to all the entities).

In 2014, the specific working group, consisting of French and international "pilot" entities, established in 2013 for the Own Risk and Solvency Assessment, continued its work for the first three quarters of the year. This WG, coordinated by the Group Risk Department, proposed, tested and approved the common methodological principles for the ORSA risk assessment and generic deliverables, successfully meeting the requirements of the preliminary phase of the ORSA work. The roll-out of the ORSA system was complemented by two plenary training meetings and bilateral interviews between the Group entities and the Group Risk Department. Additional updates specific to each entity were also provided by the Group Finance Department when the quantitative assessments were released (Solvency II situation as at 31 December 2014, outlook or under financial stress).

More specifically, regarding compliance risks, two Group Compliance workshops were organised during the fiscal year 2014, focusing on the following topics:

- the current legal situation (Hamon law);
- the ACPR questionnaire on compliance with the insurance customer protection rules (sharing and analysis of responses);
- the assessment of the "Failure to advise" risk: reminder of methodology and assessment by the owner of the risk;
- processing of claims (developments to the Customer Relationship Management (CRM) tool, operating procedures, cross-functional audit of most of the French entities subject to the provisions of ACPR Recommendation no 05-2011);
- the operational roll-out of the "Recommendation on gathering customer information in the framework of the duty to provide advice on life insurance policies" no 2013-R-01 of 8 January 2013 and the "AMF Position no 2013-02" relating to "Gathering customer information" of 8 January 2013, in particular:
  - the development of Sales Assistance Tools (ISICLIC, etc.),
  - the provision of a Customer Insight Questionnaire common to Life/Banking/Pensions,
  - the review and implementation of "individual life" control plans with the regional mutuals network and the insurance company Groupama Gan Vie.

Similarly, regarding internal fraud, monitored for the Group by the Group Permanent Control/Compliance Department, the work conducted focused on:

- risk assessment *via* the collection and analysis of half-yearly reports submitted by Group entities;
- understanding of the roll-out of the Group standard for processing;
- enrichment of the permanent control plans intended to prevent the occurrence of internal fraud;
- development of an initial version of a methodology for data gathering;
- leading a national event as well as sub-events on specific themes ("cartes vertes" (green cards), the life insurance business, accounting entries, etc.) with the aim of sharing best practices among the entities and communicating on the work carried out by the Group Permanent Control/Compliance Department as owner of this major Group risk.

In the Life business, a specific workshop was set up, coordinated jointly by the Permanent Control Department of Groupama Gan Vie and the Group Permanent Control/Compliance Department; this group involves the internal control Managers of the distributing entities as well as the life insurance Controllers in charge of *ad hoc* controls.

It aims to revise and optimise the permanent control system based on the best practices existing at the various distributors, by further taking into consideration the operational methods for implementing these permanent controls.

This workshop, which reports directly to the Control and Risk Management WG of the regional mutuals, concluded in 2014. It was held over four sessions, enabling the documentation and improvement of common Permanent Control Descriptions related to personal life insurance and savings/pensions processes.

The Steering and Management Control WG

This working group meets on a quarterly basis. Its purpose is to coordinate, together with the regional mutuals, the work falling within the scope of management control. In particular, it is in charge of monitoring and analysing the actual and projected results of the regional mutuals, harmonising overhead expenses, converging underwriting reserves, designing management tools for forecasts and developing Group performance indicators. It serves as a forum for dialogue with the regional mutuals concerning management control issues and is coordinated by the relevant sectors of the Group Financial Control Department.

The subject areas for review submitted to the regional mutuals are examined in sub-working groups in which representatives of the regional mutuals participate. The two main sub-groups, which meet three or four times per year, are the sub-groups on underwriting reserves and overhead expenses.

SUB-GROUP ON TECHNICAL RESERVES

It aims to monitor and analyse the level of technical reserves of the regional mutuals. The Group Management Control Department prepares recommendations about reserves, particularly methods, tools and standards. Together with the regional mutuals and the Group Actuarial Department, the Group Management Control Department conducts reviews in order to refine the management of risks related to reserves. In particular, the sub-working group's main mission in recent years was to steer and coordinate the convergence of technical reserves toward the Group standards.

SUB-WORKING GROUP ON OVERHEAD EXPENSES

The purpose of this group is to harmonise practices in the area of allocation of overhead expenses and establish standards for assessment and recognition for accounting and analysis purposes. In addition, the sub-group is in charge of monitoring the overhead expense reduction plans of the regional mutuals based on the objectives set by the Group and the strategic operational plan (SOP).

The Accounting, Taxes, Consolidation WG

This group meets on a quarterly basis and is responsible for proposing the implementation of the Group's accounting, regulatory, tax and consolidation principles to the representatives of the Accounting and Tax Departments of the entities in the Group.

It defines the corporate accounting standards and consolidation standards with the assistance of the representatives of the accounting finance and tax units of all the business sectors in which the Group is involved.

Other than the subjects regularly presented and discussed by the Steering and Management Control WG and the Accounting, Taxes, Consolidation WG, 2014 offered the opportunity for a number of interactive discussions and feedback sessions on the work associated with the coming implementation of Solvency II as well as by the preliminary steps required by the regulators.

The Regional Mutuals Reinsurance WG

This WG meets on a quarterly basis and is composed of representatives of Groupama SA and the regional mutuals. Its purpose is to validate changes in the reinsurance terms before submission for approval by the regional mutuals at a meeting of the Chief Executive Officers of the regional mutuals and the Chief Executive Officer of Groupama SA; modifications to the General Reinsurance Regulation are then submitted for approval to the Board of Directors of Groupama SA. It is specified that the setting of terms for the annual application of the General Reinsurance Regulation (annual parameters for calculating outward reinsurance, detailed technical and financial rules resulting from the principles set forth in section II, underwriting conditions: risks covered, exclusions and limits of cover) in accordance with its provisions is not considered a modification of the Regulation. The terms for annual application are approved by the Steering Committee of Groupama SA and by the Group Executive Committee.

3.4.3 COMPLIANCE

3.4.3.1 Compliance charter

The general principles, goals and organisational structure of the Group Compliance Department are defined in the compliance charter approved by the Group Executive Committee in October 2009.

The Group's compliance system defined in the compliance charter aims to ensure that all Group practices comply with legal provisions, regulations, administrative requirements and trade standards, as well as the Group's internal rules, charters and procedures. Compliance covers all Group activities and specifies the mechanisms to be established under the responsibility of the entities (mapping, implementation of control procedures, training, etc.) as well as that of the Group. In this regard, the Group Compliance Department within the Group Permanent Control/Compliance Department is responsible in particular for supporting the entities in the operational implementation of compliance rules (new legislative or regulatory texts, standards coming from supervisory authorities, etc.).

3.4.3.2 Compliance of business activities with laws and regulations

(a) Application of corporate law and the French Commercial Code

The Group Legal Department, within the General Secretariat, manages Groupama SA's legal affairs and those of its subsidiaries operating in France and provides legal advice as needed to all the French entities of Groupama SA. Within this framework, it ensures the legal security of its operations and its Directors and executives.

(b) Application of corporate regulations

In addition to the measures established to ensure guaranteed compliance with labour laws and regulations by the Group and its companies, the Group Human Resources Department (DRGH) took actions in 2014 aiming to:

- guarantee the reliability and effectiveness of payroll and staff administration operations by means of a service contract with the Administration and Payroll Shared Services Centre with:
  - permanent control of payroll and social security declarations, using specialist software hosted in part by a supplier to ensure security of the employee database. Access to the data is fully protected,
  - tracking and monthly reporting on all operations (administration, working hours and discussion platforms with employees) in the shared OROP tool, to enable permanent control;
- support the Group companies in the implementation of the Economic and Social Database (BDES), which contains new sources of economic and social information arising from the law on secure employment of 14 June 2013: since the summer of 2014, the staff representation bodies (IRP) therefore have access, in each company numbering at least 300 employees, to a BDES designed in accordance with a model defined at Group level;
- provide the companies, thanks to this database, with all the information needed for them to inform and consult with the works councils on their three-year strategic plans, which were defined as part of the roll-out of the Group Strategic Plan for 2014-2018;
- provide them with the means to track, in the BDES, sums received with respect to the tax credit for competitiveness and employment (CICE) and thus enable their works councils to stay informed and be consulted, before 1 July of each year, on the use of this credit by the Company;
- reinforce the Group agreement "Quality of Life at Work (QVT)", concluded in February 2011, with the signature by the trade unions of an additional clause dated 10 October 2014.

  It defines a common framework for the Group companies to improve the quality of life at work and, in this regard, in addition to the actions and measures already implemented within the Group companies, prevent, treat, eliminate and, otherwise, reduce any problems related to psychosocial risks (stress, harassment and violence in the workplace, internal or external nuisance, etc.).

  The additional clause is intended to strengthen the agreement in the following areas:

- consolidate and reinforce the role of the Group "Committee for Quality of Life at Work",
- establish collective prevention measures (Managerial training, work/life balance, implementation of forums for discussion between employees),
- integrate the prevention of psychosocial risks within the Group companies (appoint of an HR coordinator for PSR and quality of life at work, who will be available to employees if they believe they have identified a PSR situation; diagnostic and action plan for the corresponding risks; "crisis management" procedure; support for staff during times of significant transformation).

In order to increase the skills of employees or officers of the Group, the training offering has been enhanced as part of the property and casualty Insurance and Life-Savings business line training, particularly with:

- e-learning programmes carried out in 2014:
  - a new e-learning training module on "Anti-money laundering and combating the financing of terrorism" was implemented at the end of 2014 and will be available to all Group companies during February 2015,
  - the Hamon law, impacts and opportunities - this module is intended for all Group employees so that they can answer questions from customers and prospects;
- classroom training sessions specifically for asset management advisors, incorporating the fundamentals related to:
  - the 3rd cycle wealth management course (38 days of training – AUREP organisation). The objective of this course is to acquire theoretical and practical knowledge on the financial, legal and tax aspects of Wealth Management. The acquisition of these skills should contribute to a better approach to the needs of customers and to an improvement in the quality of the solutions offered, and reduce the risks of non-compliance with the recommendations made. 2014 saw the fifth edition of this course with participants attending from different Group companies,
  - a course (10 weeks) dedicated to ACPS advisors (professional insurance market). This training programme alternates periods of classroom training and periods of "on the job" sales training provided by Managers in the field, and is intended to increase the technical skills of these advisors at the same time as establishing a standardised sales approach. The third edition was held in 2014.

(c) Meeting the legal obligations relating to Continuing Professional Development binding Corporate Training Organisations.

Groupama University, within the Group HRD, has taken over the management of Groupama SA's Corporate Training Organisation, which was established in 1999 by employees of Groupama SA as part of its training activity for Group mutuals and subsidiaries.

As such, Groupama University must ensure compliance with existing laws and regulations and the continued validity of its declaration with respect to its training activity. In this regard, its obligations include, in particular:

- realisation of the annual training statement and financial statement for the training organisation;
- automated publication of training certificates for each participant who has completed a Group training programme or session;
- establishment of framework agreements as well as service provider contracts between Groupama SA and the other Group companies;
- actions to inform and advise Groupama SA training coordinators to ensure compliance with existing laws and regulations on continuing professional development.

As part of the reform of professional development (law of 5 March 2014), Groupama University supports the roll-out of this within the various Group entities. Work has already been undertaken and will continue in 2015 with a view to improving the fulfilment of these obligations.

(d) Application of insurance law and regulations governing the insurance business

The Legal Department within the General Secretariat of Groupama SA provides the following functions, on behalf of the business departments of Groupama SA, the French insurance subsidiaries and the regional mutual:

- monitoring and analysis of legislation and case law and other standards (FFSA professional standards, ACPR recommendations) having an impact on the insurance business (marketing, communication, advertising, development, underwriting, execution and termination of insurance products, etc.);
- necessary anticipation of new regulations relating to the insurance business and support in their implementation (particularly ACPR recommendations on producer/distributor agreements in the area of marketing life insurance policies and draft recommendations on advertising in the area of life insurance, the new definition applicable to objective employee categories for collective insurance, the implementation of the National Interprofessional Agreement and the development of designation clauses in branch agreements, the development of Manager contracts (individual and collective health, the law relating to consumption known as the "Hamon law" in its provisions applicable to group action and general insurance, the social and solidarity economy law with its provisions applicable to mutual insurance certificates, the escheats act and the common provisions IMD2, PRPRS and MiFID2 affecting insurance, etc.));
- information (notes, circulars, working groups, distribution of a quarterly bulletin of legal information in connection with customer protection);
- approval of new insurance policies developed by the businesses as well as modifications made to existing policies (PAI policy for Amaline Assurances, long-term care policy, hailstorm insurance, SAFER, multi-risk corporate policies, etc.) or developed by Groupama Gan Vie (pensions and savings policies, death insurance, new temporary unit-linked policies, OPCI, etc.);
- development and approval of distribution and partnership agreements in connection with insurance and other services;
- legal and fiscal advice (taxation applicable to products and advice in the area of wealth management solutions), particularly in relation to the creation of mutual insurance certificates and the work of the legal function within the project, the development of the multi-channel business and the move towards digitisation in the customer relationship in life and non-life insurance, the implementation of

the National Interprofessional Agreement (analysis of collective national agreements, etc.);

- relations with the administrative supervisory authorities (ACPR (the French banking regulator), Orias, DGCCRF (the French General Directorate for Fair Trading, Consumer Affairs and Fraud Control), competition authority) and support in the framework of these controls and their potential consequences for the insurance business.

It manages or contributes to working groups established on legal subjects and, in some cases, is responsible for creating them (group insurance legal committee; personal life insurance legal committee; group insurance and personal life insurance disputes/claims committees; WG on marketing unit-linked policies; Quality WG; Group Compliance Workshop; Brokerage WG; Digital Signature WG; Hamon law WG; etc.).

It also organises and coordinates training for French insurance entities of the Group and their distribution networks and particularly the network of brokers who market Groupama Gan Vie's Group insurance (training on non-life insurance, group insurance and personal life insurance: matrimonial property regimes, beneficiary clauses, Madelin agreements, insurance bases, third-party liability, non-payment of premiums, the legal environment applicable to customer protection and the implementation of the duty to advise and the pre-contractual information obligation, and actions to raise awareness of the marketing of savings products and the Hamon law in relation to insurance policies and group action).

Note that it also provides legal support for the Group's service subsidiaries such as Cofintex, CapsAuto and FMB, as well as Groupama Banque, particularly in relation to creating mutual insurance certificates and marketing the CFF property loans that led to the requirement to further develop the relationships between Groupama Banque and the various Group entities.

Lastly, it participates in the work of the FFSA (Distribution Committee, Legal Committee, FFSA WG, etc.) and prepares reports for the departments concerned, ensuring the communication of the position of the business in connection with, for example, the implementation of new regulations. In this regard, during the fiscal year 2014, the most significant working groups in which the insurance legal function participated related to the implementation of the SEPA system, the electronic archiving of insurance documents and digital signatures, the implementation of the ACPR recommendations (and draft recommendations) on customer protection, the law on unclaimed life insurance policies, the compensation policy for the networks, the prevention and management of conflicts of interest, and PRIPs (Packaged Retail Investment Products – regulation that aims to improve the quality of the information communicated to consumers considering the acquisition of investment products) with the development of a KID (Key Information Document), etc.

(e) Compliance with customer protection rules

In accordance with ACPR instruction 2012-I-07 of 13 December 2012, the application of customer protection rules and their integration into the internal control system are now presented in a dedicated questionnaire that must be communicated to the supervisory authority each year. The questionnaire for the fiscal year 2013 was sent to the ACPR by the relevant Group entities no later than 30 June 2014 after approval by their respective Boards of Directors. With respect to the fiscal year 2014, they will be sent to the regulator under the same conditions.

In 2014, the work carried out by the Group Compliance Department (see above, 3.4.2.2 d), reported in workshops and *ad hoc* meetings of the governance bodies, essentially focused on themes directly related to customer protection.

(e) Application of tax regulations

Corporate income tax

TAX CONSOLIDATION SYSTEM

The Group Tax Department within the Groupama SA Group Finance Department is in charge of ensuring that the tax consolidation rules are applied (Article 223A *et seq.* of the General Tax Code) for the Group formed for tax consolidation purposes by Groupama SA, as parent company, the regional mutuals, the holdings, Groupama Holding and Groupama Holding 2, and its subsidiaries owned for more than 95% (*i.e.* 52 entities as at 1 January 2014).

This includes calculating the scope, reviewing the calculation of the provisions for the corporate income tax of the parent company and its main consolidated subsidiaries and the regional mutuals, and supervising remote reporting procedures.

PROCEDURES FOR DOCUMENTATION AND ELECTRONIC ARCHIVING IN THE AREA OF ELECTRONIC ACCOUNTING

In collaboration with the different Group entities and the tax group of GIE Groupama Supports & Services, the Group Tax Department helps to define and monitor the implementation of documentation and archiving procedures with respect to electronic accounts, as required under tax law, particularly as part of dedicated "CFCI" (Electronic Accounting Tax Audit) committees for each French entity.

GROUP COMPLIANCE WITH THE US "FATCA" (FOREIGN ACCOUNT TAX COMPLIANCE ACT) REGULATION

The FATCA regulation came into force on 1 July 2014 as a result of the six-month extension of the timetable initially planned by the US tax authorities (the Internal Revenue Service, or IRS).

This US regulation is legally based in France on the Intergovernmental Agreement (IGA), signed on 14 November 2013 and established according to the model 1 defined by the IRS, which provides that FFIs subject to the jurisdiction of the signing state must submit their reporting *via* that state's administration. The law of 29 September 2014 (JO of 30 October) ratified this regulation. This law, however, has so far not been the subject of any comments by the French tax authorities.

Furthermore, the Amended Finance Act for 2014 dated 8 August 2014 gave legal grounds for the realisation of due diligence in the identification of taxpayers (in particular, the automated processing of personal data) and established a penalty applicable by the French tax authorities in the event of any error/omission in the FATCA declaration; this penalty amounts to €200 per reportable account.

To meet these obligations, a Steering Committee coordinated by the Group Tax Department was established during the fiscal year 2013. Its role to monitor the implementation of the FATCA mechanism in the Group.

As a reminder, the FATCA obligations of Foreign Financial Institutions (FFIs) are as follows:

- Registration with the IRS to obtain a specific identification number (the Global Intermediary Identification Number or GIIN);
- Identification and documentation of US persons;
- Declaration *via* a FATCA single tax declaration form (IFU) in XML format, to be sent by French FFIs to the French tax authorities (or the IRS for some international FFIs).

All the Group FFIs registered successfully by 5 May 2014, with the first FATCA declaration due only on 15 June 2015 or even 30 September 2015 (the exact date for filing with the French tax authorities will be set by the next tax directive to be issued).

Against this background, the current work being carried out within the Group FFIs that hold reportable financial accounts focuses primarily on procedures relating to the identification and documentation of US persons. This update therefore affects all FFI entities if they hold financial accounts that are reportable under FATCA, with the particular exception of Groupama SA, Groupama Asset Management and Groupama Épargne Salariale.

(g) Financial Ethics

An ethics audit to prevent insider trading has been implemented within the Steering Committee and some divisions and departments of Groupama SA that are exposed to this risk. This function is performed by a Group Ethics Officer with the support of a person outside the Group, who is responsible for the controls, and by a coordinator at Groupama SA. The procedure established provides that the relevant Groupama SA Managers sign a “Confidentiality Agreement” and submit regular reports on their financial activities.

(h) Anti-money laundering and combating the financing of terrorism

The Group General Secretariat (Group Legal Department) coordinates corporate policy with respect to anti-money laundering measures, working with the Permanent Control/Compliance Department, the International Subsidiaries Department, and a network of officers responsible for the prevention of money laundering and terrorist financing in the regional mutuals and the insurance subsidiaries (in France and internationally) as well as the banking and asset management subsidiaries.

In this regard, the Group Legal Department:

- monitors changes in regulatory and professional provisions in the matter and provides support and assistance to the relevant Group entities in developing their plans;
- promotes the harmonisation and consistency of procedures, the dissemination of good practices and inter-professional exchanges, and ensures the coordination of the network of Group anti-money laundering officers in the form of periodic meetings, regular communications and a newsletter;
- presents half-yearly performance indicators to the Executive Management and prepares an annual report for the Board of Directors of Groupama SA on the actions carried out within the Group;
- manages various IT projects to equip the Group companies concerned with systems to automate the vigilance required by law; a tool for identifying sensitive individuals in customer databases and a single database of suspicious activity reports have been implemented; a tool for profiling the customer relationship established on a risk-based approach, enabling the detection of anomalies, has been operational since 2013 for the banking businesses and was extended to the life and savings businesses in 2014;
- manages the implementation of training on anti-money laundering and financing of terrorism.

In addition, working groups dedicated to operational monitoring have been set up with representatives of the relevant departments of Groupama SA, Groupama Gan Vie, Groupama Banque, the regional mutuals and the distribution subsidiaries.

This structure was enhanced in 2013 by the establishment of a central committee for guidance and monitoring of the fight against money laundering and terrorist financing; this committee is responsible for monitoring and coordinating the actions carried out by the various functions and entities involved in this area.

In 2014, a Group AML/CFT organisational chart was developed and distributed to the relevant entities in France and abroad. This organisational chart defines the roles and responsibilities of the various participants and stakeholders at Group level and at the level of each operational entity concerned, describes the mechanism in place with respect to informing and training employees, determines the methods and conditions for exchanges of information required for the exercise of vigilance and specifies the system to be applied for control and risk monitoring.

The entities concerned ensure ongoing, regular control of implementation of the internal procedures relating to AML/CFT and take the required corrective measures in the event of any anomalies.

(i) Protection of medical data

Work on credit life insurance has led the partners (ministry, banks and insurers, patient and consumer associations, etc.) to append to their first agreement, known as the Bélorgey agreement, a Code of Good Conduct detailing the measures that must be put into place in relation to the procedures for collecting, processing, distributing and archiving personal medical data. This bill was approved by the CNIL (French Data Protection Authority) and appended to the law of 4 March 2002 relating to patient rights. It was renewed without amendment in the appendix to the two AERAS agreements that succeeded the Bélorgey bill in January 2007 and February 2010.

Group recommendations were distributed as from 2003 by the business department or entity concerned (circular C.17/2003), clarifying the procedures for implementing laws in force on professional secrecy and, if necessary, requirements relating to sensitive data (Civil and Criminal Code, Public Health Code and Medical Ethics Code, data protection act, law on patients’ rights and Code of Good Conduct).

It is the responsibility of the various Group entities (regional mutuals and subsidiaries) to implement these recommendations, in partnership with the medical advisers and in collaboration with the Group compliance function, the Group Data Protection Correspondent (“CIL”), and the Claim and Cost Control Division of the Insurance, Banking and Services Department. Support is offered to those companies that request it. Self-assessment questionnaires are sent to the companies every two years to ensure follow-up of implementation.

The most recent survey confirmed the commitment of the companies and the high level of compliance on the part of the Group, and highlighted five new areas for improvement, specifically with regard to the recommendations cited in June 2010 by the CNIL in its report submitted to the FFSA following the surveys conducted with banking and insurance companies: increasing the security of management offices and methods of communication and improving the reliability of medical consultancy functions responsible for maintaining confidentiality and procedures authorising personal health data, rules that must be observed when performing IT tasks.

Training on confidentiality of medical data is provided by the Individual Insurance Department (in charge of the Health and Individual Protection business lines) and the Claims and Cost Control Departments (Bodily Injury and Protection). An e-learning training kit for the Group's sales teams has also been made available to the regional mutuals and Group companies in France.

At the same time, a comprehensive survey of the claims management tools that may be used in the processes or that may include medical information was conducted by the Claims and Group Services Department of the Insurance, Banking and Services Department. The procedures established involve on the one hand creating physical security for personal data *via* a "medical bubble", which is the most representative feature, and on the other, restricting the sharing of sensitive information to that which is absolutely necessary for its processing.

(j) Delegation of authority

The current procedure for delegation of authority established within Groupama SA in collaboration with the Group Compliance Department is as follows:

- it is based on the management reporting line;
- it relies on a network of coordinators for delegation of authority appointed in each of the main French subsidiaries and divisions of Groupama SA;
- requests for delegation of authority are issued by the sectors concerned, according to their requirements, and are established according to a list compiled and controlled by the Legal Department. They fall into three separate categories: delegations of authorities as such, delegations of signatory powers including banking accreditations (see 3.4.6.1), and powers of attorney. Only the delegation of authority entails the transfer of responsibilities, particularly with respect to criminal law.

Lastly, each Group company is required to ensure that a consistent system for delegation of authority has been established, in keeping with its organisational model and based on the procedures implemented by the Legal Department of Groupama SA.

The Legal Department of Groupama SA, in its capacity as custodian of the chain of delegations, ensures the overall consistency and updating of the system for delegations of authority.

(j) Application of the legal provisions of the Data Protection Act

The Group Executive Committee (GEC) meeting of 22 November 2006 decided to appoint a Group Data Protection Correspondent (CIL) to represent the Group on the CNIL (French Data Protection Authority). This CIL position has been in place since March 2007, acting for Groupama SA and 42 Group entities (regional mutuals and French and overseas subsidiaries), compared with 43 entities in 2013 due to the absorption of Réunima by Groupama Gan Vie.

The responsibilities of the CIL are:

- preparing a list of all the procedures implemented by each Group entity and made available to the CNIL; the appointment of a CIL releases these entities from the requirement to send reports to the CNIL;
- implementing controls on data processed to ensure compliance with the Data Protection Act;
- conducting audits for ex post checks;
- preparing an annual report for the CNIL and the Executive Management;
- promoting and sharing a data protection culture: training actions and tools; guides, procedures and codes of good conduct;
- advising Group entities on the application of the law;
- alerting Executive Management to any anomalies noted.

The CIL is supported by a network of internal correspondents (CRIL): one correspondent per entity and nine at Groupama SA within the sectors conducting sensitive data processing operations (HR Department; Individual Insurance Department; Professional Insurance Department; Business and Local Authority Department; Group Claims and Cost Control Department - Bodily Injury division; Project Management Department of the Insurance, Banking and Services Department; Marketing and Distribution Department; Group Communication Department; Group Audit, Risks and Control Department); these internal correspondents are responsible for relaying the CIL's actions within their entity or department and are in regular contact with the CIL. This network can change, depending on modifications to the Group's organisational structure. The CIL calls a meeting of this network twice a year.

In 2014, the CIL drafted and sent the seventh annual mandatory report to the Groupama SA Executive Management. The CIL presented this report to the General Secretary of Groupama SA and sent it to the Chief Executive Officers of Groupama SA, the regional mutuals and subsidiaries. The report has been submitted to the CNIL.

The primary initiatives undertaken by the CIL in 2014 were:

- circulation of a guide entitled "Sensitive Data Processing: Whistleblowing" intended for human resources Managers, distributed *via* the Labour Relations network and the network of CRILs;
- circulation of an information kit on vehicle management intended for employees, distributed *via* the Labour Relations network and the network of CRILs;
- circulation of a guide to the collection and use of customers' and prospects' email addresses and telephone numbers, developed jointly with the Marketing and Distribution Department and distributed *via* the network of CRILs;
- review and circulation in December 2014 of guides and booklets on "Marketing - Data Protection" *via* the network of CRILs and the Marketing and Sales Departments;
- continued work on developing a guide to "Sensitive Data: Medical and Health Data" to integrate the obligations arising from the Insurance Compliance pack published by the CNIL in November 2014; starting work on defining a doctrine for the prevention of insurance fraud in accordance with the new standard authorisation AU-039 published by the CNIL on 17 July 2014. The objective of this work is the publication of a guide to "Sensitive Data Processing: Combating Insurance Fraud";
- continued work on the production of an e-learning tool on the protection of personal data intended for all employees of the

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Group and available through the Groupama University platform; in 2014, 3,700 individuals completed all or some of the modules offered by this tool, making a total of 6,200 since 2013;

- coordinating training and/or awareness actions on personal data protection:
  - training new primary correspondents and their substitutes, appointed in 2014,
  - holding the twice-yearly meetings for primary correspondents,
  - increasing awareness among a network of around 170 people both at Groupama SA (particularly the Management Committee of the Marketing and Distribution Department, Group Operational Risks Committee, Ethics Committee) and the subsidiaries.

The CIL also realised compliance audits both alone and in collaboration with the firm Ernst & Young:

- at Groupama Gan Vie in the area of health and medical data processing;
- at the mutual Gan Interentreprises on all processes implemented by this entity;
- at Gan Assurances in the area of customer relationship and sales data processing, with a network of general agents;
- at Cofintex6 in the area of processing data from remote surveillance of property;
- at Présence Verte in the area of processing data from remote surveillance of individuals.

These audits were conducted in the framework of action plans coordinated by the CIL, for entities audited in:

- 2012 Groupama Loire Bretagne;
- 2013 Gan Patrimoine and Groupama Rhône Alpes Auvergne;
- 2014 Groupama Gan Vie, Gan Interentreprises.

The action plans relating to audits conducted in previous years at Groupama Centre Manche, Groupama Nord Est, Cigac, CapsAuto and Amaline were closed in 2014 following the compliance actions undertaken.

The permanent control system for data protection compliance, established by the CIL in 2013 and intended for the network of CRILs, was implemented in 2014 by the CRILs, in collaboration with their internal controllers and heads of security. This system, which complies with the methodology adopted by the Group with respect to risk mapping and control plans, aims to carry out regular controls in this area. A report will be submitted to the CIL at the beginning of 2015 along with an assessment of activity from the CRIL at each entity.

The CIL has undertaken significant actions *via* various professional bodies (UDA, AFEP, FFSA, AFCDP) in order to influence:

- regulatory changes relating to the insurance businesses and under discussion at the CNIL.

This work has enabled the CNIL to publish:

  - two standard authorisations in January 2014: one (AU-031) relates to the use of the NIR (French Social Security Number) and access to the national database for identification of individuals (RNIPP); the second (AU-032) concerns the processing of data relating to offences, criminal convictions and security measures;
  - a standard authorisation in July 2014 (AU-039) relating to data processing in the area of prevention of insurance fraud.

These three resolutions complement the simplified standards NS16 and NS56 published in 2013 to make up the "Insurance Compliance Pack". The CIL supports the Group entities in complying with the requirements and obligations arising from this pack;

- the draft European regulations on personal data protection.

3.4.4 MANAGEMENT OF ASSETS AND LONG-TERM FINANCING

The Group Finance Department (DFG) is responsible for managing the assets and long-term financing of Groupama SA and its subsidiaries.

3.4.4.1 Management of financing and owned interests

The Investment Department ("DI"), which is part of the Group Finance Department, is responsible for the following:

- monitoring the debt management of Groupama SA and its subsidiaries;
- ongoing financial monitoring of subsidiaries and strategic holdings that are specific to the Group;
- calculating the value of the entities recorded on the annual balance sheet of Groupama SA, by preparing an annual valuation report. The value of Groupama SA and its subsidiaries and strategic holdings is calculated every year in order to:
  - perform IFRS impairment tests on any existing goodwill in collaboration with the Group Accounting Department,
  - update the liquidation rate of the intra-group securities in the investment reports of the shareholding entities and the regional mutuals, as these values are used for internal stock and bond reclassification transactions and also to meet regulatory requirements,
  - fulfil the requirements of the French Financial Markets Authority (AMF) in relation to the liquidity commitment of the Groupama SA stock in corporate mutual funds (FCPE) "Actionnariat Salariés" and "Actionnariat Mandataires".

  The operating subsidiaries were valued based on the following:
  - for the life insurance companies: by calculating the values of existing and new business of each entity in accordance with the standards and methods defined by the Group Actuarial Department, under its supervision,
  - for the non-life insurance companies and other operating companies: by discounting the dividends expected from future periods as shown in the entities' Business Plans; this is the method used by the Investment Department.

The valuation work is audited by an independent consulting firm every five years.

The department also manages merger/acquisition projects on behalf of the Group.

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3.4.4.2 Monitoring investments

(a) Methods used to measure, evaluate and control investments

For the management of long-term assets, the Group Finance Department has assigned:

- the financial management of listed securities (equities and fixed-income products) to Groupama Asset Management;
- the management of investment property to Groupama Immobilier.

Within the Group Finance Department, the Investment Department is responsible for monitoring these duties (see 3.4.4.3 c). It is also responsible for monitoring the Company's cash position, investment management and the filing of reports to the Steering Committee.

Every year, the mandated Asset Managers send to the Group Finance Department a report on the management of the long-term assets belonging to Groupama SA, indicating in particular the procedures used to measure, evaluate and monitor investments.

The Investment Department monitors the quality of the mandated Asset Managers based on its own management, performance monitoring, and reports submitted by each Manager.

Every year, the mandated Asset Managers send to the Group Finance Department a report on the management of the long-term assets belonging to Groupama SA, indicating in particular the procedures used to measure, evaluate and monitor investments.

The Investment Department monitors the quality of the mandated Asset Managers based on its own management, performance monitoring, and reports submitted by each Manager.

For Groupama Immobilier, a monthly Operating Committee, involving its representatives and those of the Group Investment Department, meets to validate the proposals. The lease management tasks of Groupama Immobilier are defined in a lease management mandate. The asset management tasks of Groupama Immobilier are defined in an asset management mandate. This asset Manager is certified ISO 9001-2000 by the AFAQ, for all real estate management activities.

The market value of investment properties is determined on the basis of the five-year independent appraisal conducted by an expert approved by domestic regulators (the *Autorité de Contrôle Prudentiel et de Résolution* (the French banking regulator), in France). During each five-year period, the real estate is subject to an annual appraisal certified by the expert.

(b) Monitoring transactions on forward financial instruments (FFI)

Transactions on FFI can be initiated under the policy approved by the Board of Directors and in compliance with the risk policy.

This refers to the following risks:

- interest rate and inflation risk;
- credit or counterparty risk;
- equity market risk;
- foreign exchange risk.

These transactions are all covered under the FFI Decree of 4 July 2002. They may be delegated to the Asset Managers as necessary, in accordance with the terms of the management mandates. The Investment Department is in charge of accounting documentation for the strategies.

(c) Assessing the performance and margins of the financial intermediaries used

Every year, the Asset Managers assigned to manage the securities submit a report to the Group Investment Department assessing the performance and the margins of the financial intermediaries used.

3.4.4.3 Internal control of investment management

(a) Roles and responsibilities of the parties involved in the investment management process

The investment management process is based on a strict separation of tasks among the entities involved: the Investment Department, the Group Financial Control Department, the Asset Managers and custodians/depositaries:

- the Investment Department is in charge of asset/liability and asset allocation modelling, managing relations with service providers, monitoring the recording of investment income/loss and preparing asset reports;
- the Asset Managers are responsible for building up portfolios and selecting securities up to the strict limits imposed by the mandates, executing transactions, placing transaction orders and preparing detailed reports for the Group Investment Department;
- the custodian/depository is responsible for settlement/delivery, the custody of securities and sending transaction orders to the Group Financial Control Department;
- the Group Financial Control Department is responsible for inputting and validating accounting transactions, carrying out various reconciliations and publishing the financial statements.

(b) Managing powers to authorised officers

The list of persons authorised to pass orders on financial accounts is kept up-to-date by the Group's General Secretariat, at the recommendation of the Group Accounting Department under the authority of the Group Chief Financial Officer.

The same applies to the list of individuals authorised to issue put or call transactions, on approval by the Investment Department and the Chief Financial Officer.

(c) Control of mandated Asset Managers and managing investments

Control of mandated Asset Managers

Management authority is formalised by mandates signed by the Group Chief Financial Officer.

These agreements are proof of the financial management delegation given by the entities to the management companies. They are designed to meet the desired conditions of each entity, in accordance with the regulations in force.

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They specify the following:

- the management objectives, transactions authorised and limits;
- the management structure and the information about the principal;
- the obligations and responsibilities of each of the parties;
- technical constraints:
  - the liquidity ratios of the fixed income and equity instruments, arrived at by defining holding limits based on the capital and/or the float, and constructing and managing the portfolios' "liquidation" curves,
  - the internal risk dispersion ratios of the fixed income and equity instruments,
  - the benchmark in terms of risks, duration, rates and currencies;
- the terms for compensating the agent and the depositary;
- management procedures: committees (role and meetings held), financial reports to the principal;
- other practical conditions (duration of mandate, terms for termination, etc.).

The Investment Department monitors the management companies to ensure the portfolios' ongoing compliance with the regulations applicable to assets representing insurance commitments.

With respect to internal control of asset management transactions:

- companies managing securities portfolios are subject to oversight by the AMF and have their own internal control systems that include, in particular, monitoring nominal amounts of transactions and all cash flows, confirming transactions with all counterparties, complying with the "Chinese wall" separating the front and back offices, and the cross-functional nature of the middle office and back office organisation, the security of IT systems and the protection of access codes, and surveillance of atypical behaviour. They have also established their own control systems for monitoring the proper application of the mandates;
- the principal depositary of the entities in the Group, Groupama Banque, as well as the depositaries outside the Group, are subject to oversight by the French banking regulator, the Autorité de Contrôle Prudentiel (ACPR). In particular, Groupama Banque has its own internal control system and verifies the powers of authorising officers.

Financial management procedures

As part of its management planning, Groupama SA has introduced management systems, including in particular:

- calculating income statements and estimated balance sheet items based on technical and financial assumptions corresponding to a central scenario;
- monitoring capital gains and losses in the securities portfolios and verifying the need to book provisions for contingent payment risks;
- setting monthly performance indicators on the status of the assets and tracking them for achievement or estimated achievement;
- regularly updating estimated cash flow.

The Investment Department is responsible for internal and regulatory reporting procedures:

- reports on financial policy to the Boards of Directors of Groupama SA and every mandated asset management company;
- contribution to the annual solvency reports of Groupama SA and every mandated asset management company.

Permanent control of investment management

This control is achieved by means of committees responsible for monitoring, decision-making and approvals:

ASSET ALLOCATION COMMITTEES

Decisions on asset allocation and recording of investment income/losses (capital gains programmes, etc.) are made at meetings of the Asset Allocation Committees attended by the Group Chief Financial Officer, the Head of Investment, the Investment Manager, the Asset/Liability Manager or their representative, the Chief Executive Officer of the subsidiary and the relevant Managers of the subsidiary or their representatives. Their primary objectives are to make decisions on asset allocation and to record the financial results (including capital gains programme).

A similar procedure exists with the main foreign subsidiaries in connection with the International Subsidiaries Department (see 3.4.1.3 b).

SECURITIES INVESTMENT COMMITTEES

These committees include the asset management and asset allocation teams. They implement the decisions taken by the Asset Allocation Committee and monitor asset management operations.

PROPERTY INVESTMENT COMMITTEES

The Property Investment Committees hold quarterly meetings.

In these meetings, the members examine reports on the economic climate, management and performance reports, updates on the estimated budget and projects under way (disposals, investments or work in progress). Acquisition or disposal operations less than or equal to €25 million must be authorised by the empowered person (Chief Executive Officer of the owning insurance company or other person authorised by delegation/sub-delegation); beyond this amount, they must be authorised by the Boards of Directors of the company concerned. The committee prepares a proposal for validation by the body concerned.

3.4.5 RISK MANAGEMENT

3.4.5.1 Risk policy

The Group risk policy is the basis for risk management at both the Group level and the entity level. It defines the consistent approach to managing the Group's risk on its entire scope and its business lines by risk family (insurance, market, operational).

The Group risk policy, updated in particular with the changes to limits on financial assets (see point 3.4.2.2 Group Financial, Insurance and Operational Risk Committees and point 3.4.5.2 Risk Tolerance), was approved by the Groupama SA Board of Directors on 18 September 2013.

The Group entities also formalised their risk policy, based on the risk policy of the "pilot" entity developed in early 2011, consistent with the Group risk policy. At the end of 2014, almost all of the Group entities had had their risk policies approved by their respective Board of Directors.

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The additional work intended to formalise the corpus of documents, supporting the practical application of the risk policy at the Group level, was reviewed in 2014 and released for roll-out within the Group entities.

3.4.5.2 Risk tolerance

Priority was given to financial assets in 2012 with the definition and validation of a framework of limits for all of the Group's financial assets and an objective of implementation at the end of 2013.

More specifically, the framework of limits for financial assets distinguishes primary and secondary investment categories:

- primary categories present a systemic risk and relate to the major asset classes (equities, property, private bonds, government bonds and cash);
- secondary categories are intended primarily to limit concentrations (countries, currencies, sectors, asset types, issuers, securities, etc.) and control liquidity. They focus on characteristics attached to the security or the issuer and are subdivisions within primary categories. They are expressed either in the form of a maximum for the risk assets or in the form of a minimum (liquidity or less risky assets in relative terms).

In 2014, this system came into operation with monitoring taking place at *ad hoc* committee meetings (Group Financial Risk Committee and Group Risk Management Committee). At these meetings, all exposures (based on primary and secondary limits) per division (Group, French subsidiaries, regional mutuals and international subsidiaries) were presented along with any potential overruns and associated action plans.

Additional work to complement the approach was carried out under the Regulatory Capital-Adjusted Profitability project (RACR) with its impacts on the assessment of target objectives for each non-life business (see above 3.4.2.2 Organisation of Internal Control a) At Group level - Permanent Services).

3.4.5.3 Data Quality

To satisfy the Solvency II requirements that aim to guarantee and demonstrate that all data used to populate the three pillars of Solvency II are of high quality, the Group launched a plan in 2011 to improve data quality in an effort to strengthen and formalise its current programme. This programme is jointly managed by the project team working on the partial internal model, from the Group's Actuarial Department, the Group Risk Management and Permanent Control/Compliance Departments, Groupama Supports & Services, the International Subsidiaries Department and the Group Financial Control Department (Solvency II data quality team), which coordinates the work.

The priority identified for the operational implementation of the Solvency II data quality policy was given to the scope of the non-life partial internal model (see 3.4.5.6 below), *i.e.*, the non-life liability data (premiums, provisions, disaster) within the scope of business contributed by the regional mutuals, Gan Assurances and Groupama Assicurazioni, as well as data from the Risk Geolocation Data Production and Valuation project.

The Group's data quality initiative is based on a data quality policy that translates into:

- data quality principles;
- data quality governance and organisation;
- development of a dictionary of data used by the non-life internal model, which has been extended since 2012 to cover data relating to the life insurance business and assets;
- implementation of data quality solutions involving a set of tools and methods to assess quality as defined by Solvency II, and to regularly measure and track improvements within the Group.

Data quality principles applicable to all Group companies, all risk categories and all types of data, both internal and external, were therefore formalised and communicated to all French entities during the fourth quarter of 2011. This "Solvency II Group Data Quality Policy" was updated during the fourth quarter of 2013 and distributed to all Group entities. These key principles are intended to define the criteria for understanding data quality in terms of completeness, relevance, accuracy, traceability and auditability.

The data quality governance and organisation approved by the Group's executive bodies in July 2011 are based on:

- the Group Data Quality policy (most recent version approved on 16 October 2013);
- a Group Data Quality Committee (CGQG that reports directly to the Group Risk Management Committee. This committee met for the first time in November 2011. Three CGQG meetings were held in 2013 and 2014. The concept of Group control and an initial version of the report to this committee were defined and approved;
- a Group data quality coordination team, made up of representatives of the Group Actuarial, Investment, and Permanent Control/Compliance Departments, Groupama Supports & Services, the International Subsidiaries Department and the Group Financial Control Department (DPRG), which organises and coordinates the team;
- regular working groups involving the Data Managers of the various entities and functional areas (three meetings per year).
- a network of data quality coordinators operating within Group companies or departments of Groupama SA and working on the Solvency II project on the partial internal model, the standard form and the Pillar 2 and 3 data:
  - the Data Manager, who serves as "quality" Manager for the entity, is tasked with ensuring that the controls have been implemented in the entity and utilises them to ensure data "ownership"; Data Managers of all Group entities have been appointed along with Data Managers within the data functions at Groupama SA level,
  - and the data owners, who "guarantee" the data produced; they must implement detailed quality measures (description of processes and controls) and report on the results of their analyses to the Data Manager who then consolidates the results and proposes any necessary solutions for improvement.

Solvency II data quality governance principles implemented in the regional mutuals were approved by the Group's executive bodies in December 2011, and were rolled out in one "pilot" regional mutual during the first half of 2012. Extension to the other regional mutuals began during the second half of 2012 and was completed during the first half of 2014.

Since the end of 2012, the operational implementation of the data quality initiative on the priority scope of the non-life internal model has been completed: data dictionary, data collection procedural documentation, analysis of existing controls, profiling of data files populating the partial internal model, diagnostic of the existing situation and development of action plans. The main areas for improvement related to the automation of data collection, archiving under the CFCI standard (Electronic Accounting Tax Audit), the roll-out of Group controls (standardisation of the requirement) and adjustment of the first tolerance thresholds.

A complementary action plan was implemented in 2013 following the two reports of the ACPR concerning data quality and submitted on 31 December 2012 on conclusion of its involvement in the pre-application of the Non-Life Internal Model. Groupama has committed to provide the ACPR, on an annual basis, with information to measure data quality at the end of each annual collection campaign as well as a progress report on the main action plans in progress (for 2014, this information was sent during September 2014).

Expansion to the international entities was initiated in 2012. The roll-out project is monitored by the teams of the International Subsidiaries Department jointly with the Group Financial Control Department. The initiative has been reinforced since 2013 on the Italian subsidiary in particular, which incorporates the scope of application of the partial internal model.

3.4.5.4 Global monitoring system

The Group's risk monitoring system, which is based on the shared mapping of risks for all Group entities integrating the risk classification of Solvency II, is based on a network of risk owners; the entire system is managed and coordinated by the Risk Management and Permanent Control/Compliance Departments of the Group.

The identification and monitoring of major risks is conducted at entity level and at Group level. At Group level, a major risk is defined as one whose occurrence would have an unfavourable impact of more than €100 million on the Group's net position or that would have a significant impact on the Group's reputation or image. The risk owners establish risk control plans, which are implemented within the Group's entities.

Committees specialising in specific risk categories (Insurance, Financial and Operational) are responsible for steering the Group's risk management programme, which, at Executive Management level, is handled by the Group Risk Management Committee (see 3.4.2.2).

Moreover, in addition to specific monitoring of major Group risks, risk tracking programmes are developed in detail by area below (see 3.4.5.5 *et seq.* below).

For example, for non-life insurance risks, these risk tracking programmes involve the actions undertaken jointly by the business departments of the Group companies, the Group Actuarial Department and the Reinsurance Department, who provide a framework for the subscription process, incorporate prevention into the subscription process, communicate and share best practices, review insurance rates, profitability and supply, analyse commitments, manage overall exposure and calibrate protections.

Finally, in 2014, additional assessments of financial, insurance and operational risks realised in the framework of regulatory requirements and the reinforcement of internal risk assessment campaigns (ORSA preliminary work, EIOPA stress tests, internal stress tests) enabled the significant reinforcement of the global risk monitoring mechanism. These different areas of work, managed by the Group Risk Management and Permanent Control/Compliance Departments of Groupama SA, by structuring and developing assessments that are chiefly quantitative, also increased the level of understanding and expertise of the network of risk owners and the key risk management functions in the Group entities.

3.4.5.5 Risk Management related to the Insurance Business Departments

The Insurance, Banking and Services Department includes an Insurance Division (excluding agriculture) with Market/Business Departments (Individuals, Professionals, and Companies and Local Authorities) that handle property and individual insurance, an Agricultural Department to reinforce Groupama's positioning in the agricultural sector, Technical Departments (Research, Pricing and Planning, Group Claims and Cost Control) and cross-functional departments (Marketing and Distribution Department, Project Management Department, Quality, Methods and Budgets Department, and Steering, Operational Strategy Planning and Coordination Department), which support the development of the Business Lines.

The Groupama SA Insurance, Banking and Services Department, acting on behalf of the French entities, has the following responsibilities:

- guiding the definition of the risk management policy for the business line in question, *via* limits and exclusions;
- issuing alerts in their areas of expertise;
- coordinating the design of products and pricing structures;
- evaluating the relevance of the guarantees and pricing (balance between the competitiveness of the offering and the level of results) and proposing necessary modifications;
- defining policies for subscription and portfolio monitoring;
- defining prevention rules;
- monitoring legislative or regulatory trends, in consultation with the Group Legal Department within the General Secretariat;
- supporting the training of staff in the entities affected by risk (salespeople, underwriters, policy Managers, experts, claims Managers);
- managing portfolio profiles, results and forecasts (and comparison with market trends).

Based on their specific characteristics, the Insurance Business Departments also play a particular role in terms of risk control, through a joint underwriting activity (double risk analysis in order to increase the security of the decisions on the biggest commitments made by the various entities) or the provision of tools enabling the application of underwriting rules (for example, scoring tools).

For the international subsidiaries, the International Subsidiaries Department plays an equivalent role in terms of supervision of the underwriting policy. It ensures the communication of and compliance with the Group's instructions to the international subsidiaries regarding the underwriting and risk management policy. Each subsidiary defines its risk and underwriting policy according to the characteristics specific to its market and based on the strategic development plan approved by the International Subsidiaries Department, taking into account the overall risk limits and the general underwriting policy of the Group. Based on the regulations in force, these policies may be submitted to the local supervisory authorities for information or even approval.

Any request for exemption coming from the international subsidiaries with respect to the delegations initially granted under the risk and underwriting policies is examined and approved in advance by the International Subsidiaries Department in collaboration with the relevant Group Business Departments.

(a) Design of new products

A standard process for creation of any new product at Group level or any change to an existing product that alters its economic balance has been in place since 2013. This process takes into account changes in the Group's organisation. It is applied across several scopes:

- property and casualty products of the regional mutuals;
- property and casualty products of the French subsidiaries (Gan Assurances and Amaline);
- products of Groupama Gan Vie;
- property and casualty products of the international subsidiaries;
- life products of the international subsidiaries.

It provides for several steps, each approved in a specific committee (Operational Committees, Steering Committee, Group Executive Committee):

- the project framework incorporating the preliminary studies (opportunity study, customer segmentation, main product characteristics, etc.) and the product's economic model;
- the detailed design including the roll-out schedule;
- production of deliverables intended for customers and sales staff with the formal approval of the Group Legal Department and the Compliance and Risk Management Department;
- IT developments;
- the commercial launch case.

Any new products must also undergo an assessment at the end of the launch period, and results must be monitored over the years.

The Group Insurance Risk Committee ensures the proper monitoring of the process.

(b) Underwriting management

Underwriting risk is defined as the risk that the premiums will not cover the year's claims and provisions. In addition, it must take into account future claims beyond the annual horizon used to measure the solvency requirement.

As a multi-line insurance group, Groupama seeks to be involved in all insurance business sectors and associated services. Management of the underwriting risk is based on three pillars:

- clear definition of the risks to be underwritten and the excluded risks by Business Line/Market;
- mechanisms in place at Group and entity level for application of the underwriting and pricing policies;
- a prevention policy.

Underwriting policy by Business Line/Market

In Non-Life Insurance, the underwriting policy is adapted to each market and to the business lines that pertain to it.

THE INDIVIDUAL INSURANCE MARKET

The policies offered are mainly motor insurance, "multi-risk home", and third-party liability.

These risks are high-frequency mass risks, which are little affected by issues of individual costs of claims and therefore underwriting limits. For those potentially concerned, the underwriting policy defines the risk selection rules. However, they are affected by problems relating to claim frequency, particularly because of natural events.

THE AGRICULTURAL INSURANCE MARKET

The policies offered cover:

- climatic multi-risk for crops: the principal crops are insurable either under climatic multi-risk or hailstorm cover;
- risk of mortality and damage to livestock resulting from an accident or illness (excluding illnesses known to be contagious);
- Tractors and Agricultural Equipment (TMA) risk, which is open to all farmers or agricultural work companies and to foresters and landscapers;
- property damage/third-party liability risk (professional third-party liability, product liability, etc.) and financial protection for the activities of agricultural professionals.

THE PROFESSIONAL INSURANCE MARKET

The policies offered cover several types of risk:

- in the construction sector, builders' and contractors' site risks and comprehensive building site risks as well as liability risks (traditional for a professional activity and compulsory as part of ten-year civil liability) for construction professionals;
- risks related to any professional activity through Professional Multi-Risk (MRP) for tradesmen (ACPS - artisans, shopkeepers and service providers);
- for automotive professionals (garage insurance), risks related to any professional activity excluding private risks;
- for Non-Resident Owners (PNO), risks related to properties rented out by a non-resident owner and risks related to buildings subject to the co-ownership scheme.

THE BUSINESSES AND LOCAL AUTHORITIES MARKET

The policies offered cover businesses and local authorities for:

- property damage;
- third-party liability, usually taken out in addition to property damage;
- vehicle fleets.

In addition to insurance guarantees, services can also be offered (prevention services in particular).

For business risks, Groupama's long-established target audience is the French agri-food sector.

For local authorities, Groupama's positioning has historically always been related to the rural sector, and, as a result, our portfolio is still primarily made up of small communes. In addition, Groupama also has a large presence in the community associations sector.

In life insurance, the Group offers individual savings and pensions policies, individual death protection policies, group retirement policies and death protection policies underwritten as a group.

In individual non-life insurance, the Group offers individual "extended healthcare" policies, individual provident policies covering risks of incapacity, disability, long-term care and everyday accident (GAV policies), group "extended healthcare" policies taken out by companies for their employees, group provident policies taken out by companies for their employees and covering them in case of work stoppage (risks of incapacity and disability) and provident policies for officials of local authorities (APC).

Health insurance comes in addition to a basic plan. Since the implementation of group extended healthcare policies in 2002, selection rules on subscription no longer apply. Thus, group offerings no longer require the completion of a medical questionnaire. In addition, the coverage offered by the policies is lifetime cover since the passing of the Evin law; this means that there is no monitoring of individual risks on the portfolio.

Mechanisms for application of underwriting and pricing policies

At their level, the subsidiaries and regional mutuals specify their underwriting policy in coordination with and in the framework of the principles defined by the Business Departments and the International Subsidiaries Department (as the case may be). They implement the systems necessary for compliance with this policy in the selection and pricing of risks.

With regard to the regional mutuals, the General Reinsurance Regulations supplemented by product guides drafted by the Business Departments define the risks covered and prohibited, the limits and guarantees and the terms for acceptance and subscription and management of claims.

As part of this, the Group's entities are responsible for underwriting, production and management of claims. All risks are managed through regularly controlled operational processes; their formalisation and any incidents must be identified in the common risk management tool OROP, which is being rolled out with a view to making the necessary improvements (see 3.4.5.13 Monitoring of operational risks).

The entities call on the Business Departments as well as the Reinsurance Department in the event of exceptions (new risks, risks exceeding the limits, etc.). The Business Departments monitor these exceptions and establish the necessary modifications (changes in cover, adjustment of underwriting balances, etc.).

In group insurance, the underwriting process is adapted to the type of offering and managed by the tools available to the entities; for tailored offerings (intended for businesses of medium or large size meeting precise specifications), the pricing is carried out by teams of expert underwriters.

Beyond a specific threshold (1,000 employees for the regional mutuals and Gan Assurances), joint underwriting is applied. As a result, indexing decisions are then taken jointly by the entity and the Business Department and Groupama Gan Vie.

For provident, individual and group risks, medical formalities are carried out during subscription or affiliation, based in particular on the requested level of cover, the age of the policyholder or the size of the insured group. These medical formalities facilitate selection of insurance risks on entry as well as medical checking on payment of benefits. They therefore contribute to maintaining the balance of the policies.

In life insurance, the risk of insufficient advice is limited through a certification system for the networks, which matches the range of offers and the skills of the salesperson who may offer them with training courses and Sales Assistance Tools facilitating the discovery of customer needs and the investor profile, and checks whether certain policies are best suited to certain types of customers (for example, maximum age for certain offerings).

Prevention policy

More than fifty years ago, Groupama was a pioneer in the field of risk prevention.

In the area of road safety, the network of Centaure Centres has 12 centres throughout France, offering driver training.

The Group is particularly active with respect to agriculture risks, the agri-food sector, in which it is a market leader, being its long-established core business. In this regard, the Agricultural Department:

- produces guides and manuals for the prevention of various risks (based on technical studies);
- establishes and coordinates discussion and consultation forums with those responsible for prevention within the entities.

The Group is also active in the field of risk prevention for businesses (audit of risks before subscription and imposition/recommendation of prevention measures), local authorities (prevention of work accidents, weather risks) and communities (health and safety at work).

In 2014, an accredited training programme was offered to prevention inspectors. It is offered at three levels: beginner, advanced and expert.

For certain risks, the Group is a leader on the market: With Groupama-Predict, for example, communities insured by Groupama and Gan Assurances have access to all the means for prevention and information necessary to cope with risks of flooding, storms, marine submersion or heavy snowfall.

In health insurance, many benefits are offered to policyholders, some of which are not covered by the basic plan. A website, www.vivonsprevention.com, has been set up. The regional mutuals regularly organise events coordinated by experts on health topics.

(c) Monitoring of emerging risks

The purpose of the work carried out in 2013 within the Insurance, Banking and Services Department (DABS) on emerging risks was to establish a process for identifying these risks, monitoring them and subsequently evaluating them.

Initial work involved validating a definition of these risks and determining the scope of application.

A list of emerging risks was established for the DABS scope and classified based on the World Economic Forum classification structure (Economic Risks, Technological Risks, Environmental Risks, Geopolitical Risks, Societal Risks).

In 2014, work on monitoring and rating was carried out by the businesses on the emerging risks selected by the DABS Management Committee, as part of an operational roll-out.

3.4.5.6 The risk management responsibilities of the Group Actuarial Department

The risk management mechanism of each of the Insurance Business Line Departments (see above 3.4.5.5) is complemented by the system established by the Group Actuarial Department in the framework of the implementation of a partial non-life internal model, for which the pre-application process with the ACPR, with a view to use from 2016 in the calculation of regulatory solvency for the Group and Groupama SA, has been under way since 2011.

This partial internal model addresses the non-life underwriting risks (premium risk, reserve risk and disaster risk) and policies contributed in France, by the regional mutuals and Gan Assurances and in Italy, since 2014, by Groupama Assicurazioni. Modelling is based on historic claims and premiums data and data relating to exposures, and consists in calibrating the claim rate levels and contingencies on these claim rate levels for all non-life offices making it possible to determine the corresponding equity requirements.

For Groupama SA, this model will reflect the underwriting risks of a reinsurer better than the standard model. For the Group, this model will also better illustrate the effects of diversification between companies. For the other risks and for solo companies, the capital requirement will be calculated based on the standard form.

In addition to the benefits offered by the partial internal model in assessing the regulatory capital requirements, the work currently under way also provides more precise measurements of the non-life and health underwriting risks not assimilated into the life techniques, as well as better control over our commitments and thus our rates. In 2014, this work contributed to the work on risk tolerance (non-life insurance risk limits), on allocation of economic capital by business line, on the overhaul of the general Internal Reinsurance regulations, and to various external outward reinsurance studies.

The work related to the partial internal model is reviewed and validated regularly (monthly meetings) within the Internal Model Group Committee (CGMI), chaired by the Audit, Risks and Internal Control Department. The CGMI reports to the Group Insurance Risk Committee (see point 3.4.2.2).

3.4.5.7 Claims management

In addition to the areas of involvement in risk control presented in point 3.4.5.5 (product design and underwriting policy), the Groupama SA Insurance, Banking and Services Department is responsible, on behalf of the French entities, for the definition of the claims settlement policy, and plays a particular role in terms of risk control, through a joint claims management activity.

(a) Claims management policy

The Group claims management policy focuses on two key drivers: quality management geared towards seeking solutions for the customer and the implementation of levers to control the cost of claims.

It is based around several guiding principles, in particular:

- setting, monitoring and ensuring the consistency of the claims targets of the Group entities;
- providing global monitoring tools to identify changes in the various claim resource costs and establish corrective actions;
- providing common claims management applications to improve productivity and reduce the number of tasks with low added value;
- relying on a network of reliable service providers common to 'll the entities;
- monitoring the management of major claims and ensuring control of reserves (joint management).

The operational roll-out of the Claims policy is managed by each entity and coordinated and steered by the Claims and Cost Control Department, the Professionals Department for Construction, and the Agricultural Market Department for Large Crops.

The activity involves the property and casualty branch and the corresponding tangible and physical claims. The scope covered includes France (regional mutuals, Gan Assurance, Amaline, etc.) and the international subsidiaries for certain risks.

(b) Principle of joint claims management in France

Joint management (also called co-management) with the Groupama regional mutuals, included in the General Reinsurance Regulations, was extended in October 2001 to Gan Assurances claims files and concerns claims that exceed a pre-defined threshold.

Joint management aims to secure the Group's cost of claims expense item. It makes it possible to identify the most costly or complex claims, monitor their developments, support the analyses of liability and estimated damages for the entities and satisfy the control requirements of external reinsurers and Groupama SA in its role as internal reinsurer.

3.4.5.8 Underwriting reserves

In 2006, the Group Actuarial Department (DAG) defined the framework for an annual actuarial report aimed at presenting for each of the Group's non-life insurance companies the terms for calculating claims reserves and analysing the results with specific reference to an assessment of the mathematical life expectancy for claims expenses and the corresponding reserves for risks and uncertainties. Therefore, the DAG receives and verifies actuarial reports from the companies each year. The reports from the largest non-life companies are subject to external certification.

In life and health insurance, the methods for provisioning are defined by the DABS Insurance Department, which ensures their implementation within the Group: experience tables certified by independent actuaries for individual policies and BCAC regulatory tables for group insurance are used.

In 2014, a Management Committee for underwriting reserves was established at Groupama SA. It is made up of the Finance Department, the Reinsurance Department and the DABS. This committee, coordinated by the Finance Department, meets every quarter. It is responsible for managing work carried out within the Groupama SA working groups and sub-groups relating to provisioning (with the regional mutuals, three times per year), proposing best practice and defining guidelines for the provisioning of jointly managed cases.

In life insurance, the monitoring system for guaranteed-rate policies is part of the general monitoring system for interest rate risks, which covers the risk of increasing or decreasing interest rates, as well as the risk linked to the existence of guaranteed rates in the policy portfolio. The risk is managed by the Group Finance Department for entities in France and abroad, and for the Group as a whole.

For the life insurance entities and the Group Finance Department, asset/liability studies are conducted to:

- assess their capacity to deliver competitive rates, evaluate the risk of redemptions in the event of interest rate increases and comply with the interest rate guarantees in the event of decreasing rates;
- calibrate adapted asset strategies.

These operations are presented and validated by the management of the companies concerned at quarterly meetings of the asset/liability and Asset Allocation Committees. They are supplemented by Solvency II risk measurement.

3.4.5.9 Reinsurance management:

(a) Internal Reinsurance Management

Monitoring the Internal Reinsurance of the regional mutuals

Groupama SA is the reinsurer of Groupama's regional mutuals. The framework and the operating terms of Internal Reinsurance are defined in the reinsurance agreement.

After instruction and approval of the project by the CEG, the proposal by the Executive Management of Groupama SA to modify the General Reinsurance Regulations of the regional mutuals with effect from 1 January 2014, so that it supports the major objective of recovery of the Group's operational profitability, was accepted by the Groupama SA Board of Directors on 12 December 2013.

The amendment not only seeks to clarify the economic challenges facing Internal Reinsurance and to bring its structures into line with market practice, with the aim of facilitating their uptake by operational Managers, but also, and primarily, to increase the level of involvement of the regional mutuals in the quality of their technical results.

The proper application of Internal Reinsurance is monitored by:

- the Reinsurance Department for policy accounting issues and investments in options;
- the Insurance Business Departments for joint underwriting procedures and joint claims management.

These procedures are formalised in section II of the reinsurance agreement entitled "General Reinsurance Regulations", the terms of which are reviewed every year, particularly the reinsurance thresholds.

With respect to the joint underwriting activities and joint claims management, the risk management and internal control procedures are presented in sections 3.4.5.5 and 3.4.5.7 respectively.

The principal control procedures put in place by the Reinsurance Department are presented below-.

INTEGRATED CONTROL

Outward reinsurance operations by the regional mutuals are calculated by a specific software application (IRIS), into which data are input or sent by file transfer by the regional mutuals. Its operation is described in a detailed document. The configuration of the annual reinsurance parameters (presented in the Groupama document "Reinsurance Terms", which is updated annually), accessible in the application, is checked by the relevant Managers from the regional mutuals.

Reinsured excess claims are first validated by the regional mutuals and by the Claims and Cost Control Department of the Insurance, Banking and Services Department of Groupama SA (see 3.4.5.7) based on a "Notice of Claims" application that interfaces with the Internal Reinsurance application.

Non-life annuities are managed by a dedicated application that interfaces with the Internal Reinsurance (IRIS) application.

Registration and policy accounting for the facultative business of the regional mutuals are handled using a dedicated application (SAFARI) into which data is entered by the Internal Reinsurance Department, and verified and approved by the regional mutuals; its functionality is described in a detailed guide, and the tool interfaces with the application used by the regional mutuals for calculating outward reinsurance operations (IRIS).

CONTROL TESTS

The Inward Reinsurance/Forecasts Division of the Internal Reinsurance Department controls the accuracy of the calculation rules written by the Reinsurance Accounting Division of the Internal Reinsurance Department in the specialist software application.

The reinsurance sector of every regional mutual also monitors the accuracy of the settings for calculating reinsurance, as input by the Reinsurance Accounting Division of the Internal Reinsurance Department of Groupama SA in the specialist software application.

The results of Internal Reinsurance transactions by every regional mutual are monitored:

- by the regional mutual concerned, before the statements are signed approving the contributions and claims;
- by the Analysis and Management Control division of the regional mutuals within the Group Financial Control Department, by comparing them with the forecasts of the regional mutual and with the Groupama SA budget;

- by the Corporate Accounting sector of the Group Financial Control Department in the framework of the registration of transactions on the books of Groupama SA.

In addition to the procedures, the policy accounts prepared by the Internal Reinsurance Department are also presented to the statutory auditors, who conduct tests on the parameters set by the IRIS application and on calculation models of their choosing.

Monitoring the Internal Reinsurance of the subsidiaries

With respect to Groupama SA's inward reinsurance for its subsidiaries, as for all Group inward reinsurance, the External Outward Reinsurance Department (DCER), see 3.4.5.9 b) registers the accounts of the ceding insurers as they are received.

Moreover, for the subsidiaries whose outward reinsurance accounting records are managed by the DCER, the checks made by the DCER (along with the estimate system) help to achieve perfect consistency between the outward business of the subsidiary and the inward business portion of Groupama SA.

The subsidiaries that manage their own accounting for reinsurance ceded send to the DCER the data needed to make estimates in the nearer term. This task also supports the preparation of reconciliation statements for the consolidation.

(b) Managing the outward reinsurance operations

Principles and organisation governing the Group's external reinsurance

These principles are approved and updated every year by the Groupama SA Executive Management on the recommendation of the Reinsurance Department which, since 1 December 2011, reports directly to the Deputy Chief Executive Officer. Holding levels and hedge ceilings of Groupama SA and those of the Group are calculated with the assistance of reinsurance brokers based on the exposure of the portfolios in technical terms (insurance commitments) and in financial terms (amount of shareholders' equity).

The operational implementation of the general outward reinsurance policy and the guidelines adopted for every renewal follow the terms and conditions set forth in the charter "Definition of the responsibilities of the External Outward RelnsuranceDivision". The job of determining the annual reinsurance scheme for Groupama SA and for all the Groupama SA insurance subsidiaries is managed by the External Outward Reinsurance Department (DCER) within the Reinsurance Department. This is done in coordination with the relevant Managers of Groupama SA or of each subsidiary, based on the data related to the current insurance portfolios. Every year, therefore, the DCER holds at least two meetings to determine the main features of the reinsurance scheme for the following year. For the reinsurance scheme covering the portfolio of the regional mutuals, the meetings are held with the Groupama SA Head of Reinsurance and the Manager for Internal Reinsurance.

Supervisory Procedures

As a general rule, the DCER, at Group level for wholly owned subsidiaries, is responsible for ensuring that the standards and procedures in terms of outward reinsurance for compulsory treaties are applied properly and monitors facultative reinsurance on a declarative basis. In 2009, the checks were reinforced through the implementation of new rules on underwriting limits in direct insurance and fronting activities.

The DCER is responsible for reinsurance accounting for Groupama SA and all French subsidiaries. In this regard, it verifies the claims of reinsurance policyholders and the premium bases as well as any specific information required by the reinsurers.

The DCER implements the following procedures, depending on the risks involved:

- for its own management transactions, on an integrated control: based on the specialist SIGRE reinsurance software, which contains surveillance and alert modules;
- to control the risk of storms in France, some disaster damage modelling/simulations were created using expert software by the reinsurance brokers or by specialist agencies (such as RMS). On behalf of Groupama SA, these agencies are also conducting studies into disaster risks (earthquake, flood, etc.) for the subsidiaries exposed (Italy, Portugal, Hungary, Turkey, Greece, Romania, Bulgaria, etc.).

In order to better understand the Group's commitments, a major study was initiated in 2009. It was continued in 2010 with an initial phase completed on the "residential risks" and "agricultural risks" segments of the portfolio, which constitute the major portion of the portfolio of the regional mutuals. During 2011 and 2012, this study was expanded and finalised for all storm risks of the Group in order to arrive at a uniform assessment of the risks in all of the Group's entities; this assessment was shared with the business and operational departments.

The reliability of the process for evaluating commitments was thus strengthened through the audit and control of the databases as well as a standardised approach to valuing the amounts insured using source data. A methodology can then be rolled out, based on shared principles and still taking into consideration regional specificities *via* the use of additional settings.

These improved valuations were also used in the framework of the Group reinsurance program, to define, as precisely as possible, the modelling of a 200-year claim with the RMS modelling tool;

- to control the risk of fire in France, geolocation and research work on the maximum geographical concentration of risks is carried out with the support of reinsurance brokers. They also carry out disaster scenarios with which indications of likelihood of occurrence are associated;
- to control the management risk from entities that remain the owners of the data provided to external reinsurance, a level-2 control is implemented either by the DCER or by an authorised third party:
  - for insurance companies in France, whose reinsurance accounting is handled by the DCER, audits of reinsurance policyholder claims, the premium bases and specific data required by reinsurers,
  - for companies whose accounting is not handled by the DCER, audit of the consistency of the data necessary for reinsurance with the investment and monitoring thereof: statistical and

technical data, verification of compliance with Group procedures, in terms of best practices in outward reinsurance and the proper application of the security rules by complying with the list of reinsurers accepted by the Group Security Committee.

Reporting procedures

The DCER departments submit internal reports on a weekly (investments in progress), monthly (highlights) and quarterly (accounting review at the end of every quarter) basis to the department head. The department head then presents an annual renewal report to the Executive Management of Groupama SA that can be updated at any time, as well as pre and post external renewal interim balance sheets. The Executive Management of Groupama SA has to approve the levels of protection and general policy guidelines for external outward reinsurance to be adjusted every year; this information is presented to the Boards of Directors of the French insurance companies in accordance with the regulations in force.

Reinsurance report

The Groupama SA reinsurance report is prepared every year by the DCER, and then presented to the Board of Directors and sent to the ACPR. This report presents the Group's policy relating to outward reinsurance and the terms for implementing it (including the general procedures) as well as the report on renewal of the Groupama SA reinsurance scheme for the current year.

3.4.5.10 Investment monitoring and management

The investment management methods and control mechanism are described in point 3.4.4 (see above).

3.4.5.11 Risk management related to loans, guarantees and off-balance sheet transactions

Groupama SA, in its capacity as a parent holding company, ensures the clearing and monitoring of financing and guarantee transactions, both internally and outside the Group. The Group Finance Department, working with the Group Legal Department within the General Secretariat, is responsible for this monitoring, and a report is prepared for the ACPR on the adjusted solvency file.

3.4.5.12 Monitoring solvency and profitability

The Group Financial Control Department, within the Group Finance Department (DFG), calculates the adjusted solvency for the Group every year as required by regulations. This calculation is reviewed for consistency by the statutory auditors, and the DFG prepares the Groupama SA solvency report.

In addition, the Investment Department tracks the solvency of Groupama SA and its subsidiaries as well as their hedging for regulated commitments:

- verification of solvency margins based on elements submitted by the subsidiaries;
- verification of hedging for regulated commitments (sufficiency and quality of admissible items);
- verification and decision concerning the terms for allocation of the annual earnings of the subsidiaries.

The Investment Department also closely monitors the following:

- Groupama SA's balance between the supply and use of funds;
- changes in the holding activity of Groupama SA;
- changes in the combined solvency margin between two accounting periods.

Lastly, the Investment Department tracks any distortion of Groupama's combined regulatory solvency margin and assesses its sensitivity as well as that of the capital surplus according to the models used by the rating agencies.

3.4.5.13 Monitoring of operational risks

In 2010, the Group adopted a methodology for managing operational risks *via* a process-based approach. The principle is based on formalising the processes of each entity, determining the operational risks likely to affect these processes and identifying the control and management elements of the corresponding risks, by referring to the Group process standards and the Group nomenclature of operational risks made available to the entities in the first half of 2011 and updated in 2014.

With regard to permanent control, the Group's actions were extended in 2014 with the continued roll-out of the initiative within all Group entities, for both level 1 and level 2 permanent control.

To promote and communicate the initiative and to support the operational teams affected by the operational risk mapping programme and formalisation of permanent control plans, training and communication modules were developed. In addition, employees of the Group Permanent Control/Compliance Department (in collaboration with the International Subsidiaries Department for the subsidiaries concerned) provided support to each entity throughout the year, to assist them with implementing this project.

In terms of Business Continuity Management, at the end of 2013, the Group formalised its Group business continuity policy, which will now serve as the guiding principle for the implementation of the Business Continuity Plans (BCP) for all the Group entities. The different features required to manage the three instances of major unavailability (personnel, buildings and IT systems) were identified and are being documented within the entities. This involved the Crisis Management Plan (CMP), Communications Plan (COMP), Personnel Management Plan (PMP), Business Line Continuity Plan (BLCP), User Recovery Plan (URP), IT Contingency Plan (ITCP), Return-to-Work Plan (RWP) and Operational Readiness Maintenance (ORM). In addition, in collaboration with Groupama Supports & Services, work has been carried out on the methodology with a Business Impact Assessment: analysis tables intended to better define support and assistance requirements and accurately identify critical elements available to the entities. This fundamental analysis approach enables the most effective calibration of the resources required for the resumption of activity in the event of an accident or disaster. IT back-up and user back-up exercises were also carried out for many Group entities.

Lastly, the roll-out of the common operational risk management tool to the Group entities continued during 2014. The tool will provide a cross-functional view of risks at Group level and meet the requirements for security and traceability of permanent controls.

(a) Methods of marketing the Company's products

The controls carried out in this area are performed in the form of internal checks by each of the Group's insurance companies.

As an extension to the work initiated in 2013 relating to the operational roll-out of the ACPR recommendation and the AMF position of 8 January 2013 on customer insight (see point 3.4.2.2 d), a customer insight questionnaire common to the life insurance and banking businesses was provided to the networks in 2014. This was integrated, in particular, to the Sales Assistance Tool ISICLIC, with the intention of supporting the Group's sales advisors, agents and account Managers in their sales initiatives. Two versions of ISICLIC have been launched, in order to perfect the sales mechanism.

Groupama SA does not have a directly owned sales force and only distributes insurance policies directly on a very infrequent basis.

(b) Control of logistical resources and IT systems

Description of the internal organisation

The logistical resources and IT systems are managed by the GIE Groupama Supports & Services (G2S). In addition to Groupama SA, Groupama Supports & Services manages the purchasing functions, IT systems and logistical resources for all of its members, including the regional mutuals, most of the Groupama SA French subsidiaries and certain international subsidiaries. All the systems described below apply to all customers of the GIE.

The CEO and Managers comprise the Groupama Supports & Services Steering Committee.

The Management Committee is now based on an organisation model constructed as follows:

- a Management Committee for each Business Department (IT, Logistics and Purchasing);
- specific guidance committees by cross-functional business lines;
- an IT coordination committee;
- an audit function reporting to the Executive Management;
- a risk management function reporting to the Executive Management.

Risk management, which covers the functions of security, internal control, compliance, risk management and operational risk insurance, is handled within Groupama Supports & Services by the Steering, Management Control and Risks Department.

- The Risk and Control Division is responsible for ensuring the quality of the control environment in compliance with the requirements defined by the Group, with the Executive Management responsible for monitoring the effectiveness of permanent controls and the establishment of risk management systems across all Company departments. It is also in charge of maintaining the GIE's Business Continuity Plans in an operational condition.
- The Security Division is in charge of security and assistance policies for the IT systems, individuals and premises. As such, the Security Division also deals with:
  - the security of operating properties and their regulatory compliance;
  - emergency assistance for occupants;
  - satisfaction of social and environmental responsibility requirements (single document, carbon assessments, etc.).

  Since early 2013, the Security Division has coordinated security and IT contingency governance at Group level.

The progress of all improvement/corrective action plans regarding logistics and IT is regularly monitored in the G2S Management Committee.

Risk control activities are reviewed twice a year by the G2S Risk Committee in the presence of the Chief Executive Officer and members of the Management Committee. The monitoring of G2S Major Entity Risks (RME) also falls to this committee. With effect from 2015, this committee will meet three times per year.

Every year, a specific Groupama Supports & Services internal control report is produced and presented to the Board of Directors of the GIE.

IT and Logistics Governance

The strategy, organisation and budgets for IT and logistics, operational relations between Groupama Supports & Services and its customers, as well as the quality of IT services, are managed by various governance bodies:

OPERATIONAL IT COMMITTEE (COMOP)

This committee, which meets on a quarterly basis, includes the heads of IT from the G2S customer entities (Groupama SA, regional mutuals, subsidiaries). Among other issues, it deals with questions on the reliability and security of the IT systems.

LOGISTICS WORKING GROUP (WG)

This committee, which meets on a quarterly basis, is composed of logistics Managers from the customer entities and the G2S Logistics Department. It manages and seeks synergies in the logistics segment.

BUSINESS AREA COMMITTEES

Four Business Area Committees meet on a quarterly basis. They are made up of representatives from the management of the regional mutuals, Groupama SA Managers from the Business Departments, Managers of the subsidiaries, Customer Relationship Managers and G2S representatives for the four business areas: Insurance and Distribution, Collective Life Insurance, IAEC (PA Companies and Local Authorities) and Steering Accounting Reinsurance and Tax.

For each business line, these committees:

- ensure the validity and relevance of the statement of needs;
- validate the proper execution of IT projects in line with the business priorities;
- rule on requests for IT upgrades;
- propose budget guidelines for the businesses.

CUSTOMER RELATIONSHIP COMMITTEE

This committee forms the interface between each customer and G2S; it handles IT issues as well as logistics issues for each customer:

- monitoring status and progress of projects;
- ruling on customer upgrade requests;
- instruction to the Business Area Committees of common cases monitored;
- budget management.

It meets every month or every quarter, depending on the customers.

It is made up of customers (including Groupama SA), the Customer Relationship Manager and representatives from the relevant G2S departments.

KEYS COMMITTEE

This committee, responsible for terms and conditions for invoicing customers for G2S services, met six times during 2014. It contributed to greater visibility on terms and conditions for invoicing and the validation of six cases of keys upgrades.

The G2S Internal Control Environment

In accordance with the responsibilities of the Risks and Internal Control division, the management of the G2S control environment continued in 2014 with, in particular:

- an update of the document reference system in line with the documents referred to in the Group risk policy;
- preparation for roll-out in the first half of 2015 of the common operational risk management tool (OROP);

The G2S Business Continuity Plan (BCP)

The BCP, which was reviewed and updated in 2013, was added to in 2014 with the completion of business line deliverables for all Company departments as well as cross-functional deliverables:

- the BIA (Business Impact Assessment), now completed for all G2S business lines, identifies critical activities;
- the PCM (Business Line Continuity Plan) identifies workarounds as well as their associated procedures to be initiated in the event of a major accident or disaster;
- three cross-functional deliverables were prioritised:
  - the PGC (Crisis Management Plan), which describes the organisation and mechanisms to be implemented in the event of a serious crisis,
  - the PRU (User Back-up Plan), which provides a plan for back-up in the event of damage to property,
  - the G2S PSI (IT Disaster Recovery Plan), which undergoes two global tests every year.

Emergency assistance exercises are also carried out for the other Group entities. In 2014, targeted exercises were carried out by Groupama SA: two PRU exercises in June and December with success rates in line with Groupama SA requirements (100% of applications validated for the June exercise).

Control and Security of IT and Logistics Resources

CONTROL AND SECURITY OF IT SYSTEMS

The RSSI, head of G2S IT security, defines the security policy for the IT systems (PSSI) and manages the roll-out of the security approach within the Group. He also acts as RSSI for Groupama SA.

Moreover, since the end of 2013, the RSSI function in G2S has also been responsible for managing the mechanisms for control of major Group risks relating to the IT systems.

These major Group risks are reviewed every half-year by the Steering, Management Control and Risks Department (DCPR); this review results in a report that assesses the relevance of the business control mechanisms in place and monitors plans for improvements to risk control. These risks are regularly reviewed by the Group Operational Risks Committee and on an annual basis by the Group Risk Management Committee.

The main actions taken during 2014 were:

- extension of the G2S control responsibilities to all Group entities in collaboration with the heads of security, appointed in 90% of the entities;
- implementation in April 2014 of a permanent surveillance tool to guarantee security of Group websites and identify possible IT software bugs;
- the roll-out starting in May 2014 of a real-time Internet protection tool, which specialises in the protection of websites;
- the reinforcement and extension of the surveillance service (to new business areas); 24/7 with effect from 1 July 2014;
- adaptation of the training offered to developers to cover new threats, so that they can acquire the knowledge and skills they need to develop web applications that are not vulnerable;
- construction of a set of standards for reaction to events, to face up to the increasing complexity of attacks and vulnerabilities.

At the end of 2014, G2S initiated the construction of a new security master plan, the objective of which is to define the future guiding principles for the period 2015-2019.

CONTROL AND SECURITY OF LOGISTICAL RESOURCES

The control and monitoring of premises, facilities and equipment involves the management of the life cycle of equipment and buildings to the satisfaction of GIE customers at the same time as complying with the legislation in force.

Compliance of buildings is regularly audited. All anomalies are listed in a progress plan, which is monitored every month at a meeting of the Security and Logistics Working Group.

In 2014, G2S developed a sheet for each building managed by G2S and occupied by Groupama SA personnel; this sheet shows the regulatory controls.

Other Controls and Security Procedures

Regular controls and risk management procedures are also applied with respect to a number of activities, particularly:

- the purchasing process: suppliers are subject to an annual check; contracts are checked and validated for legal compliance; purchases are centralised; checks are made to make sure that the amount of the order is in keeping with the budget;
- the IT asset base: controls are carried out not only on the provision of services expected but also on costs. The unit costs for Groupama Support & Services are regularly compared with costs charged by equivalent companies in France;

- project implementation: monthly project reviews are scheduled, one of their key points being the analysis of project risks and their level of control, a quality assurance review, and architecture and operability reviews;
- continuity of operations: the two production sites, Bourges 1 and Bourges 2, provide customers of Groupama Supports & Services with continuity of operations guaranteeing high availability of applications; regular drills to switch over from one site to another are carried out;
- management of incidents and the Help Desk: these are monitored and controlled using specific incident measurement indicators;
- availability of production services: this consists in checking that the SLA (Service Level Agreement) between Groupama Supports & Services and its customers is complied with;
- security of production operations: this is ensured *via* traceability using identification, authentication and audit procedures.

Control and Management of Major Inter-company Risks

CONTROL OF EXPENDITURE AUTHORISATION

The control of expenditure authorisation is handled through the IT system built on SAP software. Purchasing requests, orders and accounts payable are handled through internal GIE validation workflow, while payments themselves are made by Groupama SA's Accounting Department.

The work carried out in 2014 improved the security of the expense authorisation process and harmonised the processes of the IT and logistics channels, with:

- centralisation of the order activity in a dedicated "supply" function within the Purchasing and Supply Department;
- reinforced controls applied to the validation circuits in the SAP tool;
- optimisation of management with the roll-out of new indicators.

COVERAGE FOR OPERATIONAL RISKS

Systems have been put in place for insurance coverage against civil liability, fraud and property damage risks for the Groupama SA scope and French subsidiaries as well as professional civil liability and operational risks for the eleven regional mutuals.

The principal actions undertaken in 2014 were the following:

- improvement of the civil liability coverage for Groupama SA's corporate officers with a reduction in the excess amounts for "corporate Director" and "misconduct arising from the normal course of duties" and an increase in the cover for civil penalties;
- improvement in the Group cover for professional civil liability with, in particular, a significant reduction in the general excess for Groupama Assurance-Crédit and Groupama Épargne Salariale;
- implementation of civil liability cover on creation of a portfolio management company - the simplified joint-stock company Groupama Gan REIM - which will develop variable-capital companies investing predominantly in real estate (SPPICAV (OPCI, SCPI, etc.) on behalf of the Group;
- 50% reduction in the excess, which is now €250K, on the Loss of Banking Business cover for Groupama Banque.

(c) Control of overheads, trade payables and outsourced activities

Control of the Management of Overheads by Groupama SA and its Subsidiaries

Expenses by the subsidiaries are incurred in the context of monitoring those subsidiaries as described in 3.4.1.3.

The overhead expenses of Groupama SA's departments, including those billed back by the Groupama Supports & Services (G2S) resources unit for logistical and IT expenditures, are provided for in the annual budgets deliberated by the Executive Management.

The expenses, as well as the budgets, of the Groupama SA departments are consolidated with those of the main subsidiaries and are subject to regular monitoring implemented and coordinated by the Group Analysis and Management Control Department within the Group Financial Control Department, in particular *via* key indicators, overheads reports and financial reports.

More specifically, with respect to the monitoring and control of the expenses incurred by the departments of Groupama SA, the following should also be noted:

- a three-year budget forecast is prepared by the departments every year;
- since 2006, an automated work flow defined in accordance with precise internal control rules has been applied to the order/purchasing process: this system makes it possible to separate the tasks among the requester, the approval body and the payer, and to automate budgetary control and to account for expenses automatically as soon as a commitment is made.

Regarding the management of expense reports, controls carried out by the Group accounting and Groupama SA analysis and Management Control Departments supplement the automatic controls performed by the SAP tool, the use of which has been decentralised among the Groupama SA departments since 2007.

Internal Control of the Groupama SA Purchasing Process

After approval by the Steering Committee and the support expressed by its Works Committee, Groupama SA appended a purchasing ethics charter to its Internal Regulations on 29 March 2006.

As indicated below, an order/purchase management system has been used since 2006 for practically all Groupama SA purchases, excluding assignment expenses which are entered directly in the SAP accounting system.

This system is used:

- to monitor all suppliers;
- to account for costs as soon as the commitment is made, using an integrated SAP feature;
- to secure the distribution of tasks between the principals, the approving bodies and the accounting department;

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- to automate budget control and the cost distribution process;
- to help reduce the amount of time it takes to prepare financial statements and to improve the quality of the financial forecasts;
- to secure supplier payments as related to actual deliveries in keeping with orders;
- to clear all invoices with the cost monitoring unit within the Group Accounting Department.

The implementation of the major organisational and operating principles set out in the document Ligne Fonctionnelle Achats (Functional Purchasing Chain) continued in 2014, in particular with the adaptation to the environment of the procedure for calculating the resulting economic performance, and the regular monitoring of supplier risks through the implementation of specific actions:

- establishing specific Supplier Relationship Management reviews;
- dedicated progress plans for key suppliers;
- posting of supplier contracts online.

Control of Outsourced Activities

Pursuant to the stipulations of the Group's internal control charter:

- the internal control systems for activities authorised within the Group (Groupama Supports & Services, and Asset Managers) by Groupama SA are the responsibility of the delegate.

  Thus, with respect to the security of information, the RSSI (Head of Information Systems Security) of Groupama Supports & Services is required to arrange for targeted audits to be carried out using either internal specialists or a specialist external firm;
- for activities outsourced outside the Group, Groupama SA has established appropriate sub-contracting agreements defining the terms and conditions for the control and monitoring of the services in question, in particular the possibility of a technical audit at the provider's place of business.

3.4.6 RELIABILITY OF FINANCIAL DATA

The Group Financial Control Department within the Group Finance Department is responsible for preparing the financial statements and the notes to the shareholders, sponsoring authorities and tax authorities.

3.4.6.1 Parent company financial statements

The parent company statements are prepared with an ongoing objective of identifying all funds flows in detail, assigning a value to them and accounting for them in accordance with the regulations in force.

The types of internal control procedure implemented to that end are listed below:

- security procedures and internal checks: every area Manager guarantees that the work load is appropriate for the skills of their staff and ensures the compatibility and distribution of functions among their employees;
- integrated control and control tests: this refers to all operations guaranteeing the reliability and existence of an audit trail when data are charged to the accounting, tax and regulatory information system, in particular:
  - the functions and applications used to perform reliability tests and tests to check on the accuracy and consistency of accounting transactions,
  - other non-electronic actions and tests, mainly focusing on consistency checks carried out by random sampling on large-volume transactions, with very low unit amounts (e.g., balancing of policyholder balances, tax statements);
- hierarchical control: the objective of this is to distribute information and enable the cross-checking required to ensure the reliability of the parent company financial statements. This is done through several current management procedures and in inventory:
  - within current management:
    - separation of the functions of commitment and payment of expenses:

      expenditure of a technical, general or financial nature is in principle ordered by persons outside the Group Financial Control Department who are authorised up to a certain ceiling based on the type of expense; payment of these expenses is initiated by the Group Financial Control Department only after a signature different from that of the authorising officer;
    - monitoring of banking authorities:

      delegation of signature authority for banking transactions, granted to some employees, is subject to administrative monitoring and regular updating; these functions have been the responsibility, since 1 July 2014, of the Group Legal Department, in close liaison with the Group Financial Control Department
  - within inventory management and preparation of the financial statements:
    - regular review meetings between the Group Financial Control Department and the other departments designed to provide an overview of all the flows for the year and anticipate their integration into the financial statements;
    - measurement of the consistency between the parent company statements and the estimated statements in collaboration with the various teams of the Group Financial Control Department;
    - building up a set of supporting documentation for the year's financial statements under the supervision of the reviewer's direct superior, then the department head;
    - review of parent company and Group tax income/expense with the Group Tax Department;
    - internal meetings within the Group Finance Department to deal with different operational and functional views and thus to ensure the validity of the Groupama SA auxiliary and parent company financial statements;
    - approval of the financial statements by the Executive Management.

In the framework of its position as parent company of the Group, Groupama SA handles the accounting for a number of subsidiaries through its Service Sharing Centre (operating SCIs, GIE Groupama Support and Services, holding companies and other subsidiaries); it also handles investment accounting for the French profit centres.

The Group Financial Control Department prepares the financial portion of the financial statements (securities and real estate, plant and equipment) for the profit centres, using an auxiliary accounting system. For those entities in particular, it works with the Group Tax Department to calculate the financial tax income/expense (securities and real estate, plant and equipment) and drafts the statutory financial statements to be sent to the ACPR.

The tools and procedures used to keep investment auxiliary accounts (back-office securities and accounting tool) and the accounting systems of the entities without the means to have their own Accounting Departments comply with the same internal control criteria as those described previously for the Groupama SA parent company statements (see above). With regard to the investment accounting system, it should be noted that standardised controls, which are subject to written procedures, can be used to guarantee the reliability of the information regarding investments.

3.4.6.2 Consolidated financial statements

The internal control procedures used to establish the reliability of the consolidated financial data for the shareholders of Groupama SA are based on five basic principles: checking the adequacy of skills (internal check), integrated control, parallel control tests, hierarchical control and Group benchmarking.

(a) Security and Internal Checking Procedures

They are applied for the departments preparing the consolidated financial statements in the same way as described in the section on the parent company financial statements (see above).

(b) Integrated Control

The Group's system for developing condensed financial data has been implemented throughout the entities, including recent acquisitions. It is based on a single consolidated data production base. All the entities supply this database with data through secure links. It contains a large number of controls designed to guarantee the quality of the financial data:

- the first level of verification entails checking the standardisation of the data (all the Group's data is presented in a format that follows a single standard);
- the second level involves a series of automatic checks built into the entities' individual data collection phase. These checks mainly relate to the overall accuracy and consistency of the items entered. Depending on the types of control, the data input may either be blocked automatically (which can only be cancelled if the exact data is input), or else the control returns an error, which must be corrected. An audit trail of these controls is maintained centrally. The software allows a fairly high level of automatic control through the development of interfaces with the upstream systems;
- at the central level, additional controls are carried out. These mainly involve the necessary consistency of the data between the different entities in the Group (e.g. for internal reciprocal transactions) and central transactions (conversion of foreign subsidiaries, consolidation entries, etc.).

The system has an audit trail that can run any cross-checks that might be desired, to identify and monitor any data item and trace the source of any elementary data, from the parent company to the consolidated level. This set of parameters is tested regularly (particularly by republishing old scenarios).

(c) Control Tests

A set of verification and control tests has been put into place to ensure that transactions are executed reliably whether they are electronic or not. In addition to the electronic processes, these tests have two main objectives:

- to check the source of the data (with respect to accuracy and application of the standards); this control is based mainly on consistency checks, estimates, parent company analytical notes (or the management report) of each entity, and on a management questionnaire designed to ensure that the Group's most sensitive accounting standards and methods are properly applied;
- to verify the central processing: accuracy checks are carried out to guarantee that central consolidation transactions are correctly processed (sharing of shareholders' equity, dilutions/accretions, etc.).

The control tests are documented in a review manual.

(d) Hierarchical Control

Hierarchical control seeks to ensure that the principal items affecting the truthfulness and accuracy of the financial data, as well as the asset position and the profit/loss (parent company and consolidated) disclosed to the shareholders, are captured in the data presented. This control involves the use of several procedures:

- checking for consistency with the estimates and with any item used to cross-check the data appearing in the financial statements;
- meetings to approve the financial statements with the employees producing the financial data (with a review of any problem areas encountered during the approval process);
- approval meetings with the statutory auditors of the consolidated financial statements;
- meetings with the Steering Committee to review the consolidated financial statements;
- meetings with the Audit and Risk Management Committee to review the consolidated financial statements.

All of these tasks are aimed at enhancing the quality of the financial data, particularly the consolidated financial statements as well as the management report to the Board of Directors.

(e) The Group Standard

The accounting standards for the consolidated financial statements are the IFRS. They are distributed at group level, and instructions for using them are given in a consolidation manual containing reminders of each line item in the balance sheet and the income statement:

- IFRS reference text and a summary of the standard;
- the area of application and possible options selected by the Group wherever the IFRS allow the possibility of applying options;
- methods of application.

The consolidation manual is available online. It can be accessed by all the entities in the Group (French and English versions). It is updated regularly based on any changes in the IFRS.

This consolidation manual also includes instructions (French and English versions) issued at every closing to all Group entities.

The instructions emphasise the specific items applicable to each approval process. These instructions are sent to the statutory auditors for information.

Training in both methodology and operations is provided regularly to all involved parties in the Group so that the requirements introduced by the IFRS are properly understood and incorporated into the financial statements.

Procedure for Estimating Results (formerly known as pre-closing)

Since 2007, the Groupama SA Executive Management has introduced an operating methodology into the consolidated financial statements aimed at improving estimates of results by the different entities in the Group. This so-called "pre-closing" methodology is based on the data from the latest available forecast and helps to determine the most probable profit or loss to be contributed by each entity for the current year. It is integrated in the work on business reviews carried out in November/December (see 3.4.1.3 a). It involves:

- a systematic and critical review of the principal aggregates making up the interim management balances;
- identification and discussion of the main problem areas specific to each entity in connection with the financial statements (instances of some particular transactions requiring a management decision by the Group's Executive Management, consequences of new accounting rules or regulations, treatment of certain disputes, and any other points requiring a final decision by the Executive Management).

This gives the Executive Management a detailed overview of earnings across the Board. In order to make the process more effective, analyses of post-closing differences are generally carried out. The purpose of these meetings is to understand and justify any differences between the anticipated profit/loss and the final profit/loss.

3.4.6.3 Combined Financial Statements

The internal control procedures applicable to the combined financial statements are similar in every way to those described above for the drafting of the consolidated financial statements. The operating procedures for drafting the combined and consolidated financial statements are strictly the same.

3.4.6.4 Supervision of Intra-group Accounting Transactions

Transactions between the subsidiaries and Groupama SA (internal loans, subsidiary restructures, capital increases, dividend payouts, etc.) are subject to approval by the Groupama SA Executive Management, and to technical and operational control by the Group Financial Control Department. Controls on these operations are carried out by auditing the consolidated financial statements, *i.e.* by reconciling intra-group transactions, monitoring any changes in shareholders' equity, and reviewing the transactions recorded for consistency with legal documentation.

3.4.6.5 Preparation for future Solvency II regulatory reporting

In view of the future implementation of the Solvency II reform, the Group Financial Control Department also continued its work in 2014 to prepare for the future Solvency II regulatory reporting:

- with the contributing departments of Groupama SA: continued analysis of quantitative appendices and changes to these; discussions and work on the industrialisation of reporting processes in the framework of Process Review Groups (GEP) established in 2014, etc.;
- with the Group entities: continued organisation of workshops to present the various quantitative appendices and the planned processes;
- with the participation of the French Group entities in the ACPR preparation exercise of September 2014 on Pillar 3 of Solvency II with the submission of the solo prudential reports on 31 December 2013;
- with the implementation of a group Solvency II - Pillar 3 reporting tool enabling the submission of the quantitative Solvency II reports in XBRL format required by EIOPA and its roll-out to the French Group entities that participated in the ACPR collection of September 2014.

This work will continue actively in 2015 with:

- the continued analysis and industrialisation of the annual and quarterly quantitative statements;
- and the submission, within the very short time frames, of the quantitative and narrative reports provided for by EIOPA during the preliminary preparation phase, for the solo entities as well as the Group.

3.4.7 OUTLOOK FOR GROUPAMA'S INTERNAL CONTROL

In 2015, the Group will continue to reinforce its risk and control system and step up its preparation for the regulatory requirements of the Solvency II Directive, particularly with:

- the gradual roll-out of level 1 and 2 permanent control plans and the common tool for operational risk management within the Group's entities;
- preparation for the reporting requirements and development of the ORSA (Own Risk and Solvency Assessment) reports provided for by the ACPR in 2015 based on 2014 data; compared with 2014, these reports will be more comprehensive and also submitted by international entities subject to Solvency II;
- further work on optimising the capital allocation by business line and on risk tolerance;
- the formal appointment of Managers for key functions in all the Group companies;
- the formalisation and validation by the Group bodies and companies of the written policies established to complement their risk policies.

3.5 REPORT BY THE STATUTORY AUDITORS ON THE CHAIRMAN'S REPORT

This is a free translation into English of the statutory auditors' report on the chairman's 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.

Statutory auditors' report prepared pursuant to Article L. 225-235 of the French Commercial Code, and dealing with the report of the Chairman of the Board of Directors.

(Fiscal year ended 31 December 2014)

PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-sur-Seine Cedex

Mazars
Tour Exaltis
61, rue Henri-Régnault
92400 Courbevoie

To the Shareholders,

In our capacity as statutory auditors of Groupama SA and pursuant to the provisions of Article L. 225-235 of the French Commercial Code, we hereby report to you on the report prepared by the Chairman of your company in accordance with the provisions of Article L. 225-37 of the French Commercial Code for the financial year ended 31 December 2014.

It is the responsibility of the Chairman to prepare and submit for the Board of Directors' approval a report on the internal control and risk management procedures in place within the Company and to provide any other information as required under Article L. 225-37 of the French Commercial Code pertaining in particular to corporate governance.

It is our responsibility:

- to report to you on information set out in the Chairman's report concerning the internal control procedures and risk management related to the preparation and treatment of the accounting and financial information;
- to certify that the report covers the other information required under Article L. 225-37 of the French Commercial Code, it being understood that it is not our responsibility to verify the accuracy of such information.

We have conducted our audit in accordance with the professional standards applicable in France.

Information concerning internal control and risk management procedures relating to the preparation and treatment of accounting and financial information

Under professional standards we are obliged to apply procedures designed to assess the accuracy of information on the internal control and risk management procedures relating to the preparation and treatment of accounting and financial information in the Chairman's report.

This consists of the following:

- reviewing the internal control and risk management procedures relative to the preparation and treatment of the accounting and financial information presented in the Chairman's report as well as any existing documentation;
- reviewing the work based on which such information was prepared and any existing documentation;
- determining whether any material internal control deficiencies we may have found in our audit in relation to the preparation and treatment of the accounting and financial information have been properly disclosed in the Chairman's report.

Based on this audit, we have no comments to make on the information given concerning the Company's internal control and risk management procedures related to the preparation and treatment of the accounting and financial information contained in the report by the Chairman of the Board of Directors, prepared pursuant to the provisions of Article L. 225-37 of the Commercial Code.

Other information

We hereby certify that the report of the Chairman of the Board of Directors contains the other information required under Article L. 225-37 of the French Commercial Code.

Neuilly-sur-Seine and Courbevoie, 4 March 2015

The Statutory Auditors

PricewaterhouseCoopers Audit

Christine Billy — Éric Dupont

Mazars

Jean-Claude Pauly — Christophe Berrard

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3.6 FEES OF THE STATUTORY AUDITORS

In 2014, like in 2013, the statutory auditors also performed a number of tasks that are directly related to the statutory auditing service but do not directly fall under the scope of legal audit tasks. The scope of these tasks and their implementation procedure fall within the charter governing the role and duties of statutory auditors within the Group.

These tasks represent an overall budget of €882.6 thousand in 2014 compared with €361.9 thousand in 2013.

In France, they represent a cost of €771.3 thousand, which essentially concerns Groupama SA. This cost relates primarily to due diligence linked to the review of information on corporate social responsibility and work on the independent validation of the SCR internal model for Solvency II.

Internationally, services amounting to €111.4 thousand essentially concern additional work provided for by local legislation (e.g. cantons life insurance in Italy, etc.)

Auditors who are not members of the Group's joint auditors' group generally work as co-auditors for some subsidiaries of the Group, particularly in real estate.

Summary of statutory auditors' fees

	Year 2014						
(In millions of euros excl, taxes)	Pricewaterhouse Coopers		Mazars		Others		Total
1. Legal audit tasks							
1.1. Statutory auditors, certification, audit of individual and consolidated financial statements	**2,437.2**	**54.9%**	**1,876.6**	**42.3%**	**126.0**	**2.8%**	**4,439.8**
Groupama SA	571.3	53.1%	505.1	46.9%	0.0	0.0%	1,076.4
French subsidiaries	1,197.0	52.2%	971.1	42.3%	126.0	5.5%	2,294.1
International subsidiaries	668.9	62.6%	400.3	37.4%	0.0	0.0%	1,069.2
1.2. Other investigations and services directly linked to the statutory auditors' assignmentcommissariat aux comptes	**396.2**	**44.9%**	**486.4**	**55.1%**	**0.0**	**0.0%**	**882.6**
Groupama SA	394.5	51.2%	376.7	48.8%	0.0	0.0%	771.2
Other subsidiaries	1.7	1.5%	109.7	98.5%	0.0	0.0%	111.4
Subtotal – consolidated financial statements	**2,833.4**	**53.2%**	**2,363.0**	**44.4%**	**126.0**	**2.4%**	**5,322.4**
2. Other services provided by the networks to fully consolidated subsidiaries	**0.0**	**0.0%**	**28.9**	**100.0%**	**0.0**	**0.0%**	**28.9**
TOTAL – CONSOLIDATED FINANCIAL STATEMENTS	**2,833.4**	**52.9%**	**2,391.8**	**44.7%**	**126.0**	**2.4%**	**5,351.2**

Summary of statutory auditors' fees

(In millions of euros excl, taxes)	Year 2013						
	Pricewaterhouse Coopers		Mazars		Others		Total
1. Legal audit tasks							
1.1. Statutory auditors, certification, audit of individual and consolidated financial statements	**2,438.0**	**54.9%**	**1,876.2**	**42.2%**	**129.0**	**2.9%**	**4,443.2**
Groupama SA	563.5	52.9%	502.7	47.1%	0.0	0.0%	1,066.2
French subsidiaries	1,177.6	51.8%	967.5	42.5%	129.0	5.7%	2,274.2
International subsidiaries	696.9	63.2%	406.0	36.8%	0.0	0.0%	1,102.9
1.2. Other investigations and services directly linked to the statutory auditors' assignmentcommissariat aux comptes	**127.0**	**35.1%**	**234.9**	**64.9%**	**0.0**	**0.0%**	**361.9**
Groupama SA	117.2	50.0%	117.4	50.0%	0.0	0.0%	234.6
Other subsidiaries	9.8	7.7%	117.6	92.3%	0.0	0.0%	127.4
Subtotal – consolidated financial statements	**2,565.0**	**53.4%**	**2,111.1**	**43.9%**	**129.0**	**2.7%**	**4,805.1**
2. Other services provided by the networks to fully consolidated subsidiaries	**0.0**	**0.0%**	**8.2**	**100.0%**	**0.0**	**0.0%**	**8.2**
TOTAL – CONSOLIDATED FINANCIAL STATEMENTS	**2,565.0**	**53.3%**	**2,119.3**	**44.0%**	**129.0**	**2.7%**	**4,813.3**

3.7 RELATED PARTY TRANSACTIONS

Related party transactions are presented in Note 44 on related party transactions in the Notes to the consolidated financial statements for the fiscal year 2014, audited by the statutory auditors.

3.8 MAJOR CONTRACTS

Over the past two years, other than during the normal course of business, Groupama SA and its subsidiaries have not entered into any major agreements with third parties that would confer a major obligation or commitment on the entire Group consisting of Groupama SA and its subsidiaries.

On the other hand, major agreements bind Groupama SA, its subsidiaries and the regional Groupama mutuals in the context of their business relations. These agreements are described in section 2 of Note 44 of the consolidated financial statements.

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3.9 STATUTORY AUDITOR'S SPECIAL REPORT ON RELATED-PARTY AGREEMENTS

This is a free translation into English of the statutory auditors' special report on related-party agreements 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.

(Fiscal year ended 31 December 2014)

PricewaterhouseCoopers Audit 63, rue de Villiers 92208 Neuilly-sur-Seine Cedex	Mazars Tour Exaltis 61, rue Henri-Régnault 92400 Courbevoie

To the Shareholders,

In our capacity as statutory auditors of the annual financial statements of your company, we hereby present our report on the related-party agreements.

It is our responsibility to report to shareholders, based on the information provided to us, on the principal terms and conditions of the agreements that have been disclosed to us or that we may have identified as part of our engagement, without commenting on their relevance or substance or identifying any undisclosed agreements. Under the provisions of Article R. 225-31 of the French Commercial Code (Code de commerce) and Article R. 322-7 of the French Insurance Code (Code des assurances), it is the responsibility of the shareholders to determine whether the agreements are appropriate and should be approved.

Where applicable it is also our responsibility to provide shareholders with the information required by Article R. 225-31 of the French Commercial Code and Article 322-7 of the French Insurance Code in relation to the implementation during the year of agreements already approved by the General Meeting.

We performed the procedures that we deemed necessary in accordance with the professional standards applicable in France to such engagements. These procedures consisted in verifying that the information provided to us is consistent with the underlying documents.

(a) Agreements to be submitted for the approval of the General Meeting

Agreements authorised during the year

In accordance with Article L. 225-40 of the French Commercial Code and Article R. 322-7 of the French Insurance Code, we were informed of the following agreements authorised by the Board of Directors.

Agreements with companies having common directors

FINANCING OF MAJOR GROUP PROGRAMMES

For the financing of the major programmes for 2014, additional subsidies of €2.1 million, net of corporate income tax, were granted to regional mutuals to finance part of the joint IT expenses (SIGMA). This amount is in addition to the €2 million authorised by the Board of Directors at its meeting of 17 October 2013.

The Board of Directors, at its meeting of 16 October 2014, also authorized, for 2015, the subsidy of €1.8 million, net of corporate income tax, to regional mutuals to finance part of the joint IT expenses (SIGMA).

Each of these subsidies was successively authorised by the Board of Directors, the Chairman of the mutual concerned did not take part in the vote.

Directors concerned: Mr Baylet, Ms Bocquet, Mr Collay, Mr Cornut-Chauvinc, Mr Dagès,Ms Dubost, Mr L'Hostis, Mr Pivard, Mr Schmitt.

Other agreements with directors

CONTRACTS OF PROVIDENT AND PENSION SCHEME ATTRIBUTED TO THE CHIEF EXECUTIVE OFFICER AND THE DEPUTY CHIEF EXECUTIVE OFFICER

The Board of Directors, at its meeting of 19 February 2014, confirmed the supplementary pension scheme attributed to the Chief Executive Officer and the Deputy Chief Executive Officer, following the decision taken by the Board of Directors as at 15 December 2011.

CONTRACT OF PENSION SCHEME ATTRIBUTED TO THE CHAIRMAN OF THE BOARD OF DIRECTORS

The Board of Directors, at its meeting of 19 February 2014, confirmed the defined benefits pension scheme attributed to the Chairman of the Board of Directors, following the decision taken by the Board of Directors as at 14 December 2012.

Directors concerned: Mr Dagès.

Agreements with shareholders

None

(b) Agreements already approved by the General Meeting

Agreements approved in previous years that remained in force during the past fiscal year

In accordance with Article R. 225-30 of the French Commercial Code and Article R. 322-7 of the French Insurance Code, we were informed that the following agreements, approved by the General Meeting in previous years, remained in force during the during the past fiscal year.

Agreements with companies having common directors

FINANCING OF MAJOR GROUP PROGRAMMES

Concerning the grants authorised by the Board of Directors on 30 October 2012 for the financing of the major programmes for 2014, the amounts actually allocated to the regional mutuals were as follows: €7.5 million net of corporate income tax for the deployment of the banking activity (Groupama Banque) and €3 million net of corporate income tax for joint IT expenses.

In addition, recall that as part of the Group's development strategy in France, Groupama SA had agreed to financially support the Groupama Paris Val de Loire regional mutual for a maximum of €30 million net of corporate income tax, to be used for the creation of local branches in Paris. No such payment was made in 2014.

Directors concerned: Mr Baylet, Ms Bocquet, Mr Collay, Mr Cornut-Chauvinc, Mr Dagès, Ms Bubost, Mr L'Hostis, Mr Pivard, Mr Schmitt.

SPORT SPONSORING

Concerning the sports sponsoring programme, the subsidies granted to the regional mutuals in 2014 for the 2013-2014 season amounted to €0.221 million net of corporate income tax.

Director concerned: Mr Dagès.

AGREEMENT FOR A SECURITY AND SOLIDARITY SYSTEM

On 12 December 2013, as part of the implementation of the provisions of Articles L. 322-27-1 and L. 322-27-2 of the Insurance Code establishing Groupama SA as the central body of the network of agricultural insurance and reinsurance companies and mutuals, the Board of Directors approved, successively regional mutual by regional mutual, the amendments to the agreement on security and solidarity plans.

The purpose of this agreement, which was approved by the General Meeting on 18 December 2003, amended by a rider in December 2004, is to guarantee the security of management and the economic and financial equilibrium of all regional mutuals and Groupama SA and to organise solidarity among those entities. The agreement provides for procedures geared around five measures:

- Groupama SA issues any relevant instructions useful for the purposes of the Group;
- Groupama SA conducts a three-year audit of all regional mutuals and spot audits if losses are recorded by a regional mutual;
- solidarity fund mechanism for helping regional mutuals in difficulty; under this mechanism, the regional mutuals pay a portion of their net surplus, corresponding to 0.50% of their retained premiums, up to a limit of 50% of the annual surplus, with a cap at 3% of retained premiums;
- appointment of the Chief Executive Officers of the regional mutuals;
- agreement for combination of accounts, designating Groupama SA as combining entity.

Directors concerned: Mr Baylet, Ms Bocquet, Mr Collay, Mr Cornut-Chauvinc, Mr Dagès, Ms Bubost, Mr L'Hostis, Mr Pivard, Mr Schmitt.

Other agreements with directors

None

Agreements with shareholders

None

Neuilly-sur-Seine and Courbevoie, 4 March 2015

The Statutory Auditors

The Statutory Auditors

PricewaterhouseCoopers Audit		Mazars	
Christine Billy	Éric Dupont	Jean-Claude Pauly	Christophe Berrard

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RISK FACTORS

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4.1 RISK FACTORS

Groupama draws attention to the risks described below. These risks could materially affect the Company's activities, consolidated net income, financial position, solvency margin and its ability to achieve estimated results.

However, the description of risks is not exhaustive. Additional risks and uncertainties not currently known or deemed to be minor could, in the future, prove to be major and materially affect Groupama.

The risks described below are inherent to the nature of the Group's activities and to the economic, competitive and regulatory environment in which Groupama operates.

Given the multiple possibilities and uncertainties relating to these risks, the impact of the identified risks cannot always be accurately quantified. However, in order to prevent, detect and manage risks on an ongoing basis, Groupama has implemented numerous risk management processes, procedures and controls. As with any control and monitoring system, this should not however be considered an absolute guarantee. Rather, it offers reasonable assurance that operations are secure and results are managed.

The organisation of the risk management system is described in detail in section 4.2 of this registration document. In addition, if the risks described in this section 4.1 result in a quantifiable financial impact or a material contingent liability, these are reflected in the Group's combined and consolidated financial statements, in accordance with applicable IFRS accounting standards.

The risks presented below are categorised based on their origin. They reflect the current view of the governing bodies as to the potential impact of each risk for the Groupama group.

4.1.1 RISK FACTORS RELATING TO THE INSURANCE BUSINESS

4.1.1.1 Cyclical nature of the non-life branch

The cycles associated with the non-life insurance business are of varying length. They may involve unpredictable catastrophic events or be impacted by general economic conditions and may result in alternating periods of intense rate competition and, conversely, rate increases.

These situations, which may result in lower premium income over the course of certain cycles, may lead to volatility and a worsening of the Group's net income and financial position.

4.1.1.2 Natural and human disasters

The increasing number of climate events, on a global level, as well another risks, such as acts of terrorism, explosions, the appearance and development of pandemics such as the H5N1 and H1N1 viruses and the impact of global warming may have major consequences, not only in terms of their immediate damage and impact, but also in respect of insurers' current and future activities and income.

The potential increase in compensation and claims, the emergence of new kinds of liability, growing uncertainty as to the volume and level of maximum losses may, for example, have a material impact on Groupama's business activities, consolidated net income and liquidity.

Through the diversification of its portfolio, the individual selection of risks accepted, the limitation of its exposure to risks (specifically in respect of natural disasters), the management of overlapping risks and reliance on reinsurance, Groupama significantly reduces the negative impacts of its exposure. However, despite the careful attention paid to the monitoring of these risks and the risk control systems put into place, Groupama, because of its historical customer base and the abundance of local climate events, might still experience major losses in the future on such risks, which would have a material negative impact on its financial position and net income.

4.1.1.3 Inadequacy of reserves to address losses in the non-life segments

In accordance with the sector's practices and current accounting and regulatory requirements, Groupama establishes reserves both for claims and claims expenses relating to the non-life segments that it insures.

However, reserves do not represent an exact calculation of the corresponding liability but, instead, estimates of the claims amount, on a given date, using actuarial projection techniques. These reserve estimates are projections of the likely cost of ultimately settling and administering claims, based on our assessment of facts and circumstances known at that time, an analysis of historical settlement patterns, estimates of trends in claims' severity and frequency, legal theories of liability and other factors. However, claims reserves are subject to change due to the number of variables that affect the ultimate cost of claims. These factors may be varied, such as the intrinsic change in claims, regulatory changes, judicial trends, gaps inherent in the time lag between the occurrence of the insured event, notification of the claim and final settlement of expenses incurred in resolving claims.

These items cannot always be known, particularly on prospective basis. Actual losses may thus differ materially from the original gross reserves established. Consequently, the reserves may need to be increased or reduced, with an impact on net income.

Groupama continually reviews the adequacy of its established claims reserves with regard to its commitments. While the reserves currently established are sufficient and comply with the Group's prudent reserve policy, there can be no assurance that ultimate losses will not materially exceed the claims reserves established and will not have a material adverse effect on net income.

4.1.1.4 Uncertainties and changes in the forward-looking assumptions used to calculate the life insurance reserves and Deferred Acquisitions Costs (DAC)

The establishment of insurance reserves, including the minimum guarantees found in certain Group savings and pension products, the adequacy test performed on the life insurance policy reserves, the recoverability test on the deferred profit-sharing assets and the establishment of DAC rely, by their very nature, on uncertain information based on forward-looking assumptions about changes in factors that may (i) be of economic, demographic, social, legislative, regulatory or financial origin, (ii) relate to policyholder behaviour (surrender, lapses, persistency, etc.) or (iii) be specific to life insurance, such as mortality, morbidity and longevity.

Use of these many assumptions involving a high degree of estimation on the part of the Group's governing bodies, as well as changes in those assumptions or changes in the financial markets, may influence reserve levels, underwriting expenses and calculation of Groupama's DAC and could have an adverse impact on Groupama's net income, financial position and assessment of its valuation.

4.1.1.5 Requests for compensation that do not conform to the assumptions used to establish prices and to calculate technical reserves for life, savings and pension products

The profitability of the life, savings and pension products depends heavily on the extent to which actual claims match the assumptions used to determine prices for products, insurance policy servicing expenses and technical reserves.

If the benefits actually paid to policyholders were less favourable than those estimated based on the initial underlying assumptions, or if events or trends led us to modify those underlying assumptions, the Group would have to increase its commitments, which could reduce its net income.

As noted at § 4.1.1.4 above, establishing savings/pension insurance reserves, with or without specific guarantees such as minimum guarantees, naturally relies on uncertain information and judgements, both internal and external, and there are no guarantees that the reality of the products will not differ – positively or negatively – from these estimates.

4.1.1.6 Default of a reinsurer or increased reinsurance costs

While the purpose of reinsurance agreements is to transfer a portion of losses and related expenses to other insurers, they do not eliminate the requirement for Groupama, the direct insurer, to settle claims. In this regard, the Group is thus subject to the solvency risk of its reinsurers at the time that sums due are recovered from them.

Although Groupama makes certain that its reinsurers are diversified and solvent, based on selection rules that are reviewed and updated regularly as part of the work of the Security and Reinsurance Committee, and although the financial crisis has not led any of the Group's reinsurers to default, they may find themselves unable to meet their financial obligations. This inability could adversely affect the Group's net income.

Furthermore, the availability, amount and cost of reinsurance depend on overall current economic conditions and may vary considerably. In the future, the Group may be unable to obtain reinsurance at commercially reasonable prices, thus increasing its risk of loss due to lower levels of reinsurance, or its income statement could be adversely affected by the increased cost of reinsurance for its already-reinsured activities.

4.1.2 RISK FACTORS RELATING TO THE FINANCIAL MARKETS, THE FINANCIAL STRENGTH RATING, THE VALUATION OF ASSETS AND OTHER RELATED ASPECTS

4.1.2.1 The difficult and persistent conditions of the economy

Just like the market's other players, Groupama has been impacted in the past few fiscal years by the financial crisis and its repercussions, which have strongly affected the real economy at the global level. In Europe and especially in the eurozone, the low level of consumer and business confidence and the high unemployment rate have resulted in a level of growth at best weak in all countries where Groupama is active, particularly in Southern Europe, Greece, Turkey, and Central and Eastern Europe.

The year 2014 was marked by the uncertainty associated with the lack of a real recovery in the eurozone, increasing geopolitical tensions (Ukraine, Middle East, etc.) and the sharp decrease in the price of a barrel of oil, which intensified deflationary fears already in place. This context led the European Central Bank to strengthen monetary stimuli and caused an acceleration in the decline in long-term rates and greater volatility on risky assets, with alternation of risk aversion and mass influx of capital related to investors in search of yield.

The low rates of return on financial investments and the dependence of the Group's businesses on consumer behaviour and confidence have negatively affected the Group's revenues and net income.

Although the Central Banks are trying to give visibility to their policy ("Forward guidance"), the very low level of rates and the shift in the cycle between the major economies could cause an increase in the volatility of financial markets.

4.1.2.2 Financing terms

Although the low level of rates is favourable for issuers, the overall decrease in ongoing risks among credit institutions has brought about more restrictive terms for granting loans. At the same time, the succession of unfavourable events for investors in subordinated debt (illiquidity, trading conditions, "bail-in") implies more difficult issue conditions.

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Groupama needs liquidity specifically to pay its operating expenses, claims settlements, contract redemptions and its financial expenses.

The Group's primary sources of liquidity are generated by the insurance business, including insurance premiums, annuity products, reserve funds, asset management commissions, cash flow generated by its investment assets as well as by cash and other balance sheet equivalents. These sources of liquidity are supplemented by super-subordinated securities (TSS), perpetual subordinated bonds (TSDI), subordinated securities (TSR) and credit facilities.

If current resources were unable to meet the Group's needs, Groupama would have to identify alternative financing methods that depend on factors that are both external (including market conditions, credit availability and volume of trade) and internal to the Group (financial rating, borrowing costs and perceptions of the short and long-term financial outlook).

Although Groupama has put proactive management of capital in place, by carrying out exchanges on its financial debts and actively managing its credit line, the Group may nevertheless still not be able to meet its liquidity needs or obtain financing under favourable terms in the event of significant stress on liquidity. Insufficient liquidity and/or prolonged restricted access to financing could materially affect the Group's business, net income and financial position.

4.1.2.3 The worsening of the solvency margins of Groupama SA's subsidiaries because of unfavourable conditions in capital markets and changes in the interpretation of regulations

Groupama's entities involved in the insurance business are subject to the regulatory capital requirements of various local regulators. These capital requirements imposed on insurance companies generally depend on the design of the products, underwriting volumes, assets invested, commitments, reserves and changes in the capital markets, specifically with regard to interest rates and financial markets, subject to specific provisions applicable in certain countries. These regulatory requirements may be tightened – even significantly – during periods of volatility and downturn in the financial markets and/or when interest rates fall.

The Group's solvency margin is particularly sensitive to conditions on the capital markets (equities, property and especially interest rates). Prolonged unfavourable conditions on the capital markets could adversely impact the Group's solvency margin further.

The Group monitors its solvency margin and its insurance disintermediation equity on an on-going basis to ensure compliance with current regulations and to ensure that Groupama SA and its subsidiaries are operating in an appropriate competitive environment.

Insurance regulators have broviscretion to interpret, apply and implement applicable rules with respect to solvency and regulatory capital requirements. If regulatory capital requirements are not met, regulators may take measures to significantly strengthen core equity requirements or restrict companies' activities.

Moreover, if the Group's subsidiaries fail to maintain adequate core equity in regard to regulatory requirements and/or their competitive positions, Groupama SA could be required to support them financially, which could adversely affect its liquidity position, consolidated net income and financial position. As part of the monitoring of its subsidiaries in this area, Groupama SA thus provides financing, if necessary, to certain subsidiaries to enable them to improve their level of solvency margin at the end of the year. In recent fiscal years, Groupama has carried out capital increases of its subsidiary Groupama Gan Vie: in 2011, following the simultaneous increase in the capital of Groupama SA by the regional mutuals, and in 2012 with contributions of cash and property assets.

Finally, when rating agencies assess Groupama SA's financial strength and credit quality, they take into account the Group's solvency margin and the regulatory capital position of its insurance subsidiaries. If the ratings agencies find that the capital adequacy of Groupama SA and its subsidiaries is insufficient in respect of the agencies' criteria, the financial strength and credit rating assessment can be downgraded.

Although Groupama has set up systems to ensure sufficient solvency for itself and its subsidiaries, unfavourable capital market conditions, the evolving interpretation of regulations and the rating agencies' criteria could adversely affect its activities, liquidity position, credit rating, consolidated net income and financial position.

4.1.2.4 Downgrading of ratings regarding ability to pay claims and financial strength

Ratings of ability to pay claims and financial strength remain important although disputed factors in establishing the insurance companies' competitive position with regard to each other. Rating agencies may revise them at any time.

In an environment of changing Group strategic guidelines, Groupama decided to abandon one of its two financial rating agencies, Standard & Poor's, in December 2012; the financial strength rating of Groupama SA and its subsidiaries by the remaining agency, Fitch Ratings, was "BBB" with a positive outlook at the end of 2014.

A downgrade could have an adverse impact on the Group, such as (i) harming our competitive position, (ii) negatively affecting our ability to underwrite new insurance policies, (iii) increasing the surrender or termination rates of existing insurance policies, (iv) increasing the cost of reinsurance, (v) negatively affecting our ability to obtain financing and/or increasing the cost of financing, (vi) triggering the need for additional guarantees under certain agreements, (vii) harming our relationships with creditors or trading counterparties and/or

(viii) adversely affecting public confidence in a material way. Any of the above could have an adverse effect on the activities, liquidity position, consolidated net income, revenue and financial position of Groupama SA.

4.1.2.5 Losses due to defaults by financial institutions and third parties, impairment of investment assets and unrealised losses

Third parties that owe Groupama money, securities or other assets may not perform their obligations. These parties may be issuers whose securities the Group holds in its investment portfolios, public or private borrowers under mortgages and other loans extended, Groupama reinsurers, customers, trading counterparties, hedge counterparties, other third parties including intermediaries and brokers, commercial banks, hedge funds and other investment funds, clearing agents, market exchanges, clearing houses and other financial institutions.

Third-party default may also concern third parties with which Groupama has entered into service agreements as part of the outsourcing of activities and may expose the Group to operating, financial and reputation risks.

Similarly, default, and even the fear of default, on the part of major third parties external to Groupama may also disrupt the markets, increase their volatility, generate a chain of defaults or even lead to widespread illiquidity, which would affect the Group or could affect its partners.

The causes of default by third parties may include: bankruptcy, lack of liquidity, downturns in the economy or real estate market, worsening of the financial markets or operational failures.

The year 2011, marked by the complete loss of market liquidity of Greek securities and the Greek government's solvency crisis, thus led Groupama, like most players in banking and insurance, to decide in early 2012 in favour of the contribution of its securities to the securities swap scheme proposed by the IIF and the Greek government and to dispose of all remaining Greek debt in 2012.

Although the Group regularly continued its risk reduction operations on securities, initiated in 2012, during 2013 and 2014, particularly on equities and Portuguese government and Spanish bank debts, Groupama may need to recognise impairments of the value of its invested assets, considering the increased cost of the sovereign debt of the most vulnerable countries (financing costs in real terms that exceed the rate of growth) and the intrinsic volatility of equity markets. Groupama cannot, under any circumstances, guarantee that such losses or impairments of the accounting value of these assets would not sharply and adversely affect its net income and financial position.

4.1.2.6 Impairment of goodwill, acceleration of the amortisation of Deferred Acquisition Costs (DAC) and Value of Business in Force and/or the derecognition of deferred tax assets and deferred profit sharing

Changes in business and market conditions may affect the amount of goodwill carried on Groupama's balance sheet, the pattern and pace of DAC and VIF amortisation and the valuation of deferred tax assets. The value of certain of the Group's acquisitions, particularly in the areas most affected by the recent economic and financial crisis, depends directly on the position of the financial markets and level of operating performance. Impairment of goodwill had thus been recorded in certain Eastern European countries and Greece as at 31 December 2012. The impairment tests conducted as at 31 December 2014 did not result in the recognition of additional impairment.

In the future, the downturn in operating performance of the Group's acquisitions or in market conditions, such as a continued environment of low rates, could result in an impairment of goodwill, accelerate the DAC and VIF or lead to the derecognition of deferred tax assets. These items could adversely and materially affect the Group's net income and financial position.

4.1.2.7 Fluctuations in interest rates and credit spreads

Periods of declining interest rates could have the following major effects on the Group:

- lower investment earnings because of the reinvestment of revenues or repayment of assets (scheduled or early as a result of lower rates) at levels below its portfolio's rate of return;
- reduced spread between interest rates credited to policyholders and the return on the investment portfolio;
- a modification of rate guarantees included in life insurance and annuity policies, given the difference in performance of investment portfolios;
- additional reserves for ordinary annuities affecting income and for retirement benefits affecting equity.

Conversely, periods of rising interest rates could have the following major effects on the Group:

- increased surrenders of life insurance policies and fixed annuity contracts as policyholders choose to trade off their investments in favour of higher-yield savings products;
- loss of competitiveness, which could lead to a loss of market share for non-redeemable life insurance liabilities;
- the possible realisation of capital losses to meet commitments by liquidating fixed-term investments when the prices of these assets is unfavourable in order to obtain liquidity. The adverse effect of these capital losses on the return on assets would increase the spread between the rate of return paid to policyholders and the market rate of return.

Although the Group has taken measures to limit and control the adverse effects of fluctuations in interest rates to the extent possible, *via* Asset/Liability Management that seeks to calibrate the duration of assets to those of liabilities and reduce the volatility of the differential between the actual yield of the asset and the rate expected and *via* the use of hedging instruments,

Groupama's growth, level of assets, expenses, losses or financial revenues could, nonetheless, be materially affected, which would then significantly affect its net income and financial position.

Similarly, a widening of credit spreads could reduce the value of fixed-income securities held by the Group and increase net revenue from the purchase of new, fixed-income securities. Conversely, a tightening of credit spreads would increase the value of fixed-income securities held and would reduce net revenue from the Group's purchase of new fixed-income securities.

In order to strengthen its market risk control, Groupama rolled out a mechanism to limit risks in its assets across all its entities starting in 2014.

Although the credit risk objective is to limit the concentration of issues according to several criteria (country, issuer, ratings, subordinated issues), the current volatility of interest rates and credit spreads, individually or in conjunction with other factors, such as lack of pricing transparency, market illiquidity, falling equity prices and the strengthening or weakening of foreign currencies against the euro, could have a material adverse effect on the Group's net income and financial position and Groupama's cash flow through realised losses, impairments and changes in unrealised loss positions.

4.1.2.8 Fluctuations in exchange rates

Groupama publishes its consolidated and combined financial statements in euros. Nevertheless, Groupama is exposed to foreign exchange risk:

- firstly, through its operations and international development in regions outside the eurozone. In effect, although the Group does business primarily in eurozone countries, about 21% of its premium income at 31 December 2014 derived from the business of its international subsidiaries and about 7% was denominated in currencies other than the euro, including the Turkish lira, Romanian leu, Hungarian forint and the Bulgarian lev. The shareholders' equity of Groupama is therefore subject to fluctuations in exchange rates through the unrealised foreign exchange adjustment;
- secondly, through investment assets held by its subsidiaries in the eurozone, such as mutual funds or securities denominated in foreign currencies or euro-denominated mutual funds or securities tied to a foreign currency – mainly the U.S. dollar, the Hungarian forint and the pound sterling. Changes in the value of these currencies against the euro have an impact on the Group's net income and financial position.

Although Groupama seeks to control its exposure to currency fluctuations *via* hedging, movements in exchange rates may have a significant impact on its net income, solvency margin and financial position. Similarly, the currency hedges Groupama uses to manage foreign exchange risk may significantly affect its profits and the amounts available for the distribution of dividends by the subsidiaries, insofar as the unrealised foreign exchange gains or losses on these derivative instruments are recognised in Groupama's income statement.

4.1.2.9 An increase in market inflation rates

Inflation is an on-going risk that weighs on the markets on which Groupama operates.

At the end of 2014, fears of immediate inflation in the eurozone are far off because of, firstly, the low level of growth and the high unemployment rate resulting in a lack of wage pressure and, secondly, the decrease in the price of a barrel of oil. This environment of zero or slightly negative inflation promotes the persistence of low rates (see point 4.1.2.7 above).

However, the ECB's monetary policy includes the seeds of a return to moderate inflation in the medium term.

In addition, social and political uncertainties as well as the volatility of prices of commodities and currencies are signs of tensions in certain countries where Groupama is active.

An increase in inflation rates or the failure to accurately anticipate higher inflation could have multiple impacts on the Group, mainly through the following consequences:

- an increase in the market interest rate that could reduce the levels of unrealised capital gains on some fixed-income securities, reduce the attractiveness of some of the Group's life insurance and savings products, especially those with a fixed interest rate, and increase the cost of financing the Group's future borrowing;
- impairment of equity securities and sluggish performance by equity markets in general. Such a weakening of the equity markets could lead to lower levels of unrealised capital gains on securities held by the Group, reduce the performance and future sales of unit-linked products with underlying securities, and affect the competitiveness and the results of the Group's asset management company;
- a deterioration in non-life insurance activities over long periods, such as construction and third party liabilities ("long-tail risks"), including in particular an underestimation of provisions at the time the latter are created and an increase in the amounts ultimately paid to settle claims;
- a systematic under-pricing of products.

These factors, which are a direct result of an increase in the inflation rate, are likely to have a negative impact on Groupama's business, net income, solvency margin and financial position.

4.1.3 GROUPAMA'S INTERNAL RISK FACTORS

4.1.3.1 The dependency of Groupama SA, the holding company, on its subsidiaries for covering its expenses and payment of dividends

Although Groupama SA operates its own reinsurance business *via* the contractual mechanism of Internal Reinsurance, which binds the regional mutuals to Groupama SA, most of the Group's insurance and financial service operations are run by the direct and indirect subsidiaries of the Group holding company, Groupama SA. A significant share of Groupama SA's financial resources consists of dividends paid by these subsidiaries and funds that may be raised by issuing subordinated debt or bonds, or through bank borrowings.

Groupama expects that dividends received from its subsidiaries and other sources of funding will continue to cover the expenses it faces as a separate holding company of the Group, including interest payments on current financing arrangements.

Some Groupama subsidiaries are also holding companies (e.g., Groupama Banque, Groupama Investment Bosphorus) and are dependent on dividends from their own subsidiaries to honour their commitments.

Legal and regulatory restrictions may also limit the ability of Groupama SA to transfer funds freely either to or from all of its subsidiaries. Some insurance subsidiaries may also be subject to regulatory restrictions in respect of the amount of dividends and debt repayments that can be paid to Groupama SA and other entities of the Group.

In view of the above points, Groupama SA could receive a reduced (or no) dividend from some of its subsidiaries, or be required to provide significant funding to some of them through loans or capital injections, which could significantly impact its cash situation and its ability to distribute dividends.

4.1.3.2 Assessments by the Group and its senior management

(a) In the valuation of certain investments

For some of the Group's financial assets for which there is no active trading market or where observable values are reduced or unrepresentative, fair value is measured by valuation techniques using methodologies and models incorporating assumptions or assessments that involve a significant amount of judgement (see section 3.2.1 "Accounting principles and methods used in the valuation of financial assets" of the notes to the consolidated financial statements).

Groupama cannot guarantee that the estimated fair values based on such valuation techniques represent the price at which a security may ultimately be sold or for which it could be sold at any specific point in time. The resulting differences in value as well as changing credit and equity market conditions could have a significant negative impact on the net income and financial position of the Group.

(b) In the determination of reserves and impairment

The determination of the amount of reserves and impairment varies depending on the type of investment and is based on periodic assessment and estimates of known risks inherent to each asset class. These assessments and estimates are revised when conditions change or as new information becomes available. The Group's senior management, based on this information and according to the principles and objective methodologies detailed in the consolidated and combined financial statements (see section 3 "Accounting principles and valuation methods used" of the notes to the consolidated financial statements), analyses, evaluates and uses its best judgement to assess the causes of a decline in the estimated fair value of securities and the prospects for short-term recovery, as well as the appropriate amount of the resulting reserves for impairment.

Groupama cannot guarantee that its senior management has correctly estimated the amount of impairment and reserves recorded in the financial statements or that the impairment or additional reserves will not have a negative impact on the net income and financial position of the Group.

4.1.3.3 A decline in the growth of the Group's insurance, asset management and banking business lines

The development projections could come to a halt, or be lower than forecast, mainly as a result of difficult conditions in the financial and capital markets and changes in economic conditions in the sectors or countries in which Groupama does business. The development of the Group's life insurance, savings and pension products could also be negatively affected by changes in existing regulations, such as tax legislation.

The inability of the Group to capitalise on its innovative products, partnerships or new distribution methods, to deploy them within the Group and develop them according to its objectives, may adversely impact the growth of Groupama's business.

4.1.3.4 The diversity of the countries where Groupama operates

Groupama markets its products and services in Europe, Turkey, Africa and Asia through legal structures and various distribution channels such as majority- and minority-owned subsidiaries, partnerships, joint ventures, independent brokers, etc.

The diversity of the Group's international presence exposes it to different and sometimes rapidly changing economic, financial, regulatory, commercial, social and political environments, which may affect the demand for its products and services, the value of the investment portfolio or the solvency of its local commercial partners.

The successful implementation of the Group's overall strategy could be affected by the environment of certain countries where Groupama operates and have an adverse impact on its net income and financial position.

4.1.3.5 The inadequacy of hedging programmes for certain products

Groupama uses derivatives instruments, including equity and treasury futures contracts to hedge certain risks arising from guarantees given to policyholders.

However, in some cases Groupama may not be able to use these hedging techniques, the purpose of which is to limit the economic impact of adverse market trends, particularly in the capital and fixed-income markets, due to a lack of liquidity or the insufficient size of the relevant derivatives markets.

Moreover, numerical estimates and the assessments of Groupama's senior management in implementing these hedging programmes, such as those for mortality, surrender rates, election rates, interest rates, volatility and correlation among the markets, could be significantly different to initial expectations and assumptions, which may significantly impact its net income and financial position.

Similarly, measures taken by Groupama to optimise the products covered by this type of guarantee, improve their profitability and avoid future hedging losses, cannot constitute a guarantee and could significantly impact Groupama's business, competitive position, net income and financial position.

4.1.3.6. Existence of contingent liabilities relating to discontinued, sold or liquidated operations and charges relating to other off-balance-sheet commitments

Groupama may occasionally retain insurance and reinsurance obligations and other contingent liabilities relating to the sale or liquidation of various activities or be required to provide guarantees and enter into other off-balance sheet transactions. The Group's reserves for such obligations and liabilities may be inadequate, which could require it to recognise additional charges that could significantly impact its net income.

For more information, see Note 46 to the Group's consolidated accounts on commitments received and given.

4.1.3.7 Operational failures or inadequacies

The causes of operational failure or inadequacy inherent in the Group's business may be human, organisational, material, natural or environmental in nature and result from events or factors that are internal or external to the Group. The operational risk that this poses may manifest itself in various ways, including: failures or malfunctions of Groupama's information systems; business interruption of its vendors or of the financial intermediaries with which the Group works; error, fraud or misconduct by staff, policyholders or intermediaries; breach of internal or external regulations; or hacking or pirating of information systems.

Groupama takes extra care to ensure the maintenance, efficiency and modernisation of its information systems in order to integrate and respond to changes in technological, industrial and regulatory standards and customer preferences.

In the event of a breach or failure in quality, Groupama might be unable to obtain the information it needs to run its business or meet its customers' expectations, which could expose it to litigation or claims or increase its litigation and regulatory risks.

Although the Group strives to manage all of these operational risks as effectively as possible in order to reduce their potential impact, these risks could lead to financial loss, loss of liquidity, business disruption, regulatory sanctions or damage to Groupama's reputation.

4.1.4 RISK FACTORS RELATING TO THE DYNAMIC REGULATORY AND COMPETITIVE ENVIRONMENT

4.1.4.1 Heightened competition

Groupama operates in a market challenged by various players (insurance companies, mutual funds, protection institutions, commercial and investment banks, investment funds, asset management funds, private equity funds, etc.), which may be subject to different regulations, have multiple distribution channels and offer alternative products or more competitive rates than those of the Group.

Under this competitive pressure, Groupama may need to adjust its pricing on some of these products and services, which could adversely impact its ability to maintain or improve profitability and negatively impact its net income and financial position.

4.1.4.2 Regulatory changes and reform at the local, European and international level

The Group's business is subject to detailed and comprehensive regulation and supervision in the countries where it operates in respect of shareholders' net equity and reserve levels, solvency standards, distribution practices, concentrations and type of investments, rules for consumer protection and customer knowledge, and the rates of revaluation of life insurance products.

This regulation and supervision have been strengthened in the context of the financial crisis, both in Europe and internationally. A set of measures to reform the European System of Financial Supervision (ESFS) has been put into place, especially since late 2010. As a result, organisations such as the European Systemic Risk Board (ESRB) and the European Insurance and Occupational Pensions Authority (EIOPA) may issue guidelines and recommendations that could affect the Group. There are also recommendations and proposals issued or issuable by the Financial Stability Board (FSB) that may impact the regulation of financial groups in terms of capital, solvency, corporate governance and executive compensation.

In 2014, as part of the preparation of insurance organisations for the entry into force of Solvency II on 1 January 2016, a stress test exercise was launched by the EIOPA (European Insurance and Occupational Pensions Authority) on the insurance industry in order to measure the sector's level of capitalisation as well as its resilience in case of major shocks. The EIOPA made a number of recommendations for national supervisors to resolve the identified difficulties and assess the degree of preparation of organisations for the entry into force of the new prudential regime, Solvency II.

Although Groupama was able to take account of the impacts of the changes in the prudential requirements under Solvency II through its participation in the EIOPA stress tests and the various preparatory exercises requested by local supervisors (ACPR for France) particularly with, in 2014, the presentation of a selection of future Solvency II prudential statements and the preparation of an Own Risk and Solvency Assessment (ORSA), the final impact of these changes is still partially assessed, pending the transposition of the various measures into national law, and may be likely to impact the financial and prudential situation of Groupama.

Changes in regulations that aim to strengthen the protection of policyholders and confer broad powers of regulation on the regulatory authorities could significantly affect the business, net income and financial position of the Group, as well as the products it offers and its ability to sell them.

Finally, the rapidly changing regulatory environment and the firmness shown by the regulatory authorities in the interpretation and application of current regulations also require that Groupama be especially vigilant in respect of compliance. Despite the measures implemented to comply with existing regulations, Groupama could, through its activities as an insurer, Asset Manager, banker, securities issuer, investor, employer and taxpayer, be subject to regulatory investigations, sometimes accompanied by civil actions. Such investigations or proceedings or any group actions, such as those authorised in France since 1 October 2014, the potential impacts of which are difficult to estimate, could significantly affect the business, reputation, net income and financial position of the Group.

4.1.4.3 Changes to tax legislation and regulations at the local, European or international level

Changes to the tax laws of countries where Groupama operates may have adverse consequences either on some Group products and reduce their attractiveness, especially those that currently receive favourable tax treatment, or on the Group's tax expense.

Examples of such changes include the taxation of life insurance policies or annuities contracts, changes in the tax status of some insurance or asset management products and tax incentives or disincentives to investing in some asset classes or product categories.

In France, the Finance law for 2015 raised the tax rate on legal protection guarantees, other than the DPRSA, from 9% to 11.6%.

More generally, the burden and costs of administrative management in the field of tax compliance continue to rise. In this regard, it is becoming clear that the draft texts in the area of automatic information exchange within the EU and the OECD could succeed quickly, like FATCA.

These factors are likely to have an adverse impact on the business, cash position and net income of Groupama.

4.1.4.4 Potential changes to International Financial Reporting Standards

Groupama's consolidated and combined financial statements were prepared in accordance with the International Financial Reporting Standards and IFRIC interpretations in final form and came into force on 31 December 2014, as adopted by the European Union. Projects to change the standards are underway at the IASB (the international accounting regulator); some of these projects could have a significant impact on the financial statements of insurance groups and other financial institutions. The proposed changes would concern the recognition of the Group's assets and liabilities as well the income and expenses in the income statement. They could be implemented starting in 2018 or 2019, depending on the standard concerned. Major changes that could impact insurance groups particularly include:

- IFRS 4 (Phase II) on the recognition of insurance policies;
- IFRS 9 on financial instruments, replacing IAS 39.

4.1.4.5 Diversity of legal systems in the countries where the Group operates

In recent years, Groupama has expanded internationally into countries where judicial and dispute resolution systems may have a different level of maturity to those of France or the countries of northern and southern Europe. As such, Groupama could find it difficult to take legal action or to enforce judgements in its favour. In such cases, the possible legal ramifications could adversely impact the Group's activities and net income.

4.2 QUANTITATIVE AND QUALITATIVE APPENDICES RELATED TO MARKET RISKS AND RISK FACTORS

This section corresponds to Note 47 of the notes to the consolidated accounts for fiscal year 2014, audited by the statutory auditors.

As a multi-line insurer, Groupama is subject to various types of insurance risks with variable time horizons. The Group is also exposed to market risks because of its financial investment activities, particularly credit risks and the risks related to interest rates, equity markets and foreign exchange. Liquidity and reinsurer insolvency risks are also specifically monitored by the Group. In addition, the Group is subject to operational, regulatory, legal and tax risks as are all companies in other business sectors.

4.2.1 ORGANISATION OF RISK MANAGEMENT WITHIN THE GROUP

The general principles, the objectives and the organisation of risk control and management in the Group are defined in the internal control charter. This charter, which has been disseminated across the Group's entities, acts as a common reference point to be complied with in the deployment of their internal control procedures. The general internal compliance policy is supplemented by a Group audit charter and a Group compliance charter, which have also been approved by the governing bodies of the Group. The Group's structures for implementing the general internal control system using a shared method are based on these charters, taken together.

Risk management is carried out in conformity with the Group risk policy and broken down by business and functional policies. According to the same principle, the entity risk policies are used as a reference for managing the risks of each Group entity.

The efforts made in 2014, particularly in preparation for Solvency II, such as the ORSA (Own Risk and Solvency Assessment), and the operational implementation of the mechanism to limit risks to assets, have helped to significantly strengthen the overall risk management system of the Group's entities: better understanding of exposures to risks and risk profiles, structuring and development of quantitative and forward-looking assessments.

The Group's risk monitoring system, which rests on the standard of risks for all Group entities and the identification of major risks, is based on a network of risk owners. Major risks are identified and monitored at entity level and at Group level; the set-up of risk management plans is done by the risk owners and deployed across the Group's entities.

At the Group level, risks related to the insurance business lines are monitored especially by the Groupama SA and Groupama Gan Vie business departments specialising in the area in question; reinsurance risks are managed by the Reinsurance Department. The Finance Department is responsible for managing the risks related to assets and Asset/Liability Management. Operational risks are monitored by the Groupama SA business departments specialising in the area in question.

Operationally, the internal control system of the entities and G.I.E Groupama Supports & Services is organised around three complementary systems:

- risk management and permanent control/compliance of each entity;
- internal or operational auditing of each entity;
- Group risk management and permanent control/compliance as well as the Group general audit department, reporting to the Executive Management of Groupama SA, which direct and coordinate the Auditing and Risk & Control functions within the Group.

Several committees are responsible for risk governance at the Group level:

- the risk committees by risk family (insurance, financial and operational) organised by the Group Risk Management and Permanent Control/Compliance departments and made up of major risk owners and according to the affected areas of the representatives of the Groupama SA Business and Support Departments (Group Actuarial Department, Group Steering and Results Department, etc.), France Subsidiaries/International Subsidiaries department, and banking and Asset Management subsidiaries;
- and the Group Risk Committee. Its membership is the same as that of the Groupama SA Steering Committee. Similar systems are in place at entity level.

4.2.1.1 Regional mutuals

The regional mutuals as autonomous legal entities implement their own internal control measures and manage their risks in compliance with the Group's standards. Thus, in terms of organisation and governance, the establishment of specific Risk Management Committees and the structuring of the key functions of Solvency II are made on the basis of "type" charters of risk governance bodies, as well as mission descriptions and calibration of key functions, validated by the governing bodies of the Group. The internal control, risk management, and audit systems are adapted to each regional mutual based on its organisation, its activities and its resources, under the authority of the Executive Management. The Group Risk Management and Permanent Control/Compliance Departments support the regional mutuals in monitoring and rolling out Group standards.

All of the Risk Management and Permanent Control/Compliance Managers of the regional mutuals supplement the plan and meet regularly within the framework of information exchange and best practices platforms (workgroups, theme-based workshops and training), directed by the Group Risk Management and Permanent Control/Compliance Department; work in preparation for the implementation of Pillar 2 of Solvency II is also handled there.

Reinsurance of the regional mutuals is provided by Groupama SA in accordance with the conditions defined in the reinsurance agreement. The general regulations on reinsurance for regional mutuals, which constitute one of the main tools for insurance risk management, were modified effective 1 January 2014 to strengthen the accountability of the regional mutuals on the quality of their underwriting results.

For the risks related to the distribution of banking products and life insurance, the regional mutuals apply the risk management procedures defined by Groupama Banque and Groupama Gan Vie.

4.2.1.2 Groupama SA and its subsidiaries

Subsidiary risk is subject to triple monitoring:

- intercompany monitoring by the Groupama SA business, functional or support departments specialising in the area in question, as indicated above;
- on-going monitoring by the services of the division to which they are attached:
  - Group Finance Department for financial subsidiaries;
  - Insurance, Banking and Services Department for service subsidiaries and Groupama Banque;
  - French Subsidiaries Department for French insurance subsidiaries;
  - International Subsidiaries Department for foreign subsidiaries;
- monitoring by each subsidiary or Groupama SA intercompany venture as part of the responsibility of its officers and in accordance with Group standards. Following the example of the regional mutuals, the Group Risk Management and Permanent Control/Compliance Departments support Groupama SA and its subsidiaries in monitoring and rolling out the internal control and risk management procedure.

All of the Risk and Internal Control Managers of the French and international subsidiaries supplement the plan and meet regularly within the framework of information exchange and best practices platforms (workgroups, theme-based workshops and training), directed by the Group Risk Management and Internal Control Department.

The primary mission of the Board of Directors of Groupama SA, and more particularly of the Audit and Risk Management Committee, of which Independent Directors make up nearly one half, is to review the consistency of the internal control procedures, to monitor risks, ensure ethical compliance, review internal audit work, and prepare the annual report on internal control.

Following the operational roll-out of the mechanism to limit risks to assets, the financial monitoring was supplemented in 2014 with the examination of compliance with these limits. Lastly, the Board of Directors, particularly through the Audit and Risk Management Committee of Groupama SA, was informed of the various efforts to prepare the Group for the application of the Solvency II Directive on 1 January 2016: a progress report from the Group's various entities on Solvency II projects, particularly with information on the issues, procedures, and work performed as part of developing a draft ORSA requested by the ACPR.

4.2.1.3 Group

The Group General Audit Department conducts a general economic and financial audit of the main entities of the Group on a three-year basis, in addition to the operational audits conducted within the entities as well as auditing of Groupama SA's processes and the Group's intercompany processes. The audit plan of the Group General Audit Department is confirmed by the Executive Management of Groupama SA and approved by the Audit and Risk Management Committee of Groupama SA and the Board of Directors of Groupama SA. Every mission involves a review of the risk and internal control system for the activity or entity audited; a report is prepared on the engagement presenting the observations, conclusions and recommendations to the Executive Management of Groupama SA. A regular summary is presented to the Audit and Risk Committee. A report on the progress of the recommendations is communicated on a quarterly basis to the Groupama SA Steering Committee as well as the Groupama SA Audit and Risk Management Committee.

The Group Risk Management and Permanent Control/Compliance functions, whose function is to ensure that all Group entities comply with the requirements of Executive Management in terms of the internal control procedure and risk management, as well as those of Solvency II, Pillar 2, have the following missions respectively:

- for the risk management function:
  - development of the Group's risk policy;
  - definition of the process for setting the Group's risk tolerance (risk limits);
  - implementation of the ORSA process (Own Risk and Solvency Assessment: internal assessment by the company of its risks and its solvency situation);
  - monitoring of major Group risks (RMG);
  - contribution to regulatory reports;
  - assessment and rating of insurance and financial risks, including sensitivity analyses and stress tests;
- for the permanent control/compliance function:
  - development of standards: mapping of processes, risks, and controls, permanent control plan, repository of controls;
  - monitoring and assessment of operating risks (related to control of processes);
  - project owner of the Community tool for management of operating risks;
  - establishment of internal control of the Groupama SA entity;
  - definition of the business continuity policy (BCP);
  - definition and establishment of the compliance policy;
  - data quality, in terms of governance and control plan;
  - responsibility for the internal validation of the internal model.

In addition, the Group Risk Management and Permanent Control/Compliance Departments work jointly:

- facilitation of the Risk Management and Control function within the Group through

- the Group risk governance system (Group Risk Management Committees);
- coordination, facilitation, and organisation of information exchanges on Group risk management (working groups, theme-based workshops, and training) or communication polices with the executive management of the entities;

› field support for the Risk Management and Control teams in implementing and rolling out Group standards;

› strengthening of the Group risk culture particularly with *ad hoc* actions, training actions, and document portal provision;

› internal control and risk management reporting to the executive and deliberative bodies as well as the regulator.

Each Group entity has Risk Management and Permanent Control/Compliance functions.

In addition, the Group Management Control Department is responsible for the ongoing monitoring of results and achievement of the Group's objectives based on a process of estimated management common to all entities.

This monitoring system also involves business reviews of subsidiaries conducted by the Executive Management of Groupama SA with biannual business reviews. These reviews include a specific "risk" section that presents, by entity, the level of deployment of the internal control system and the principal work in progress in terms of risk management.

4.2.2 INSURANCE RISKS

4.2.2.1 Prudential oversight

Pursuant to European Directives, Groupama is subject to regulations for covering the solvency margin, both at the corporate level for each of the insurance companies and at the level of the combined Group.

4.2.2.2 Objectives for managing risks resulting from insurance policies and methods to limit these risks

The Group's insurance business exposes it to risks primarily related to product design, underwriting, claims management, valuation of reserves, and reinsurance.

(a) Product design

Most of Groupama's business lines are subject to strong and increasing competition from other insurance companies, bancassurance companies, and mutual insurance companies. This fierce competition places great pressure on the price of certain Groupama products and services and therefore on its earnings. The insurance divisions of Groupama SA ensure that the product line is adapted to the Group's strategy. Life and non-life insurance products are designed by the business units of Groupama SA and Groupama Gan Vie on behalf of the Group's companies. This design is the result of market and profitability studies performed with actuarial tools to control margins in collaboration with the actuarial department of the Group. Product launches or changes are carried out based on a standard process and are adapted by division (regional mutuals, French subsidiaries, international subsidiaries).

The main steps of this process are validated in the determined committees (Operating Committees, Steering Committee, Group Executive Committee).

(b) Underwriting and claims management

Assignment of powers for underwriting and claims are defined in all of the Group's companies. Risks are accepted or refused at every level, based on underwriting guidelines that include the Group's underwriting and commercial policies. Underwriting in particular is secured through a cross Managerial control procedure and through integrated controls performed implicitly by the IT system.

Claims management procedures are defined on a standard basis throughout the Group, and are regularly updated in procedural specifications governing the management of bodily injury and property damage claims. Moreover, the integration of processing within the IT systems of the entities ensures that management actions are performed. Claims management includes a review of claims files starting at an average commitment threshold. In addition, claims settlement activity is safeguarded by an internal control procedure.

The Group's insurance business is explicitly or implicitly monitored using analytic procedures, such as regular analysis of the results of each entity and monitoring underwriting statistics and claims rates by entity. The most significant and most complex risks are individually monitored by the specialist divisions and the entities concerned. In addition, these specialist divisions also act to warn and advise the entities.

(c) Valuation of reserves

In accordance with the practices of the insurance sector and with accounting and regulatory requirements, Groupama recognises technical reserves to cover claims and its property and life insurance business lines.

Determining technical reserves, however, remains an intrinsically uncertain process, relying on estimates.

The application of reserve rules is continually monitored, both before and after the fact, by teams dedicated to this task, in addition to the reviews that are conducted by the local supervisory authorities.

The rules for reserving claims and the funding tables for life and non-life disability payments are defined within the insurance divisions in guidelines that are harmonised for all Group entities. Reserves are evaluated by the claims managers within the operational entities and, if necessary, are supplemented by reserves for losses that have occurred but have not yet been declared.

The calculation of technical reserves in life insurance and certain technical reserves in non-life insurance is also based on the use of an interest rate known as the "technical interest rate". In France, the terms of this rate are set by the Insurance Code, which determines a maximum level by reference to the average rate for government borrowings (the T.M.E.), which is used to set rates for policies and calculate the insurer's commitments to policyholders. The terms and conditions vary based on the type of policy and the duration of the commitments.

The breakdown of technical reserves and life and non-life insurance policies is presented in Note 25.3 of the annual financial statements.

Breakdown of actuarial reserves according to the criteria of commitments at fixed rate, variable rate, or absence of rate commitments

The breakdown of actuarial reserves based on fixed-rate, variable rate (*i.e.*, tied to a market rate) or no rate commitments was as follows:

	31.12.2014			31.12.2013
(in millions of euros)	France	International	Total	Total
Commitments guaranteed at fixed rate	40,368	2,788	43,156	44,087
Commitments guaranteed at variable rate	7,567	23	7,590	7,290
Unit-linked and other products without rate commitment	6,026	760	6,786	6,064
TOTAL	**53,960**	**3,571**	**57,531**	**57,441**

The share of unit-linked and other products without rate commitment increased to 11.8% of total commitments.

(d) Reinsurance

Reinsurance is organised on two levels. The Internal Reinsurance performed by Groupama SA for all Group entities is designed to optimise retentions for each entity. The external reinsurance defines the optimum reinsurance structure for the Group and the level of risk coverage on the bases of computer models. External reinsurance contracts are renegotiated and renewed each year by Groupama SA on behalf of the entire Group. Moreover, selection rules defined in the securities in reinsurance committee, which is composed particularly of the External Outward Reinsurance Division of Groupama SA and the Group Risk Management Department, which are based on the ratings from ratings agencies, are designed to control the default risk of reinsurers.

The list of reinsurers is reviewed in its entirety at least twice a year. During the year, continual monitoring is performed to adapt the internal ratings of the reinsurers to changes that may occur to them that would modify their solvency assessment.

Approved reinsurers must have a rating compatible with the type of business reinsured, depending on whether they have a short or long accounting run-off.

4.2.2.3 Terms and conditions of the insurance policies which have a material impact on the amount, maturities, and uncertainty of the insurer's future cash flows

(a) General description

The Group offers a broad range of non-life insurance products designed for individuals, institutions and businesses. The motor, individual, professional and agricultural property damage policies offered by the Group are generally one-year contracts with tacit renewal, which include third-party liability coverage.

The Group offers a full line of life insurance products: this offer is packaged for individuals in the form of individual policies and for businesses in the form of Group policies.

The main individual insurance policies in euros offered to our clients are savings policies, term life policies, mixed insurance policies, deferred annuity policies with mandatory withdrawal in annuities, and deferred capital contracts with return of premiums.

The Group policies offered by the Group are essentially defined contribution pension plans and pension contracts by collective capitalisation in points with guaranteed point value.

The Group also sells multi-component policies with one investment component in euros and one or more components in units of account.

(b) Specific features of certain non-life insurance policies

As with other insurers, the income and financial position of Groupama may be affected quite significantly by the unanticipated and random occurrence of natural or man-made events, such as floods, drought, landslides, storms, earthquake, riots, fire, explosions, or acts of terrorism. For example, the storm suffered by France in December 1999 resulted in major damage and a significant increase in compensation claims by Groupama clients. Climate changes that have occurred in recent years, specifically global warming, have contributed to increasing the unpredictable nature and frequency of climate events and natural events in regions where Groupama is active, particularly in Europe, and have created new uncertainty as to Groupama's future risk trends and exposure.

Groupama is implementing a reinsurance programme to limit the losses it is likely to suffer as a result of events or other events affecting its underwriting results. The reinsurance programmes implemented by Groupama transfer a portion of the losses and corresponding expenses to the reinsurers. These programmes are supplemented by the issuance of a "cat bond" on the high tranche of the force-of-nature protections. However, as an issuer of policies covered by reinsurance policies, Groupama remains committed to all its reinsured risks. Reinsurance policies therefore do not relieve Groupama of

1 2 3 4 5 6 7

the obligation to settle claims. The Group remains subject to risks related to the credit situation of reinsurers and its ability to obtain the payments due from them. Moreover, the reinsurance offering, the amounts that may be covered, and the cost of coverage depend upon market conditions and are likely to vary significantly.

Other factors in risk growth may be mentioned:

- ageing of the population (health, long-term care);
- increased pollution;
- strengthened legal structure (liability – compensation for bodily injury, etc.).

(c) Specific features of certain life insurance policies and financial contracts

Discretionary profit-sharing clause

Certain life insurance, savings and retirement products offered by the Group contain a discretionary profit-sharing clause. This profit-sharing must at least correspond to the regulatory and/or contractual constraints. Commercial considerations may lead to an increase in this profit-sharing. This increase, the amount of which is left to the insurer's discretion, allows policyholders to participate in financial management results and the underwriting results of the insurance company.

Early redemption option

Most of the savings and retirement products may be surrendered by the policyholders at a value defined by the policy before maturity. Under these conditions, the policyholder alone directly assumes responsibility for the investment risk.

Specific features of unit-linked policies

Most unit-linked policies sold by Groupama do not generally provide for contractual performance. Under these conditions, the policyholder alone directly assumes responsibility for the investment risk. Certain policies may provide for a minimum redemption guarantee in case of the death of the policyholder.

(d) Mortality and longevity risks

In life insurance, the payment of benefits depends on the death or the survival of the policyholder. It is the occurrence of one or other of these events that gives the right to payment of a benefit. The probability that these events will occur is estimated through experiential or regulatory statistical tables. In most cases, reserves are calculated using the regulatory tables based on statistics of population change. These tables are regularly revised to take demographic changes into account. The income or equity is potentially exposed to risk if demographic change deviates from experience with regard to these funding tables.

The amount of actuarial reserves for annuities in service and being established is the following:

	31.12.2014			31.12.2013
(in millions of euros)	France	International	Total	Total
Actuarial reserves for life annuities	9,743	12	9,755	9,414
Actuarial reserves for non-life annuities	1,959	23	1,982	1,939
TOTAL	**11,702**	**35**	**11,737**	**11,353**

4.2.2.4 Information on concentrations of insurance risk

The Group is potentially facing a concentration of risks that will accumulate.

There are two types of overlapping risks:

- the risk of underwriting overlaps in which the insurance policies are underwritten by one or more of the Group's entities for the same risk;
- the risk of claim overlaps in which the insurance policies are underwritten by one or more entities of the Group on different risks, which may be affected by claims resulting from the same loss event, or the same initial cause.

(a) Identification

Overlapping risks can be identified at the time of underwriting or during ongoing management of the portfolio.

A major role in the process of identifying overlaps during underwriting is assumed by the Group, through risk inspections, verification of the absence of overlapping co-insurance or internetwork insurance lines, identification of overlapping commitments by site.

In addition, the underwriting procedures for certain risk categories help to control overlapping risks at the time of underwriting. The procedures applicable to property damage underwriting include:

- the verification of overlapping geographical risks at the time of underwriting for major risks (agricultural risks, agri-business risks, industrial risks, municipalities);
- initial elimination during the underwriting process of cases of internetwork co-insurance overlapping risks. These Directives are defined in internal procedural guidelines.

The procedures in force for managing overlapping portfolio risks cover:

- identification of the internetwork co-insurance overlapping risks;
- inventories of commitments by site for agri-business risks; in addition, high-risk business sectors for which the Group insures the property damage and/or third-party liability risks are specifically monitored by the relevant specialist Insurance Division;
- statements of commitments for risks of storms, hail, greenhouses, frost and commercial forestry, which are used to calculate the exposure of these portfolios to storm risk.

(b) Protection

Protection consists of implementing reinsurance coverage which will first be adapted to the total amount of the potential loss and, second, corresponds to the kind of risk covered. The loss may be human in origin (fire, explosion, accident involving people) or of natural origin (weather event, such as storm, hail, etc.).

In the case of a human risk that affects either a risk overlap insured by the same entity or risks insured by different entities of the Group, it is the responsibility of the entities to set the necessary coverage limits. The underwriting limits (maximum values insured per risk in property insurance or per person for life and health insurance) are used in the context of catastrophic scenarios and compared with losses that have already occurred. Once these amounts have been defined, they are increased by a safety margin. Moreover, specific monitoring is performed to track the adequacy of the coverage with the risks underwritten.

In the case of a natural event, a needs analysis consists of an initial study on the basis of the reference loss, which is re-evaluated on the basis of the change in the portfolio and the French construction federation (FFB) index. At the same time, simulation calculations of the exposure of the portfolios are performed using stochastic methods that result in the production of a curve showing the change in the potential maximum loss as a function of different scenarios. The results are cross-checked, analysed and discounted every year to allow the Group to opt for appropriate reinsurance solutions with a reduced margin of error.

4.2.3 MARKET RISKS

There are several categories of market risks to which Groupama might be subject:

- interest rate risk;
- risk of variation in the price of equity instruments (stocks);
- foreign exchange risk;
- credit risk.

4.2.3.1 Interest rate risk

(a) Type of and exposure to interest rate risk

During a period of interest rate volatility, the Group's financial margins might be affected. Specifically, a drop in interest rates would have a negative effect on the profitability of the investments. As such, during a period of low interest rates, the financial performance of the Group might be affected.

Conversely, in the event of an increase in rates, the Group may have to face a rush of redemptions for these policies, which would lead to the sale of a portion of the bond portfolio under unfavourable market conditions.

The consequences of changes in interest rates would also affect the Group's solvency margin, which is calculated based on financial performance realised during the year as well as on the volume of unrealised capital gains on the financial instruments.

(b) Group risk management

Several years ago, the Group implemented systematic studies on the exposure of the Group's subsidiaries to market risks.

Asset/Liability Management

Asset/liability simulations allow an analysis of the behaviour of the liabilities in different interest-rate environments, particularly the ability to meet the remuneration requirements for the policyholder.

These simulations allow the Group to develop strategies designed to reduce the impact of contingencies on the financial markets on both the results and on the balance sheets.

Interactions with redemption risk

Redemption behaviours are sensitive to changes in interest rates: an increase in the rates can lead to an increase in the policyholders' expectation of revaluation and, if this expectation cannot be met, the sanction of early redemptions. In addition to the loss of income and an increase in payouts, the risk will be losses related to the disposal of assets at a loss (which could be the case for fixed-rate bonds) in cash of insufficient cash.

The objective of Asset/Liabilities Management is to optimise the policyholder's satisfaction and the insurer's risk using strategies that take into account the various reserves available (including cash) and bond management strategies coupled with hedging products.

Interest rate risk related to the existence of guaranteed rate

The constraints of guaranteed minimum interest rates constitute a risk for the insurer if rates fall, as the yield on the assets may be insufficient in terms of these constraints. These risks are handled at the regulatory level through prudential reserve mechanisms.

Rate hedges

RISK OF RATE INCREASE

The purpose of the hedges that are implemented is to partially hedge the portfolios against the risk of interest rate increases. This is made possible by converting fixed-rate bonds into variable-rate bonds ("payer swaps"). The strategy consists of transforming a fixed-rate bond into a variable rate, either on a security held or new investments, and has the objective of limiting the capital loss recognised because of an increase in interest rates in case of partial liquidation of the bond portfolio for the payment of benefits. These strategies aim to limit the impact of potential redemptions.

Hedging programmes were gradually implemented on the Life portion starting in 2005 and were supplemented in 2012 and partially extended to the Non-Life portion with a tactical management objective. They do not meet the definition of hedge accounting according to IFRS.

All over-the-counter transactions are secured by a "collateralisation" system with the Group's top-tier banking counterparties.

(c) Sensitivity to interest rate risk analysis

Pursuant to IFRS 7, an analysis of accounting sensitivity was carried out at 31 December 2014 with a comparative period.

This analysis applies to year-end balance-sheet postings that show accounting sensitivity to interest rate risk (technical non-life and life liabilities, bond investments, financial debt in the form of bonds). It is not similar to analyses applying to embedded-value-type prospective data.

The impacts on shareholders' equity and income are shown net of profit sharing and corporate tax.

Sensitivity of technical insurance liabilities analysis

NON-LIFE INSURANCE

Regarding non-life technical liabilities, risk mapping allows the sensitivity of portfolios showing interest rate changes to be analysed, *i.e.*, portfolios of current annuities and temporary payments (individual life and health insurance, and third-party liability insurance premiums). With the exception of increasing annuities and risk reserves for long-term care risk, as non-life insurance technical reserves are not discounted on the consolidated financial statements, these amounts are therefore not sensitive to changes in interest rates.

As at 31 December 2014, the amount of the discount in the actuarial reserves for non-life annuities, before reinsurance, was €356 million. The amount of the discount in the reserve for increasing risks on long-term care, before reinsurance, was in the order of €211 million.

The result of the sensitivity to interest rates analyses shows that the Group is not particularly sensitive with regard to all its non-life commitments. The impact of a change of +/-100 basis points, calculated net of tax, is shown in the following table:

	31.12.2014		31.12.2013	
	Interest rate		Interest rate	
(in millions of euros)	+1%	-1%	+1%	-1%
Impact on income (net of taxes)	58	(49)	56	(47)
Equity impact (excluding income)				

LIFE INSURANCE AND FINANCIAL CONTRACTS

This analysis was limited to life commitments with accounts sensitive to changes in interest rates. In France, the restated rates used fall within a range of 1.5% to 4.50% for most of the actuarial reserves.

Moreover, with the exception of the floor guarantees, no sensitivity analysis was carried out on actuarial reserves for account unit policies, since the risk of change in the index is assumed by the policyholder rather than by the insurer.

The impact of sensitivity to changes in interest rates of +/-100 basis points on the Group's life commitments is shown net of taxes in the following table:

	31.12.2014		31.12.2013	
	Interest rate		Interest rate	
(in millions of euros)	+1%	-1%	+1%	-1%
Impact on income (net of taxes)	125	(54)	83	(224)
Equity impact (excluding income)				

Sensitivity of financial investments analysis

The following table shows the impacts on income and on the revaluation reserve (posted under shareholders' equity) of a sensitivity analysis carried out in the event of a change up or down of 100 basis points (+/-1%) in interest rates.

The impacts are shown after taking the following factors into consideration:

- the rate of profit sharing of the entity holding the securities;
- the current tax rate.

The tests are conducted based on profit-sharing rates derived from historical observations.

In fiscal year 2014, the profit-sharing rate used for entities holding life insurance commitments corresponded to a range of 78.34% to 90.35%.

	31.12.2014		31.12.2013	
	Interest Rate Risk		Interest Rate Risk	
(in millions of euros)	+1%	-1%	+1%	-1%
Impact on the re-evaluation reserve	**(487)**	**533**	**(394)**	**436**
Equities				
Equity mutual funds				
Bonds	(477)	523	(385)	426
Fixed-income mutual funds	(10)	10	(9)	10
Derivative instruments and embedded derivatives				
Impact on net income	**4**	**(4)**	**11**	**(14)**
Equities				
Equity mutual funds				
Bonds	(4)	5	(2)	2
Fixed-income mutual funds	(7)	8	(8)	9
Derivative instruments and embedded derivatives	15	(17)	21	(25)

We note that the change in fair value of the derivatives and embedded derivatives, which primarily correspond to hedge derivatives, passes through the income statement.

Financial debt sensitivity analysis

Financing debt posted to liabilities on the Group income statement may be posted to debt or shareholders' equity under IFRS.

In fiscal year 2014, the Group issued perpetual bonds consisting of perpetual subordinated instruments (TSDI). The features of this issuance meet the criteria to allow the bond to be considered an equity instrument (see Note 21 – Shareholders' equity). Consequently, a sensitivity analysis is not required.

The principal features of the financial debt instruments analysed are described in Note 24 – Financing Debt.

The Group's subordinated debt is recognised at historical cost. In this respect, this balance sheet item is therefore not sensitive to potential changes in interest rates.

4.2.3.2 Risk of variation in the price of equity instruments (stocks)

(a) Type of and exposure to equity risk

Exposure to equity markets allows the companies to capture the yield on these markets but also exposes them to two major types of risks:

- accounting reserving risk (reserve for long-term impairment, reserve for contingent payment risks, reserves for financial contingencies);
- the commercial risk brought about by the reserving risk insofar as policyholder compensation could be impacted by the aforementioned reserving.

The weight of equity instruments out of total financial investments (including operating property) was 5.2% in market value, not including option exposures. Most equity instruments are classified in "available-for-sale assets". Equity instruments include:

- equities in French and foreign companies listed for trading on regulated markets. The exposure can also be done in index or option form and possibly in the form of structured products whose performance is partially indexed to an equity index. They may be held directly or within mutual funds (FCP and SICAV);
- equities in French and foreign companies that are not listed. They may be held directly or in the form of a venture capital fund ("FCPR").

(b) Group risk management

In 2014, the Group's equity risk continued to be actively managed mainly through:

- the divestment of listed equity securities of Compagnie de Saint Gobain for €450 million;
- the opportunistic divestment of equity mutual funds and protected equities for more than €900 million;
- continuation of a hedging policy on protected equity funds;
- continuation of the management of geographical diversification.

The Group manages equities as part of internal constraints under two distinct logics:

- a primary limit fixing the maximum permissible exposure to equity risk;
- a set of secondary limits with the objective of limiting the equity portfolio's concentration by sector, issuer, or major type as well as illiquid equity categories.

These limits are observed at the level of each insurance entity and at the Group level. Any exceeding of the limits is handled according to whether it is part of an entity or the Group by the corresponding risk committees.

(c) Sensitivity of financial investments to equity risk analysis

The following table shows the impacts on income and the revaluation reserve (classified under shareholders' equity) of a sensitivity analysis carried out in the event of an up or down change of 10% in stock market prices and indices.

The impacts are shown after taking the following factors into consideration:

- the rate of profit sharing of the entity holding the securities;
- the current tax rate.

The tests are conducted based on profit-sharing rates derived from historical observations.

In fiscal year 2014, the profit-sharing rate used for entities holding life insurance commitments corresponded to a range of 78.34% to 90.35%.

	31.12.2014		31.12.2013	
	Equities risk		Equities risk	
(in millions of euros)	+10%	-10%	+10%	-10%
Impact on the re-evaluation reserve	**63**	**(63)**	**74**	**(74)**
Equities	40	(40)	45	(45)
Equity mutual funds	23	(23)	29	(29)
Bonds				
Fixed-income mutual funds				
Derivative instruments and embedded derivatives				
Impact on net income	**20**	**(20)**	**18**	**(18)**
Equities				
Equity mutual funds	20	(20)	18	(18)
Bonds				
Fixed-income mutual funds				
Derivative instruments and embedded derivatives				

4.2.3.3 Foreign exchange risk

(a) Exposure to foreign exchange risk

Exposure to foreign exchange risk for subsidiaries in the eurozone corresponds primarily to their assets, subject to exchange rate fluctuations of mutual funds or securities denominated in foreign currencies and mutual funds denominated in euros applying to foreign-currency securities. In practice, the portfolios are exposed primarily to foreign exchange risks corresponding to the euro rate against the dollar, the yen, the Hungarian forint, the Romanian leu, the pound sterling and the Turkish pound.

Investments made by Groupama, within the context of its strategy of acquiring international subsidiaries, exposes it to the net accounting position of entities with a different functional currency from the euro. To date, this includes the pound sterling, the Turkish pound, the Hungarian forint, the Romanian leu and the Tunisian dinar. These impacts are posted in shareholders' equity, under foreign exchange adjustment.

(b) Managing foreign exchange risk

Exchange rate risk is currently hedged mainly on fixed-rate bonds through currency swaps. The documentation is updated each time the financial statements are closed. These instruments do not correspond to the accounting notion of hedging as defined by IFRS.

(c) Analysis of exchange rate sensitivity

The following table shows the impacts on income and the revaluation reserve (posted under shareholders' equity) of a sensitivity analysis carried out in the event of an up or down change of 10% in all currencies against the euro.

The impacts are shown after taking the following factors into consideration:

- the rate of profit sharing of the entity holding the securities;
- the regulatory tax rate of 34.43%.

The tests are conducted based on profit-sharing rates derived from historical observations.

In fiscal year 2014, the profit-sharing rate used for entities holding life insurance commitments corresponded to a range of 78.34% to 90.35%.

	31.12.2014		31.12.2013	
	Foreign exchange risk		Foreign exchange risk	
(in millions of euros)	+10%	-10%	+10%	-10%
Impact on the re-evaluation reserve	**37**	**(37)**	**33**	**(33)**
Equities	9	(9)	9	(9)
Equity mutual funds				
Bonds	28	(28)	24	(24)
Fixed-income mutual funds				
Derivative instruments and embedded derivatives				
Impact on net income	**1**	**(1)**		
Equities				
Equity mutual funds				
Bonds	1	(1)		
Fixed-income mutual funds				
Derivative instruments and embedded derivatives				

Hedging effects are not taken into account when calculating sensitivity. Consequently, the numbers listed above represent maximum risk and the actual impact reported in the Group's financial statements is considerably lower.

4.2.3.4 Credit risk

The breakdown of the Group bond portfolio by rating and by issuer quality is presented in Notes 6.10.3 and 6.10.4 of the annual financial statements.

The Group manages credit risk as part of internal constraints. The main objective of these constraints is to limit the concentration of issues according to several criteria (country, issuer, ratings, subordinated issues).

These limits are observed at the level of each insurance entity and at the Group level. Any exceeding of the limits is handled according to whether it is part of an entity or the Group by the corresponding risk committees.

(a) Risk on bonds of the GIIPS countries

The Group's gross exposure to sovereign debt of the GIIPS countries (Greece, Italy, Ireland, Spain, Portugal) amounted to €12,711 million as at 31 December 2014, representing 23% of the interest-bearing product portfolio.

(b) Managing counterparty risk

Internal procedures stipulate that any over-the-counter contract is systematically covered by guarantee contracts with the banking counterparties in question.

This systematic collateralisation of the hedging transactions significantly reduces the counterparty risk related to these over-the-counter transactions.

4.2.3.5 Summary of sensitivity to market risks analyses

The following table shows all the sensitivity to market risks analyses for fiscal years 2014 and 2013, broken down by shareholders' equity and income, excluding profit sharing and taxes.

	31.12.2014				31.12.2013			
	Up fluctuation in sensitivity criteria		Down fluctuation in sensitivity criteria		Up fluctuation in sensitivity criteria		Down fluctuation in sensitivity criteria	
(in millions of euros)	Shareholders' equity	Income (Loss)	Shareholders' equity	Income (Loss)	Shareholders' equity	Income (Loss)	Shareholders' equity	Income (Loss)
Interest rate risk	**(487)**	**187**	**533**	**(107)**	**(394)**	**150**	**436**	**(285)**
Technical liabilities		183		(103)		139		(271)
Financial investments	(487)	4	533	(4)	(394)	11	436	(14)
Financing debts								
Equities risk	**63**	**20**	**(63)**	**(20)**	**74**	**18**	**(74)**	**(18)**
Financial investments	63	20	(63)	(20)	74	18	(74)	(18)
Foreign exchange risk	**37**		**(37)**		**33**		**(33)**	
Financial investments	37		(37)		33		(33)	

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We note that the sensitivity criteria applied were the following:

- up or down fluctuation of 100 basis points, for interest rate risk;
- up or down fluctuation of 10% in the stock market indices, for equity risk; and
- up or down fluctuation of 10% in all currencies against the euro, for exchange rate risk.

4.2.4 LIQUIDITY RISK

4.2.4.1 Nature of exposure to liquidity risk

The overall liquidity risk is analysed using the asset/liability approach, which defines the cash requirement to be held as an asset based on the liquidity requirements imposed by liabilities, using:

- technical cash flow projections in a central scenario;
- sensitivity scenarios on technical assumptions (production, claims ratio).

4.2.4.2 Risk management

Stress tests are regularly conducted on both assets and liabilities in order to ensure that in the event of a simultaneous increase in benefits payable and interest rates, the Group is able to meet its commitments in terms of both assets to dispose of and any realisations of capital losses.

At the end of 2014, the liquidity risk was greatly reduced by the size of unrealised capital gains present in the portfolio.

4.2.4.3 Financial investment portfolio by maturity

The profile of the annual maturities of the bond portfolios is listed in Note 6.10.2 of the annual financial statements.

4.2.4.4 Liabilities related to insurance policies and liabilities related to financial contracts by maturity

The profile of annual maturities of the liabilities related to insurance policies is the following:

	31.12.2014				31.12.2013			
(in millions of euros)	<1 year	1 to 5 years	>5 years	Total	<1 year	1 to 5 years	>5 years	Total
Non-life technical reserves	4,489	3,148	3,930	11,568	4,476	3,063	3,837	11,376
Life technical reserves - insurance policies excluding unit-linked items	3,449	7,522	22,156	33,127	2,965	6,155	24,135	33,255
Technical liabilities relating to financial contracts with discretionary profit-sharing excluding unit-linked items	1,504	4,321	11,488	17,312	1,506	3,950	13,155	18,612
Technical liabilities relating to financial contracts without discretionary profit-sharing excluding unit-linked items	7			7	7			7
Reserve for deferred profit-sharing liability	4,839		53	4,892	87		241	328
TOTAL TECHNICAL INSURANCE LIABILITIES AND LIABILITIES FOR FINANCIAL CONTRACTS	**14,289**	**14,991**	**37,627**	**66,912**	**9,042**	**13,168**	**41,369**	**63,578**

Most technical liabilities corresponding to financial contracts with and without discretionary profit sharing may be redeemed at any time. The table above provides an economic overview of the liquidation of technical insurance liabilities.

4.2.4.5 Financing debt by maturity

The principal features of financial debt, as well as its breakdown by maturity, are provided in Note 24 – Financial Debt in this registration document.

4.2.5 RISK OF REINSURER INSOLVENCY

Outward reinsurance consists of transferring to the reinsurer a portion of the risks accepted by the ceding company. They are regularly reviewed to monitor and limit the credit risk on third-party reinsurers. The Reinsurance Securities Committee examines and approves the list of reinsurers accepted for all external outward reinsurance.

This list is reviewed in its entirety at least twice a year. During the year, continual monitoring is performed to adapt the internal ratings of the reinsurers to changes that may occur to them that would modify their solvency assessment. For any given reinsurance placement, any reinsurer approached for an outward reinsurance outside Groupama must first be on the list of the Group Security Committee.

Approved reinsurers must have a rating compatible with the type of business reinsured, depending on whether they have a short or long accounting run-off.

Transferred insurance technical reserves and recoverables are shown below, by rating, according to the three largest rating agencies (Standard & Poor’s, Fitch Ratings, Moody’s).

(in millions of euros)	31.12.2014						
	AAA	AA	A	BBB	< BBB	Not rated	Total
Share of reinsurers in non-life insurance reserves		669	216	11	3	513	1,411
Share of reinsurers in life insurance reserves		7,017		1		62	7,079
Share of reinsurers in reserves for financial contracts with discretionary profit sharing							
Share of reinsurers in reserves for financial contracts without discretionary profit sharing							
Receivables from outward reinsurance operations	26	38	2	11		170	247
TOTAL	**26**	**7,724**	**217**	**23**	**3**	**744**	**8,737**

(in millions of euros)	31.12.2013						
	AAA	AA	A	BBB	< BBB	Not rated	Total
Share of reinsurers in non-life insurance reserves	6	864	195			537	1,602
Share of reinsurers in life insurance reserves		7,019	1			61	7,081
Share of reinsurers in reserves for financial contracts with discretionary profit sharing							
Share of reinsurers in reserves for financial contracts without discretionary profit sharing							
Receivables from outward reinsurance operations	16	40	7		5	167	235
TOTAL	**22**	**7,923**	**204**		**5**	**764**	**8,918**

The total share of unrated reinsurers corresponds primarily to outward reinsurance to professional reinsurance pools, especially Assurpol, Assuratome, Gareat, Réunion Aérienne and Réunion Spatiale, which are not subject to any rating.

A share of €311 million (€336 million for fiscal year 2013) is also represented by the Groupama SA retrocession to the regional mutuals under the internal reinsurance agreement. The breakdown is as follows:

- €275 million in share of reinsurers in non-life insurance reserves;
- €36 million in receivables from outward reinsurance operations.

4.2.6 OPERATING, LEGAL, REGULATORY AND TAX RISKS

4.2.6.1 Operational Risks

Operational risk management is carried out in conformity with the operational risk policy, and broken down by Group risk policy (see point 1).

The operational risk control system, broken down by all Group entities, using a process-based approach, is based on three levels of control with responsibility and control plans appropriate for each level:

- internal-check type permanent monitoring of the operational level and permanent management control;
- permanent controls operated by the Permanent Control/Compliance Function of each entity;
- periodic controls undertaken by internal audit of each entity.

The operational risk management system of Groupama is based on:

- the definition of internal management rules and operational procedures defining the manner in which the activities of Groupama SA must be conducted. They are appropriate to each business line and each key process. On the basis of Group benchmarking of processes and Group classification of operational risks, which was updated in 2014, at every stage of the business line and functional processes, operational risks are identified, and related permanent controls are laid down and standardised across the Group. These controls, being deployed in each entity, provide the basis for strengthening level 1 and level 2 controls;
- on the definition and assessment of major operational risks for the Group and its breakdown into major risks for entities;
- the Group business continuity policy, formalised since the end of 2013; this policy serves as a reference for crisis management systems and Business Continuity Plans (BCP) being documented within the entities. The process is based on the BIA approach (Business Impact Analysis), which makes it possible to best calibrate the means necessary for the resumption of activity by identifying the critical business activities. Three BCPs have been identified:
  - an Unavailability of Human Resources BCP, which integrates the Pandemic BCP provides for business continuity in the event of a light pandemic (no modification of operations) or a severe pandemic (degraded operation);
  - an Unavailability of Real Estate BCP;

- an Information Systems BCP which provides for business continuity despite a major incident affecting the IT system.

Moreover, an insurance programme is in place, designed to provide liability protection and the protection of the holdings of the regional mutuals, Groupama SA and its subsidiaries. The policies are distributed among internal insurers and external insurers for the most significant risks. The principal coverage is the following:

- employee insurance;
- third-party liability of corporate officers;
- professional third-party liability;
- operating third-party liability;
- property damage insurance (property, offices, equipment, vehicle fleets, etc.).

4.2.6.2 Legal and regulatory risks

The legal and regulatory risks are managed as part of Group system compliance, which is defined by the Group compliance charter validated by the governing bodies of the Group. The system in place, directed by the compliance charter, aims to ensure that all Group practices comply with legal provisions, administrative regulations and requirements and professional standards, as well as the Group's internal rules, charters and procedures.

The internal control procedures designed to ensure the conformity of all Groupama SA operations are based on the main mechanisms described below.

(a) Application of corporate law and the Commercial Code

The Legal Department, under the supervision of the Corporate Secretary, manages Groupama SA's legal affairs and those of its subsidiaries and provides legal advice as needed to all the French legal entities of Groupama SA. Within this framework, it ensures the legal safety of its operations and its Directors and executives. Internal checks on the effective implementation of administrative legal procedures are based on ongoing monitoring systems on an individual entity basis.

(b) Application of insurance law and regulations governing the insurance business

The Legal Department within the Corporate Secretary of Groupama SA ensures, particularly on behalf of the business divisions of Groupama SA, the French insurance subsidiaries, as well as the regional mutuals:

- a function of monitoring and analysing legislation and case law and other standards (FFSA professional standards, ACPR recommendations) having an impact on the insurance business; (marketing, communication, advertising, development, subscription, execution and termination of insurance products, etc.);
- the necessary anticipation and support to implement new regulations for this activity;
- information (notes, circulars, working groups, dissemination of a quarterly bulletin of legal information in connection with customer protection);
- validation of new insurance policies developed by the Business Departments well as the modifications made to existing policies;
- development and validation of distribution and partnership agreements in connection with insurance and other services;
- legal and tax advice (tax products);
- relations with the administrative authorities for control and support as part of these controls and any resulting consequences on the insurance business.

(c) Other areas

Specific procedures have been set up to meet special requirements:

- ethical oversight designed to prevent insider trading. This responsibility is performed by a Group Ethics Officer with the assistance of a person outside the Group, who is responsible for the controls, and by an agent at Groupama SA;
- with regard to fighting money laundering and terrorist financing, the entities are incorporating into their procedures the legal obligations and professional recommendations in this area. The permanent control/compliance and risk management procedures are based on knowledge of the customer base, but also on a set of controls performed prior to the transaction, then after the transaction by analysing the information databases for past transactions. In addition, the Group Legal Department, working with a network of officers responsible for anti-money laundering and terrorist financing activities in the insurance, banking and asset management subsidiaries in France and internationally, and the regional mutuals, ensures the Group coordination and is responsible for monitoring Group compliance with anti-money laundering obligations (changes in regulatory provisions, harmonisation and consistency of procedures, performance indicators, steering of IT projects and training bags);
- in application of the Data Protection Act, the compliance system makes use of the Group Data Protection Correspondent named by the French National Information Technology and Freedom Commission ("CNIL") and on the network of internal correspondents: one correspondent per entity and nine for Groupama SA in areas implementing sensitive processes. This network changes based on the Group's organisational modifications;
- with regard to the protection of medical data, Group recommendations are disseminated by the Groupama SA business division concerned or entity concerned. It is the responsibility of the various Group companies to implement these recommendations (regional mutuals and subsidiaries), in partnership with the medical advisers and in collaboration with the Group's compliance unit, the Group's Data Protection Correspondent ("ITF agent"), and the Claim and Cost Control Division of the Insurance, Banking, and Services Department;
- with regard to the protection of customers, in accordance with instruction 2012-I-07 of 13 December 2012 of the ACPR, the application of customer protection rules and their insertion into the internal control system are now presented in a dedicated questionnaire that must be communicated to the supervisory authority each year.

4.2.6.3 Tax risks

The role of the Group's Tax Department is to provide information and monitor regulations for all the entities of the Group. It is also regularly questioned about specific technical points and is involved in preparing the end-of-year financial statements. In this capacity, it ensures that the tax consolidation rules are applied (Article 223 A *et seq.* of the General Tax Code) for the Group and, working with the Group Accounting Department, prepares the report on the tax position of the consolidated companies. It also helps to implement documentation and archiving procedures in terms of computerised accounting records, as required under tax law, particularly as part of dedicated "CFCI" (Computerised Accounting Tax Audit) committees for each French entity. Lastly, it facilitates, within a steering committee, efforts to ensure that the Group is in compliance with the US Foreign Account Tax Compliance Act ("FATCA"), which came into force on 1 July 2014.

4.2.7 MONITORING AND MANAGING BANKING RISKS

4.2.7.1 General presentation

Risk management is inherent in banking business. Groupama Banque's risk policy falls under its affiliation with the Groupama group and the organisation's strategic development choices, which are an integral part of the Group's strategy.

In accordance with the regulations, particularly Titles IV and V of the order of 3 November 2014 relating to internal control of companies in banking, payment services, and investment services subject to supervision by the ACPR, the Bank's Management Committee, acting on proposals made by the risk management and controls general secretary, sets the institution's risk policy, particularly with regard to customer selection and risks, terms and conditions for granting loans and delegating authority.

The measures will be adjusted in 2015 to take account of new requirements relating to the order of 3 November 2014.

The Credit Risk, Operating Risk, and Market, Interest Rate, and Liquidity Risk Departments also analyse and monitor risk and carry out the necessary controls and reporting within a number of committees: the Credit Committee, the Risk and Control Committee, the ALM Committee and the Management Committee. They also recommend policy adjustments according to what they anticipate in terms of risk to the bank and changes in the economic and regulatory environment.

4.2.7.2 Credit risk

Credit risk is defined as the risk of incurring financial losses because of a debtor's inability to pay its contractual liabilities. Credit risk is manifested in client lending activity, as well as in other circumstances when the bank faces counterparty default in market transactions.

(a) Decision-making procedures

A process approved by the Bank's Management Committee is described in a permanent instruction known as the "credit risk policy". This covers the products and services offered, terms and conditions of customer selection, and rules regarding the granting of credit according to customer type. The credit decision-making process is based on a set of delegations, the highest body being the Credit Committee. The delegations are classified by amount according to customer category and commitment type.

The granting of credit or any commitment made with regard to a counterparty (such as a guarantor) that takes effect through an authorisation must fall within specific limits and comply with the rules of risk diversification. These limits are revised annually and more frequently if necessary. They are reviewed by the Credit Committee and must be approved by the Management Committee.

Accordingly, several types of limit have been defined: individual limits by amount according to type of counterparty, limits by amount according to type of customer and product, specific limits for Groupama entities and, lastly, regulatory limits for major risks pursuant to part 4 of EU regulation 575/2013.

(b) Oversight procedures

Oversight of credit risks is carried out within the Financial Risk Management Department, whose responsibility is to ensure conformity with decisions, the reliability of reporting data, and the quality of risk monitoring. As part of its "credit risk monitoring", the Credit Committee meets each quarter to:

- monitor outstanding amounts, limits and guarantees;
- review important commitments through an in-depth analysis carried out at least annually;
- take note of the analysis of the burden and cost of quarterly risk;
- examine the observations and recommendations of the Risk Management Department following the analysis of the burden and cost of the risk.

(c) Impairment procedures

Procedures are adapted differently for retail banking customers and customers monitored in the portfolio. As part of its quarterly "monitoring of sensitive commitments and reserves", the Credit Committee:

- reviews all sensitive commitments;
- examines doubtful cases for all facilities, excluding consumer credit granted to retail banking customers, and decides on potential litigation and reserve levels;
- periodically updates the litigation reserve level rate with respect to retail banking customers;
- for all markets, determines the merits of establishing a collective reserve on healthy debt and, where applicable, calculates its amount.

4.2.7.3 Market risks

The Market, Interest Rate, and Liquidity Risk Management Division produces a daily market risk performance indicator using independent front office calculations. Portfolio income is calculated and compared with the observation thresholds. Sensitivities (in euros for a rate increase of 1 bp) are calculated daily, and the market, interest rate, and liquidity risk management division control ensures that the limits defined by the Management Committee are respected. Stress scenarios are also simulated on the various portfolios.

The Market, Interest Rate, and Liquidity Risk Management Division provides a daily report on the foreign exchange accounting position to the operating divisions, line management and members of the Management Committee concerned.

It also carries out foreign exchange trading on a daily basis. It ensures that no position exceeds the limits set by the Management Committee and calculates the result.

The trading room has no position in the equity market. It only acts as an intermediary on behalf of customers.

(a) Setting and complying with limits

The Management Committee revises limits annually. It can also decide on an immediate limit increase, in case of a particular need associated with a new business line, or decrease, in the event of problems on the financial market.

The Management Committee is advised quarterly of risk and income measurements, compliance with limits, any counterparty default and any event likely to affect the bank's risk level.

(b) Payment risk

The bank can assess at any time its resources in securities or cash that is directly available allowing it to meet its commitments. It has available securities at Banque de France allowing it to carry out pension transactions in order to ensure intraday or overnight liquidity.

(c) Foreign exchange risk

This is the risk that the value of an instrument or of one of the items of its future results will fluctuate because of changes in foreign currency rates.

The bank does not take positions in foreign currencies. Its activity is maintained well below the threshold that requires prudential supervision of the foreign exchange risk.

(d) Liquidity risk

The policy for managing liquidity risk includes making sure Groupama Banque can honour its commitments at all times with regard to its customers, meet prudential standards, maintain the cost of its refinancing at the lowest level and handle any liquidity shortages.

The bank monitors its liquidity risk on a daily basis at the level of the Treasury and Capital Markets Department, on a weekly basis at the level of the Steering Committee, and on a monthly basis through the ALM, Customer Rate, and Market Risk Committees. It periodically establishes crisis scenarios and ensures the capacity to meet any crises that occur.

The size and nature of the bank's balance sheet, as well as its resource structure from its various customers in excess of the amount of loans issued, mean that the bank has little exposure to liquidity risk.

The main sources of financing are therefore structural: shareholders' equity, current accounts and savings accounts. The bank participates in the ECB's financing operations and, in 2014, subscribed to the TLTRO (Targeted Longer Term Refinancing Operations). It also has a pool of securities that meet Central Bank eligibility requirements, which permit self-financing over the short term and the possibility of using Group surpluses.

The liquidity coefficient exceeds the regulatory minimum.

4.2.7.4 The annual percentage rate risk (ALM)

Risk monitoring is based on the Net Present Value (NPV) sensitivity within a conversion of +200 bp (curve translation), considered to be a hypothesis of sudden rate change. The limit of any hedging action is fixed at +/-€60 million. During fiscal year 2014, this limit was never reached, and no hedge was put in place. At 31 December 2014, the sensitivity thus calculated was +€21.8 million. Furthermore it should be noted that the ALM Committee also follows, on a monthly basis, the impact of a conversion of -100 bp and +100 bp, and the impact of a steeping or flattening of the interest-rate curve, retained as additional indicators.

A second limit on the bank's profit over two rolling years is monitored. It is set at +/-€6 million over 12 months and €14.5 million over 24 months, for a conversion of the yield curve of +100 bp. This sensitivity amounted to +€0.2 million over 12 months and +€2.8 million over 24 months as at 31 December 2014. The limits were not reached during fiscal year 2014.

4.2.7.5 Operating risks

The operating risk management policy is based on the standard method of the Basel II agreement. It identifies risks inherent in each Groupama Banque process, regularly assesses their criticality (mapping of operational risks) and inventories incidents that have occurred.

The operational risk management system is based on two components:

- definition of rules and procedures;
- the internal control system (permanent and periodic control);
- the bank's insurance policy;
- the Business Continuity Plan.

This approach is complemented by a system of reporting and warnings and measures to improve existing control procedures.

Business Continuity Plan

The Business Continuity Plan (BCP) is organised around several mechanisms, in particular:

- activation of a crisis cell;
- back-up of IT systems;
- the availability of a disaster recovery site.

The BCP is updated regularly, and technical and user installation tests are conducted several times a year for the backup sites.

5

EARNINGS AND FINANCIAL POSITION

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5.1 BOARD OF DIRECTORS' REPORT

5.1.1 ENVIRONMENT

5.1.1.1 Macroeconomic environment

Whereas at the end of 2013, the envisaged scenario was a gradual economic recovery in all geographical areas, 2014 was marked by greater uncertainty and greater volatility associated with the lack of a real recovery in the eurozone, increasing geopolitical tensions (Ukraine, Middle East, etc.), and the collapse in the price of a barrel of oil, which intensified deflationary fears already in place. This context led the Central Bank to review their policies initially envisaged and caused an acceleration in the decline in long-term rates and greater volatility on risky assets, with alternation of risk aversion and mass influx of capital related to investors in search of yield.

Despite a setback in the first quarter, the United States seem to have emerged from the crisis with increasingly strong growth. Throughout 2014, the Federal Reserve continued the reorientation of its monetary policy by gradually reducing its purchases of assets, putting an end to them in October and signalling the possibility of an increase in the key rate in 2015.

In the United Kingdom, the economy (driven by the property sector) continued and amplified its cyclical upswing. However, the imbalance in public finances remains a major obstacle. Inflation continued to slow down throughout the year (from 1.9% to less than 1%). The central bank interprets this slowdown in inflation as a sign of an economy still far from its potential and therefore has delayed the increase in its main key rate despite the very low level of unemployment.

Japan, after an encouraging first quarter driven by the unconventional measures taken by the Japanese Central Bank in 2013, had disappointing performance. Its economy was negatively affected by the increase in the VAT rate in the spring, weighing heavily on household consumption while creating an (artificial) increase in inflation.

In the eurozone, 2014 remained well below expectations, from the point of view of both growth, which is still very low, and inflation, which ended the year at -0.2%. Thus, over the first three quarters, growth was very low in France (+0.4% for NBI, -1.4% for investment) and even negative in Italy (-0.4% for NBI and -2.2% for investment). In Germany, growth remains positive (+1.6% for NBI and +3.8% for investment).

This situation explains the ECB's particularly dense activity during the year. In June, the ECB carried out a first rate reduction accompanied by a major long-term refinancing facility operation for banks (TLTRO) aimed at improving the functioning of the monetary policy transmission mechanism by supporting lending to the real economy. During the summer, the amplification of geopolitical tensions between Ukraine and Russia continued to weigh on the region's economy by strongly degrading confidence. Further declines in inflation expectations (falling below the 2% threshold) led the ECB in September to a second rate reduction (refinancing rate of 0.05% and negative deposit rate) and a private sector purchase programme (ABS and secure bonds) with the objective of reviving bank lending and financing of the economy. At the end of the year, the markets already anticipated the implementation of a broader government bond purchase programme by the first half 2015.

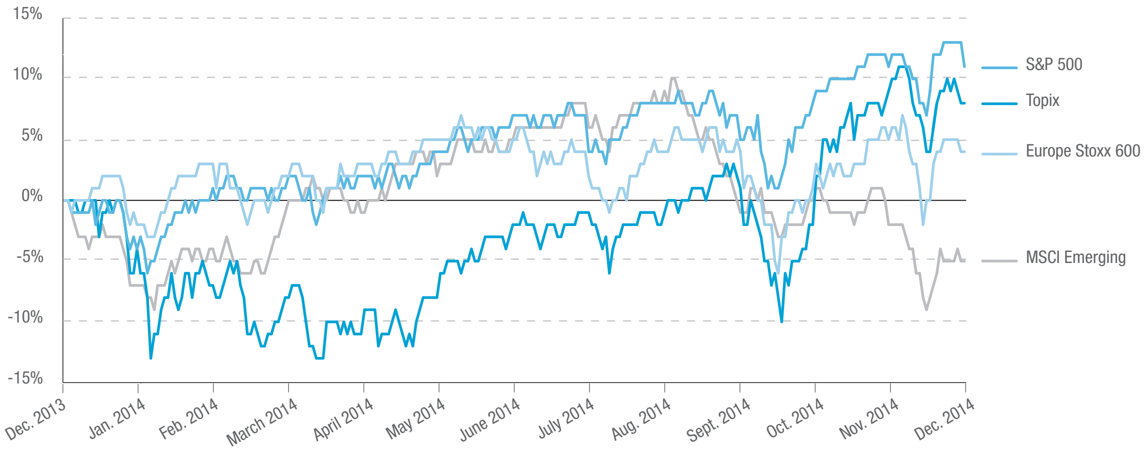
The year 2014 was also marked by significant progress in integration of the eurozone's banking system with the review of bank balance sheets (Asset Quality Review) and the performance of stress tests on the equity of banks, whose published results in October (results mostly good except for a few Italian, Portuguese, Cypriot, and Greek banks) reinforced integration within the eurozone.

In the emerging countries, the situation and outlook are deteriorating, gradually suffering two evils different during the year: a reduction of capital flows related to a sharp drop in their currencies and the collapse of oil prices over the second half of the year. In 2014, the Chinese economy experienced a slowdown, with industrial production close to its 2008-2009 levels. GDP also slowed down, handicapped by low domestic demand and difficulties on the real estate market.

5.1.1.2 Financial markets

Financial markets are still characterised by a very high abundance of liquidity, which has had the effect of continuing the decline in bond yields at record levels and high volatility of risky assets. On the other hand, the prospects of a slowdown in inflation and global growth have been much less favourable for the riskiest assets.

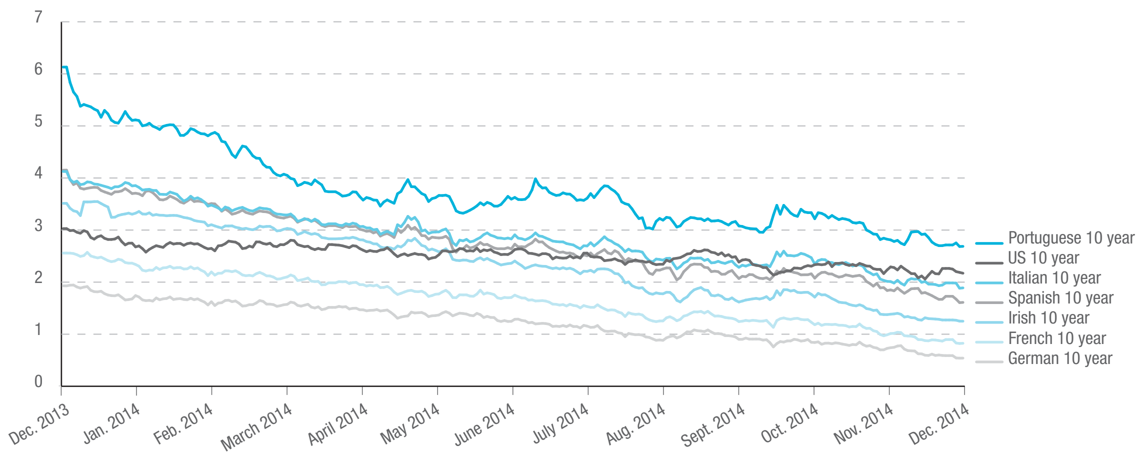
(a) Changes in the equity market



Like in 2013, only emerging equities ended the year with negative performance; the equity indices of the three main developed regions finished the year with positive performance but more reduced than the previous year:

- the US market (S&P 500) had the best performance with an increase of +11.4% (after nearly 30% in 2013);
- the BCE's measures and promises allowed European equities to end the year in positive territory (+4.4% on the DJ Europe Stoxx 600 index);
- the Japanese equity market had bad performance over the first half of the year before bouncing back in October. On the other hand, emerging equities fell -4.6% (MSCI Emerging), whereas at the end of the third quarter, they were still rising slightly. This is mainly explained by the collapse in oil prices during the last quarter, which was highly problematic for oil-exporting countries.

(b) Changes in yields



The reduction in interest rates continued in 2014 in all regions: in the United States, a much more gradual discontinuation of the Federal Reserve's unconventional measures, combined with a global slowdown in inflation, led to a decline in US long-term rates. In the eurozone, in an environmental of low inflation, all sovereign debts benefited from the decrease in the ECB's rates and its various measures to inject liquidity. German and French 10-year rates fell by 173 and 139 bp respectively (ending at record lowers at the end of the year of 0.54% and 0.83%).

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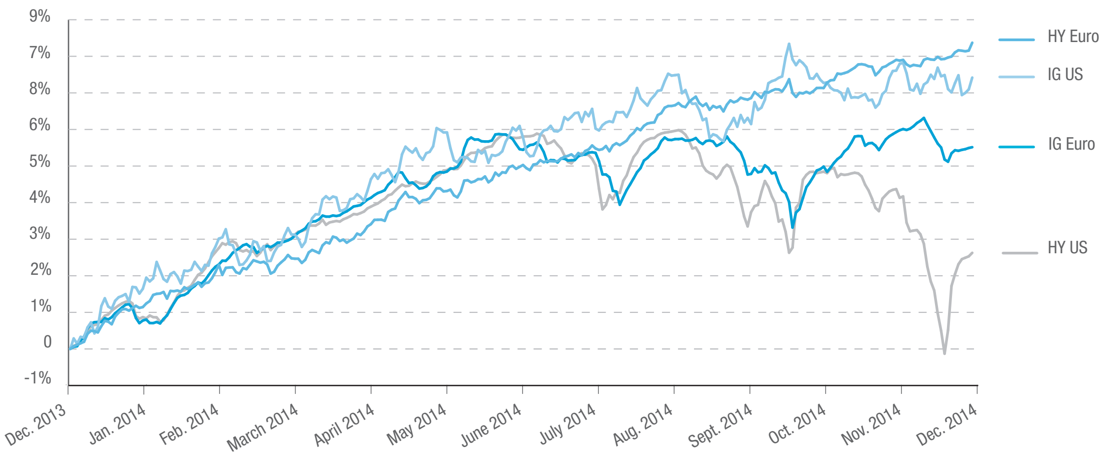
CUMULATIVE PERFORMANCE OF EMERGING DEBT INDICES

After a rather good beginning of the year, emerging debt denominated in foreign currencies surged back strongly for the same reasons as emerging equities: collapse of currencies and sharp drop in oil prices. In total, emerging debt in local currencies lost 5.7%. On the other hand, emerging debt in dollars grew 5.5%, immune to the exchange effect by definition.

(c) Changes in credit



The year 2014 was also good for investment grade credit, which benefited from an environment of low rates and a high compression of peripheral spreads: +7.4% on US credit >BBB and +8.4% on euro credit >BBB. High-yield credit had a more volatile year because of the rise in geopolitical tensions and the technical default of Argentina. There was a very strong decline in US high-yield at the end of the year severely punished by the decline in energy companies.

5.1.2 SIGNIFICANT EVENTS OF FISCAL YEAR 2014

5.1.2.1 Financial rating

On 11 February 2014, the rating agency Fitch upgraded its rating for Groupama SA and its subsidiaries from "BBB-" to "BBB". It also assigned a positive outlook to this rating.

On 6 August 2014, Fitch confirmed the insurer financial strength rating of Groupama SA and its subsidiaries as “BBB” and the positive outlook.

5.1.2.2 Changes in the strategic securities held by Groupama

Groupama continued to rebalance its asset portfolio under favourable pricing conditions.

On 8 April 2014, Groupama thus sold its entire stake in Compagnie de Saint-Gobain, representing approximately 1.8% of the company’s capital, to institutional investors.

5.1.2.3 Debt refinancing

On 22 May 2014, Groupama entered into an agreement for the issue and placement of perpetual subordinated instruments with institutional investors for a total of €1.1 billion, with an annual coupon of 6,375%. This operation contributes to the active management of Groupama’s capital. It aims to extend the maturity of its debt profile and strengthen the Group’s financial flexibility.

The offer to exchange all its subordinated bonds issued in 2005 and a portion of its deeply subordinated instruments issued in 2007 for the new perpetual subordinated bonds was widely successful with institutional investors holding the two instruments, since the transformation rate reached 91% on the subordinated bonds issued in 2005 and the 55% ceiling set by the Group on deeply subordinated instruments issued in 2007.

Institutional investors also showed great interest in the proposed new instrument: the additional bond in euros met with strong demand, with an order book subscribed more than 10 times.

These subordinated bonds are rated BB by the rating agency Fitch, just like other subordinated debts of Groupama SA.

5.1.2.4 Renewal of the credit line

On 5 December 2014, Groupama repaid the full amount drawn on the existing credit line (€650 million) maturing in February 2016. Taking advantage of favourable market conditions, Groupama renewed this credit line early on 8 December for €750 million in order to have an additional line of cash if needed. No funds have been drawn on this new line.

5.1.2.5 GEMA membership

On 11 December 2014, Groupama asked to join the GEMA as a sign of its stronger commitment within the sectoral bodies representative of the mutual insurance world and the insurance sector.

On 8 January 2015, during its Extraordinary General Meeting, the GEMA approved Groupama’s membership request.

5.1.3 POST-BALANCE SHEET EVENTS

On 12 February 2015, Groupama rebalanced its portfolio and sold its entire stake in the capital of Mediobanca, representing approximately 4.9% of the company’s capital, to institutional investors for a sale price of €333 million.

5.1.4 ANALYSIS OF FINANCIAL STATEMENTS

5.1.4.1 Introductory summary - Reminder of the combined Group's business data

Premium income *(in millions of euros)*	31.12.2014	31.12.2013	31.12.2013 *Pro forma*	Absolute change	Like-for-like change
Property and casualty insurance - France	5,264	5,163	5,143	2.0%	2.3%
Groupama Gan Vie	3,356	3,667	3,667	-8.5%	-8.5%
Life and health insurance in France – excluding Groupama Gan Vie	1,948	1,927	1,927	1.1%	1.1%
Total Insurance - France	**10,567**	**10,757**	**10,737**	**-1.8%**	**-1.6%**
Property and casualty insurance - International	1,835	1,889	1,851	-2.9%	-0.9%
Life and health insurance - International	953	757	740	25.9%	28.9%
Total Insurance - International	**2,788**	**2,646**	**2,591**	**5.3%**	**7.6%**
Banking and financial businesses	279	266	266	5.1%	5.1%
Total - Groupama	**13,634**	**13,669**	**13,593**	**-0.3%**	**0.3%**
Total Insurance	**13,355**	**13,403**	**13,328**	**-0.4%**	**0.2%**
Property and casualty insurance	7,099	7,052	6,994	0.7%	1.5%
Life and health insurance	6,257	6,351	6,334	-1.5%	-1.2%

2013 pro forma data:

On the international level, Italy's premium income was restated in order to take into account the integration of the Italian transport segment from the Groupama Transport portfolio (impact: +€12 million).

In France, Groupama SA's pro forma premium income suffered the reverse restatement (-€12 million). It also takes into account the end of the participation in the Réunion Aérienne pool (impact: -€2 million).

The pro forma premium income of Gan Assurances includes the closure of certain markets Hong Kong (an impact of -€5 million).

For those entities that do not use the euro as their functional currency (Turkey, Romania and Hungary), the exchange rate effects are neutralised in the pro forma; the actual data as at 31 December 2013 were converted based on the exchange rate at 31 December 2014.

In the rest of the document, figures are expressed on a like-for-like basis and with constant exchange rates. The data with constant exchange rates correspond to the comparison between the actual data at 31 December 2014 and the actual data at 31 December 2013, converted at the average exchange rates at 31 December 2014.

At 31 December 2014, Groupama's combined premium income from Insurance stood at €13.3 billion, up 0.2% on a like-for-like basis (down -0.4% in absolute data) compared with 31 December 2013. Incorporating financial businesses, the Group's combined premium income was up +0.3% on a like-for-like basis (down -0.3% in actual change) at €13.6 billion.

In a difficult economic environment in the main markets where it operates, the Group posted an overall increase in its premium income of +1.5% in property and casualty insurance. In France, property and casualty insurance increased less than in the past (+2.3%) but still greater than the market (which grew by 1.5%). This growth was accompanied by more selective underwriting measures to strengthen profitability. At the international level, property and casualty insurance continues to face gloomy markets, but its premium income is holding up well with a decrease of -0.9% mainly because of the decline in the motor insurance activity (-4.2%) under the effect of competitive pressure on certain markets, while other business segments increased, particularly agricultural insurance and business protection.

The decline in the Group's life and health insurance premium income (-1.2%) is explained primarily by the reduced premium income of Groupama Gan Vie (-8.5%), which supports the individual savings/pensions business in France. This segment has changed in accordance with the strategy defined by the Group with a decrease in premium income from policies in euros (-17.7%), whereas unit-linked premium income continued its strong growth (+20.3%) to €515 million. International life and health insurance premium income increased sharply (+28.9%), mainly under the effect of the growth in individual savings/pensions (+46.7% thanks to the success of various marketing campaigns in Italy in particular).

Insurance premium income in France represented 77.5% of the Group's overall business over the period, whereas international insurance premium income amounted to 20.4% of total premium income. The Group's other businesses (financial and banking businesses) represented 2.1% of total premium income. Net banking income from these businesses amounted to €194 million at 31 December 2014.

Economic operating income *(in millions of euros)*	**31.12.2014**	**31.12.2013**	**Change in value**	**Change%**
Property and casualty insurance - France	83	(35)	118	>100%
Life and health insurance - France	59	65	(6)	-9%
Total Insurance - France	**142**	**30**	**112**	**>100%**
Property and casualty insurance - International	29	33	(4)	-12%
Life and health insurance - International	19	22	(3)	-14%
Total Insurance - International	**48**	**55**	**(7)**	**-13%**
Banking and financial businesses	16	13	3	23%
Holding activities	(77)	(89)	12	13%
Total - Groupama	**129**	**10**	**119**	**>100%**
Property and casualty insurance	112	(2)	114	>100%
Life and health insurance	78	88	(10)	-11%

The Group's economic operating income stood at €129 million in 2014 versus €10 million in 2013, an increase of €119 million. Economic operating income from insurance in France contributed +€112 million to this increase. International economic operating income amounted to €48 million this year, down €7 million. This strong growth is due to the improvement in the non-life combined ratio, which stands at 99.0%, down 1.8 points for 2014. This income figure reflects the Group's efforts to improve its technical and operational profitability. Regarding this last point, the Group posted a further decrease in general expenses of €102 million in absolute value compared with 2013, bringing the overall reduction in general expenses to €386 million in absolute value compared with the 2011 figure. Banking and financial businesses contributed €16 million to economic operating income, while holding companies (which bear the Group's holding and financing costs) contributed -€77 million in economic operating income.

In France, property and casualty insurance economic operating income improved by €118 million in 2014. The net combined ratio amounted to 98.5% in 2014 compared with 101.9% in 2013 (-3.4 points). The improvement in the loss experience net of reinsurance of -2.9 points explains this change to a large extent. The current loss experience excluding serious and weather claims was down for the 3rd consecutive year. The year 2014 was marked by the increase in the weight of serious claims (+2.2 points) offset by the decline in weather claims (-2.9 points), which, despite everything, remain high compared with the average observed over a long period. In addition, note the decrease in reserves releases on prior fiscal years (+0.4 points). The operating costs ratio decreased by -0.4 point to 29.6% in 2014, reflecting the efforts undertaken by the Group to reduce general expenses. Economic operating income from life and health insurance stayed at a level comparable to the ratio in 2013. The additional margins posted on the savings portfolio as part of the transformation to unit-linked are absorbed by a loss experience that is a little less favourable on contracts everyday accident policies or on certain supplemental protection guarantees, particularly in retirement.

International economic operating income decreased in both property and casualty insurance and life and health insurance (for respectively -€4 million and -€3 million over the period). The combined ratio in property and casualty insurance is up 1.0 points at 101.9% in 2014, under the effect of the weight of serious claims, particularly in Turkey and Italy, whereas in adverse competitive conditions, the current loss experience excluding serious and weather claims improved very slightly by 0.2 points. Operating costs including commissions decreased by €19 million compared with 2013. The improvement in underwriting income in life/capitalisation should be stressed, while the Group saw a slight decrease in income from health and bodily injury (deterioration of the net combined ratio of +0.7 points).

Banking and financial businesses contributed +€16 million to the Group's economic income in 2014.

The Group's holding business posted an economic loss of €77 million in 2014 versus €89 million in 2013, thanks to the continuation of the effort to control holding costs. Holding companies mainly bear the cost of the Group's external debt and support and Group business costs and constitute the backbone of the tax consolidation in France.

The Group's overall net income totalled +€257 million at 31 December 2014 compared with +€283 million at 31 December 2013. As a reminder, the 2013 increase incorporated non-recurring capital gains, particularly on bonds, for an overall amount of €432 million net of profit sharing and taxes (versus €219 million net of profit sharing and taxes in 2014) and exceptional impairment of securities in the portfolio (for €50 million).

It should be emphasised that the Group's net income is a continuation of the environment of declining rates that weighs very heavily. The weight of the change in rates net of corporate tax, which involves the discount effect of certain underwriting reserves (particularly in non-life) and the fair-value effect on certain financial assets or liabilities, amounted to -€157 million in 2014 versus -€115 million in 2013.

Net income *(in millions of euros)*	31.12.2014	31.12.2013	Change in value 2014/2013
Property and casualty insurance - France	151	61	90
Life and health insurance - France [(1)]	157	349	(192)
Total Insurance - France	**308**	**410**	**(102)**
Property and casualty insurance - International	60	22	39
Life and health insurance - International	13	15	(2)
Total Insurance - International	**73**	**37**	**36**
Banking and financial businesses	4	6	(3)
Holding activities	(133)	(123)	(10)
Other	6	(47)	53
TOTAL NET INCOME - GROUPAMA	**257**	**283**	**(26)**

(1) Excluding Cegid's equity-method income.

5.1.4.2 Summary of the consolidated Groupama's activity and income

Premium income *(in millions of euros)*	31.12.2014	31.12.2013	31.12.2013 *Pro forma*	Absolute change	Like-for-like change
Property and casualty insurance - France	3,157	3,076	3,056	2.6%	3.3%
Groupama Gan Vie	3,358	3,669	3,669	-8.5%	-8.5%
Life and health insurance in France – excluding Groupama Gan Vie	618	763	763	-19.1%	-19.1%
Total Insurance - France	**7,133**	**7,508**	**7,489**	**-5.0%**	**-4.8%**
Property and casualty insurance - International	1,835	1,889	1,851	-2.9%	-0.9%
Life and health insurance - International	953	757	740	25.9%	28.9%
Total Insurance - International	**2,788**	**2,646**	**2,591**	**5.3%**	**7.6%**
Banking and financial businesses	282	268	268	5.1%	5.1%
Total Groupama SA	**10,203**	**10,423**	**10,347**	**-2.1%**	**-1.4%**
Total Insurance	**9,921**	**10,155**	**10,080**	**-2.3%**	**-1.6%**
Property and casualty insurance	4,992	4,965	4,907	0.5%	1.7%
Life and health insurance	4,929	5,189	5,172	-5.0%	-4.7%

2013 pro forma data:

On the international level, Italy's premium income was restated in order to take into account the integration of the Italian transport segment from the Groupama Transport portfolio (impact: +€12 million).

In France, Groupama SA's pro forma premium income suffered the reverse restatement (-€12 million). It also takes into account the end of the participation in the Réunion Aérienne pool (impact: -€2 million).

The pro forma premium income of Gan Assurances includes the closure of certain markets Hong Kong (an impact of -€5 million).

For those entities that do not use the euro as their functional currency (Turkey, Romania and Hungary), the exchange rate effects are neutralised in the pro forma; the actual data as at 31 December 2013 were converted based on the exchange rate at 31 December 2014.

In the rest of the document, figures are expressed on a like-for-like basis and with constant exchange rates. The data with constant exchange rates correspond to the comparison between the actual data at 31 December 2014 and the actual data at 31 December 2013, converted at the average exchange rates at 31 December 2014.

At 31 December 2014, Groupama's consolidated Insurance premium income stood at €9.9 billion, a 1.6% decrease on a like-for-like basis (-2.3% in absolute data) compared with 31 December 2013. Incorporating financial businesses, the Group's consolidated premium income was down 1.4% on a like-for-like basis (-2.1% in actual change) at €10.2 billion.

In a difficult economic environment in the main markets where it operates, the Group posted an overall increase in its premium income of 1.7% in property and casualty insurance. In France, property and casualty insurance increased less than in the past (up 3.3%) but still greater than the market (which grew by 1.5%). This growth was accompanied by more selective underwriting measures to strengthen profitability. At the international level, property and casualty insurance continues to face gloomy markets, but its premium income is holding up well with a decrease of 0.9% mainly because of the decline in the motor insurance (-4.2%) under the effect of competitive pressure on certain markets, while other business segments increased, particularly agricultural insurance and business protection.

The decline in life and health insurance premium income (-4.7%) is explained primarily by the directed reduction in premium income of Groupama Gan Vie (-8.5%), which supports the individual savings/pensions business in France. This segment has changed in accordance with the strategy defined by the Group with a decrease in premium income from policies in euros (-17.7%), whereas unit-linked premium income continued its strong growth (+20.3%) to €515 million. International life and health insurance premium income increased sharply (+28.9%), mainly under the effect of the growth in individual savings/pensions (+46.7% thanks to the success of various marketing campaigns in Italy in particular).

Insurance premium income in France represented 69.9% of the Group's overall business over the period, whereas international insurance premium income amounted to 27.3% of total premium income. The Group's other businesses (financial and banking businesses) represented 2.8% of total premium income. Net banking income from these businesses amounted to €194 million at 31 December 2014.

Economic operating income *(in millions of euros)*	**31.12.2014**	**31.12.2013**	**Change in value**	**Change%**
Property and casualty insurance - France	(57)	(49)	(8)	-16%
Life and health insurance - France	9	(12)	21	>100%
Total Insurance - France	**(48)**	**(61)**	**13**	**21%**
Property and casualty insurance - International	29	33	(4)	-12%
Life and health insurance - International	19	22	(3)	-14%
Total Insurance - International	**48**	**55**	**(7)**	**-13%**
Banking and financial businesses	16	13	3	23%
Holding activities	(76)	(88)	12	14%
Total - Groupama	**(60)**	**(81)**	**21**	**26%**
Property and casualty insurance	(28)	(16)	(12)	-75%
Life and health insurance	28	10	18	>100%

The Group's economic operating loss stood at €60 million in 2014 versus a loss of €81 million in 2013, an improvement of €21 million. Economic operating income from insurance in France contributed +€13 million to this improvement. International economic operating income amounted to €48 million this year, down €7 million. Banking and financial businesses contributed €16 million to economic operating income, while holding companies (which bear the Group's holding and financing costs) contributed -€76 million in economic operating income.

The Group's net income totalled +€15 million at 31 December 2014 compared with +€135 million at 31 December 2013. As a reminder, the 2013 increase incorporated non-recurring capital gains, particularly on bonds, for an overall amount of €372 million net of profit sharing and taxes (versus €168 million net of profit sharing and taxes in 2014) and exceptional impairment of securities in the portfolio (for €50 million).

It should be emphasised that the Group's net income is a continuation of the environment of declining rates that weighs very heavily. The weight of the change in rates net of corporate tax, which involves the discount effect of certain underwriting reserves (particularly in non-life) and the fair-value effect on certain financial assets or liabilities, amounted to -€149 million in 2014 versus -€104 million in 2013.

Net income *(in millions of euros)*	**31.12.2014**	**31.12.2013**	**Change in value 2014/2013**
Property and casualty insurance - France	(27)	8	(35)
Life and health insurance - France [(1)]	93	253	(160)
Total Insurance - France	**66**	**261**	**(195)**
Property and casualty insurance - International	60	22	39
Life and health insurance - International	13	15	(2)
Total Insurance - International	**73**	**37**	**36**
Banking and financial businesses	4	6	(3)
Holding activities	(133)	(123)	(10)
Other	**6**	**(47)**	**53**
TOTAL GROUPAMA SA NET INCOME	**15**	**135**	**(120)**

(1) Excluding Cegid's equity-method income.

5.1.4.3 Business and results in France

Premium income - France *(in millions of euros)*	31.12.2014 L&H	31.12.2014 P&C	31.12.2014 Total	31.12.2013 *Pro forma* L&H	31.12.2013 *Pro forma* P&C	31.12.2013 *Pro forma* Total
Groupama SA	445	1,630	2,076	584	1,600	2,184
Groupama Gan Vie	3,358		3,358	3,669		3,669
Gan Assurances	155	1,259	1,413	159	1,226	1,385
Amaline Assurances	7	52	59	7	45	52
Other entities [(1)]	10	217	227	14	185	199
TOTAL	**3,976**	**3,157**	**7,133**	**4,432**	**3,056**	**7,489**

(1) Including Assu-Vie.

Insurance premium income for France as at 31 December 2014 declined by 4.8% compared with 31 December 2013 and totalled €7,133 million.

(a) Property and casualty insurance

Premium income *(in millions of euros)*	France P&C 31.12.2014	France P&C 31.12.2013 *Pro forma*	France P&C Change%
Groupama SA	1,630	1,600	1.9%
Gan Assurances	1,259	1,226	2.7%
Amaline Assurances	52	45	14.4%
Other entities	217	185	17.2%
TOTAL	**3,157**	**3,056**	**3.3%**

In a highly competitive environment, property and casualty insurance premium income (44.3% of premium income in France) increased by 3.3% and posted growth greater than the market (+1.5%, source: FFSA, late December 2014). This reflects notably the rise in insurance for individuals and professionals (+3.1%, or almost 60% of written premiums in property and casualty insurance at €1,868 million). In home insurance, the Group grew 10.5% (outperforming the market). The motor insurance segment posted a decrease of 0.4% in a tight market context, where the Group sought to maintain its margins. The development of the combined portfolio with price adjustments allowed the professional risks segment to post good performance (+4.1%). Agricultural insurance saw strong growth of 7.4% over the period. The development of the partnership with La Banque Postale also contributed to the growth. It represents €72 million of Groupama SA's premium income (up €18 million) and €37 million of Groupama Protection Juridique's premium income (up €20 million).

Groupama SA's premium income amounted to €1,630 million as at 31 December 2014, an increase of 1.9%, driven mainly by insurance for individuals and professionals (+2.9%), which particularly benefited from the growth of the home insurance segment (+13.2%) related to the increase in premium income from the regional mutuals as well as external partnerships. The good performance levels of the agricultural business lines should also be noted (+7.3%).

Gan Assurances premium income rose by 2.7% and stood at €1,259 million as at 31 December 2014, driven by individual and professional insurance (+2.8%). On the professional risks segment (+7.6%), targeted tariff resets and the development of the portfolio explain the increase in premium income. The home insurance segment, supported by pricing measures, rose by 5.0%. The growth of the agricultural risks segment (+7.8%) should also be noted. The motor insurance segment posted a moderate increase (+0.3%), in a context of strong risk selection.

As at 31 December 2014, Amaline's premium income in property and casualty insurance amounted to €52 million (+14.4%).

Groupama Assurance-Crédit posted premium income of €38 million as at 31 December 2014, up 1.9% compared with the previous period, thanks to the net development of the portfolio.

Premium income for Mutuaide Assistance as at 31 December 2014 was up 11.6% at €94 million. This change was particularly related to the contribution of new policies by brokers and the growth in business related to the partnership with La Banque Postale (+€1.9 million).

Groupama Protection Juridique's premium income grew by 33.1% as at 31 December 2014 to €85 million, due to the steady development of banking partnerships.

Economic operating income in property and casualty insurance in France totalled -€56 million in 2014 compared with -€49 million in 2013. It is presented as follows:

Property and casualty insurance in France *(in millions of euros)*	31.12.2014		31.12.2013		2014/2013 change	
Gross premiums earned	3,191	100.0%	3,141	100.0%	50	1.6%
Underwriting expenses (policy servicing) - excluding claims management costs	(2,129)	-66.7%	(2,106)	-67.1%	(22)	-1.1%
Reinsurance balance	(229)	-7.2%	(219)	-7.0%	(10)	-4.5%
Underwriting margin net of reinsurance	**833**	**26.1%**	**815**	**26.0%**	**18**	**2.2%**
Net expenses from current underwriting operations	(926)	-29.0%	(900)	-28.7%	(25)	-2.8%
Underwriting income net of reinsurance	**(93)**	**-2.9%**	**(85)**	**-2.7%**	**(7)**	**-8.7%**
Recurring financial margin net of tax	33	1.0%	29	0.9%	4	14.8%
Other items	4	0.1%	7	0.2%	(4)	-51.6%
Economic operating income	**(56)**	**-1.8%**	**(49)**	**-1.6%**	**(7)**	**-14.3%**
Capital gains realised net of corporate income tax	31	1.0%	56	1.8%	(25)	-44.6%
Allocations to provisions for permanent impairment net of corporate income tax	(6)	-0.2%		0.0%	(6)	
Gains or losses on financial assets recognised at fair value net of corporate income tax	5	0.2%	9	0.3%	(4)	-44.4%
Other operations net of corporate income tax		0.0%	(8)	-0.3%	8	NA
GROUP NET INCOME	**(27)**	**-0.8%**	**8**	**0.3%**	**(35)**	**<-100%**

In France, net underwriting income (gross premiums earned – gross underwriting expenses – net expenses from current underwriting operations and reinsurance balance) decreased by €7 million over the period. The net combined ratio amounted to 102.9% in 2014 compared with 102.7% in 2013 up slightly by 0.2 points over the period. As previously mentioned, fiscal year 2014 was marked by the increase in the weight of serious claims partially offset by the decline in weather claims, which, despite everything, remain high compared with the average observed over a long period.

The following key items should be noted as at 31 December 2014:

- Groupama SA, the Group's internal reinsurer posted a net underwriting income up €15 million compared with 2013. The improvement in the weather loss experience is particularly behind the decline in the current loss experience of -2.6 points. Only serious claims had a more mixed year with growth of more than €100 million. Reserves releases on prior fiscal years were down in relation to 2013;
- the property and casualty combined net ratio of Gan Assurances was up 1.7 points compared with 2013. This change is related to a sharp decrease in surpluses on prior years compared with 2013. However, the current loss experience ratio decreased by 1.4 points to 68.5% in 2014 and is explained by the decrease in the weight of serious claims (-1.6 points), particularly in passenger vehicles and fleets as well as the current loss experience excluding serious and weather claims (-0.1 points), with the proportion of weather claims up 0.9 points. The operating costs ratio was down by 0.5 points over the period at 30.0%;
- property and casualty insurance was impacted in 2014 (like in 2013) by the effect of a decline in rates representing an expense of -€49 million versus -€68 million in 2013.

In France, the recurring financial margin (after tax) in the property and casualty insurance business amounted to €33 million, up very slightly over the period.

The other items particularly include the other non-technical income and expenses, tax on recurring income, the results for companies under the equity method and minority interests. The growth of this item is related to the sharp increase in the tax expense because of the improvement in underwriting income.

In France, net income amounted to -€27 million in 2014 versus +€8 million in 2013. This result includes a decline in the non-recurring financial margin of -€35 million mainly due to lower levels of realised capital gains.

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(b) Life and health insurance

	L&H France		
Premium income *(in millions of euros)*	31.12.2014	31.12.2013	Change%
Groupama Gan Vie	3,358	3,669	-8.5%
Groupama SA	445	584	-23.7%
Gan Assurances	155	159	-2.4%
Amaline Assurances	7	7	4.0%
Other entities [1]	10	14	-26.4%
TOTAL	**3,976**	**4,432**	**-10.3%**

(1) Including AssuVie.

Life and health insurance premium income (55.7% of premium income in France) fell by 10.3% to €3,976 million. Group premium income for life and capitalisation fell by 9.3% in a market that posted an increase of 8% at the end of December 2014 (source FFSA). This change in line with the Group's strategy is mainly attributable to the directed decrease in individual savings/retirement business in euros (-17.7% to €1,249 million). Unit-linked premium income in individual savings/retirement increased sharply by 20.3% compared with the end of December 2013. After taking into account arbitrage operations (euros for unit-linked for €261 million) on Fourgous transfers (€297 million) and unit-linked net inflows (€288 million), the rate of actuarial reserves in individual savings is now 17.6% (compared with 13.3% as at 31 December 2013).

Premium income in health and bodily injury as at 31 December 2014 was down by 12% compared with 31 December 2013. This change is mainly attributable to the decline posted by the health segment due to an adaptation of the reinsurance treaty resulting in a decrease in the share ceded by the regional mutuals.

The Group's net inflows in France were negative at -€1,373 million as at 31 December 2014 compared with -€1,193 million over the previous period. This change is mainly related to the decline in premium income in savings invested in euros, leading to a savings inflow in euros down by €185 million. However, unit-linked net inflows increased by €45 million to €282 million in 2014. Note that surrender rates were stable compared with 2013 and slightly lower than those observed on the market.

The networks comprising Groupama Gan Vie posted a -8.5% decline in premium income as at 31 December 2014, totalling €3,358 million. By business line, Groupama Gan Vie's premium income was mostly generated in individual insurance (66.0%), with written premiums amounting to €2,215 million. Premium income in individual savings/retirement in euros declined by -17.7% to €1,238 million, whereas unit-linked premiums were up by +20.3% at €515 million, in connection with the commercial policy favouring development toward these solutions. The unit-linked share in individual savings premium income was 38.1% versus 28.6% as at 31 December 2013. As mentioned previously, unit-linked outstandings in individual savings represented 17.6% of total outstanding as at 31 December 2014 versus 13.3% as at 31 December 2013. Note that in addition to premium income, Groupama Gan Vie managed Fourgous transfers (not recognised in premium income) for €745 million (including €297 million in unit-linked investments) as well as arbitrages of euro funds of multi-component for unit-linked amounting to €261 million. Group insurance (34% of the business) decreased by -9.7% to €1,143 million particularly related to the implementation of a policy favouring technical balances. In addition, the network was strongly focused on developing Group health in 2014. On this niche, approximately 5,000 new policies were underwritten, mainly as part of the National Interprofessional Agreement (ANI).

The breakdown of Groupama Gan Vie entity's premium income by network is as follows:

(in millions of euros)	31.12.2014	31.12.2013	2014/2013 Change
Regional mutuals	1,032	1,153	-10.5%
Insurance agents	911	1,006	-9.5%
Brokerage	686	738	-7.0%
Gan Patrimoine	196	209	-6.4%
Gan Prévoyance	532	564	-5.7%
Réunima	3	(1)	N/A
TOTAL	**3,358**	**3,669**	**-8.5%**
Individuals	2,215	2,402	-7.8%
of which savings/pensions in €	1,238	1,504	-17.7%
of which unit-linked savings/pensions	515	428	20.3%
Groups	1,143	1,266	-9.7%
TOTAL	**3,358**	**3,669**	**-8.5%**

Premium income of the network of regional mutuals amounted to €1,032 million as at 31 December 2014, down -10.5% compared with the previous period. In individual insurance, business amounted to €987 million because of the decline in individual savings in euros (-24%), whereas unit-linked premium income in individual savings increased by +22% over the period, in connection with the orientation of the business. Also note that Fourgous transfers amounted to €577 million as at 31 December 2014 including €219 million invested in UL. Arbitrage of euro funds for UL amounted to €138 million in 2014. Group insurance premium income totalled €45 million as at 31 December 2014, compared with €57 million over the previous period.

The agent network posted premium income of €911 million as at 31 December 2014, down 9.5% compared with 31 December 2013. Written premiums in individual insurance also decreased under the effect of the decrease in premium income of the individual savings segment in euros (-19.5%), whereas unit-linked premium income in individual savings increased by +10.3% over the period. This network benefited from Fourgous transfers of €13 million as at 31 December 2014, including €5 million invested in UL. Arbitrage of euro funds for UL amounted to €21 million in 2014. The Group insurance activity decreased by -12.4%, under the effect of the decline particularly in the pension branches (-24.8%). Conversely, the network underwrote 5,000 Group health policies related to the ANI.

The brokerage network's premium income amounted to €686 million as at 31 December 2014, down -7.0% compared with 31 December 2013, mainly under the effect of the decrease in business on the Group retirement and Group inward reinsurance segments.

The Gan Patrimoine network's premium income was down -6.4% and amounted to €196 million as at 31 December 2014. Like for the other networks, this decrease is related to the decline in the individual savings branch in euros, whereas unit-linked premium income increased sharply on this segment (+13.3%). The amount of Fourgous transfers was high at €155 million as at 31 December 2014 including €73 million invested in UL. Arbitrage of euro funds for UL amounted to €102 million in 2014.

Gan Prévoyance's commercial network saw a decrease of -5.7% in its business. It contributed €532 million to the Group's premium income as at 31 December 2014, under the effect of decreased individual savings/pensions premiums, despite the +33.9% increase in UL premium income.

Groupama SA's life and health insurance premium income totalled €445 million as at 31 December 2014, compared with €584 million over the previous period. This change was the consequence of the modification of the health segment's reinsurance rate.

The premium income in life and health insurance (individual health) of Gan Assurances amounted to €155 million as at 31 December 2014. It declined -2.4% over the period.

The Caisses Fraternelles earned €5 million in premium income as at 31 December 2014, down -30.7% compared with the previous period following the run-off of Caisse Fraternelle Épargne.

The discontinued business of the subsidiary Assu-Vie continued to decline (-12.1%) compared with 31 December 2013. Its premium income (consisting only of periodic premiums in run off) amounted to €5 million as at 31 December 2014.

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In life and health insurance, economic operating income in France was €10 million in 2014 compared with -€12 million in 2013.

Life and health insurance in France *(in millions of euros)*	**31.12.2014**		**31.12.2013**		**2014/2013 change**	
Gross premiums earned	3,985	100.0%	4,432	100.0%	(447)	-10.1%
Underwriting expenses (policy servicing) - excluding claims management costs	(3,263)	-81.9%	(3,603)	-81.3%	341	9.5%
Reinsurance balance	(16)	-0.4%	(20)	-0.5%	4	20.1%
Underwriting margin net of reinsurance	**707**	**17.7%**	**809**	**18.3%**	**(102)**	**-12.7%**
Net expenses from current underwriting operations	(876)	-22.0%	(987)	-22.3%	112	11.3%
Underwriting income net of reinsurance	**(169)**	**-4.2%**	**(179)**	**-4.0%**	**9**	**5.2%**
Recurring financial margin net of profit sharing and tax	130	3.3%	101	2.3%	29	29.0%
Other items	49	1.2%	65	1.5%	(17)	-25.3%
Economic operating income	**10**	**0.3%**	**(12)**	**-0.3%**	**22**	**>100%**
Capital gains realised net of corporate income tax and profit sharing	104	2.6%	295	6.7%	(191)	-64.7%
Provision for write-downs for permanent impairment net of corporate income tax and profit sharing	(1)	0.0%		0.0%	(1)	
Gains or losses on financial assets recognised at fair value net of corporate income tax and profit sharing	(14)	-0.4%	7	0.2%	(21)	<-100%
Other operations net of corporate income tax		0.0%	(34)	-0.8%	34	NA
GROUP NET INCOME [(1)]	**98**	**2.5%**	**256**	**5.8%**	**(158)**	**-61.7%**

(1) Including Cegid's equity-method income.

Underwriting income net of reinsurance improved by +€9 million. The net combined ratio in health and other injuries declined by -3.2 points to 100.9% in 2014, a +€54 million improvement of underwriting income attributable to the decrease in costs. In life/capitalisation, underwriting income decreased by €45 million due to non-recurring transfers of reserves for profit sharing to actuarial reserves. Operating costs in life and health insurance decreased by -11.3% over the period, a decrease of €112 million.

On Groupama Gan Vie, the underwriting margin (excluding costs) of individual insurance increased by +€3 million in 2014 particularly under the effect of the increase in the current underwriting margin (+€2 million) thanks to the significant increase in mark-ups on UL outstandings (+15.1 million) offset in large part by the decrease in mark-ups on euro premiums (-€4.8 million), lower mark-ups on Fourgous transfers (-€1.7 million), and the decline in the loss experience of additional guarantees (-€6.8 million) particularly in savings/pensions.

In Groupama Gan Vie's Group insurance, the underwriting margin (excluding costs) declined (-€32 million excluding exceptional items) under the effect of lower mark-ups on premiums (-€14.8 million) in connection with the change in premium income and a decrease in current underwriting margins (-€10.4 million) resulting from the deterioration of the margin in protection (-€21.9 million) due to the increase in the loss experience in death and work stoppage (mainly in the Gan Eurocourtage network) and despite the recovery in health (+€11.1 million) due to the favourable growth in the loss experience.

The individual life and health insurance net underwriting income of the entity Groupama SA was down with a current loss experience ratio that decreased by +1.9 points over the period. This decline in underwriting income is attributable to health.

Recurring financial margin (net of profit sharing and taxes) increased by €29 million over the period.

In France, net income from life and health insurance amounted to +€98 million as at 31 December 2014 compared with +€256 million in 2013. The 2014 non-recurring financial margin (realised capital gains, allocations to long-term impairment reserves, and gains or losses on financial assets recognised at fair value) amounted to +€89 million, down compared with 2013 because of the lower externalisations of gains on disposal over the period.

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5.1.4.4 International activity and earnings

International premium income *(in millions of euros)*	31.12.2014 L&H	31.12.2014 P&C	31.12.2014 Total	31.12.2013 *Pro forma* L&H	31.12.2013 *Pro forma* P&C	31.12.2013 *Pro forma* Total
Italy	**557**	**1,039**	**1,596**	**365**	**1,067**	**1,432**
Greece	**58**	**88**	**146**	**60**	**92**	**152**
Turkey	**81**	**325**	**406**	**71**	**303**	**374**
Countries of Central and Eastern Europe	**198**	**284**	**482**	**189**	**285**	**474**
of which Hungary	182	133	314	174	129	303
of which Romania	12	148	160	11	153	164
of which Bulgaria	4	3	7	5	3	8
Portugal	**51**	**7**	**58**	**46**	**8**	**54**
Gan Outre-Mer	**8**	**91**	**99**	**8**	**97**	**105**
TOTAL	**953**	**1,835**	**2,788**	**740**	**1,851**	**2,591**

The Group's consolidated premium income abroad was €2,788 million as at 31 December 2014, up +7.6% from 31 December 2013.

Property and casualty insurance premium income totalled €1,835 million as at 31 December 2014, a -0.9% decrease compared with the previous period. This change was mainly related to the downturn in motor insurance, which represents 65% of written premiums in property and casualty insurance. It decreased -4.2% because of macroeconomic conditions or difficult markets in certain countries (Italy, Turkey in particular). The good performance of the agricultural business lines (21.1%), mainly in Turkey, and, to a lesser extent, in business protection (+4.5%) offset part of this change.

Life and health insurance premium income grew by 28.9% to €953 million. The individual life and health insurance segment was up 34.2% under the effect of the growth of premium income in the individual savings/pensions segment (+46.7% mainly in Italy thanks to the success of various commercial actions with the own network and partner banks). Group life and health insurance increased +4.2%, with the growth in the Group protection (+9.7%) and Group health (+15.9%) segments being mitigated by the decline in the Group retirement segment (-7.9%).

The economic operating income on the international scope decreased by -€7 million to +€48 million as at 31 December 2014.

The property and casualty combined net ratio of subsidiaries abroad amounted to 101.9%, up +1.0 point compared with 31 December 2013. The gross loss experience ratio increased by +2.2 points to 68.3% because of the weight of serious claims in Italy and Turkey, while the subsidiaries in Romania and Hungary saw a strong improvement in their underwriting margin, particularly in automotive. The reinsurance ratio improved by -1.8 points, mainly because of the transfer of two serious claims in Turkey. Despite the decline in operating costs in value, the ratio decreased by +0.7 points to 30.1% due to the contraction of earned premiums.

The stability of underwriting income in life and health insurance conceals the decline in underwriting income of the health and bodily injury businesses (-€1.2 million) and the increase in the underwriting income of the life and capitalisation businesses (+€1.5 million).

The recurring financial margin, which amounted to €80 million, remained relatively stable compared with 31 December 2013.

International economic operating income also included the share of the equity-method income of -€6 million as at 31 December 2014 versus -€7 million in 2013.

Economic operating income *(in millions of euros)*	31.12.2014	31.12.2013	Change
Italy	**16**	**60**	**(44)**
Greece	**10**	**10**	**0**
Turkey	**1**	**(17)**	**19**
Portugal	**0**	**0**	**0**
Countries of Central and Eastern Europe	**15**	**6**	**9**
Hungary	13	14	0
Romania	2	(9)	11
Bulgaria	0	1	(1)
Great Britain	**4**	**3**	**1**
Gan Outre-Mer	**7**	**1**	**6**
Equity-method entities	**(6)**	**(7)**	**1**
Tunisia (STAR)	3	2	2
Turkey (Günes)	2	(13)	15
China (AVIC)	(12)	5	(16)
TOTAL	**48**	**55**	**(7)**

Net income from international insurance amounted to €73 million as at 31 December 2014 compared with €37 million as at 31 December 2013. The 2014 income includes the depreciation of securities in the portfolio for -€11 million but posted an increase in bond capital gains in Italy, resulting from asset arbitrage in this subsidiary.

The breakdown of net income, by entity, is as follows:

Net income *(in millions of euros)* (1)	31.12.2014	31.12.2013
Italy	**28**	**23**
Greece	**9**	**8**
Turkey	**11**	**6**
Portugal	**1**	**0**
Central and Eastern European countries	**19**	**3**
of which Hungary	16	11
of which Romania	3	(9)
of which Other	0	1
Great Britain	**4**	**3**
Gan Outre-Mer	**8**	**1**
Equity-method entities	**(6)**	**(7)**
Tunisia (STAR)	3	2
Turkey (Günes)	2	(13)
China (Groupama AVIC)	(12)	5
TOTAL	**73**	**37**

(1) Excluding income from the holding business.

All fully consolidated international subsidiaries posted a positive contribution to the Group's income in 2014.

(a) Italy

Premium income for the Italian subsidiary Groupama Assicurazioni increased +11.5% to €1,596 million as at 31 December 2014.

Property and casualty insurance premium income decreased by -2.6% to €1,039 million. This change is related to the motor insurance activity, which represents 77% of written premiums in property and casualty insurance and posted a decline of -5.0%. Actions to win back business made it possible to post growth of 15,400 vehicles, but their effect has not yet been fully reflected in the premium income. Change in the business was also supported by the growth of the business protection segment (+5.0% due to the increase in the net balance of production: +10,900 policies) and the housing segment (+7.5% thanks to the development of the portfolio: +15,000 policies).

The life and health insurance business (€557 million) posted a sharp increase of +52.7%, driven by the growth of the individual savings/pensions segment (+74.4%), who benefited from the success of marketing campaigns particularly through the bank's partners.

Groupama Assicurazioni's economic operating income totalled +€16 million in 2014, down -€44 million compared with 31 December 2013.

The combined ratio in property and casualty insurance amounted to 103.8%, up +5.9 points compared with 31 December 2013. This adverse change is mainly explained by a significant increase in the current loss experience (+5.8 points to 76.0%), particularly under the effect in automotive of the increase in serious claims and the pressure on prices (decrease in the average premium) in a very competitive market. Despite the good control of operating costs in terms of value, the ratio was up by +1.6 points to 27.6% due to the decline in earned premiums, but also because 2013 was marked by non-recurring income reducing costs for €9.5 million.

In life and health insurance, net underwriting income was up +€1.1 million thanks to non-life insurance, reaching -€1.4 million as at 31 December 2014. The combined ratio decreased by 3.8 points to 93.2%, mainly due to the favourable effect of liquidations on previous fiscal years. In life, the development of marketing of savings products through the banking channel is characterised by margin levels a little lower than on proprietary networks.

The entity's contribution represented a profit of €28 million in 2014, up +€5 million compared with 31 December 2013. This contribution includes the depreciation of securities in the portfolio (-€10 million after tax) and the realisation of capital gains for €40.5 million, compared with €33.1 million in the same period in 2013.

(b) Turkey

Premium income for the Turkish subsidiaries Groupama Sigorta and Groupama Emeklilik, increased by 8.7% to €406 million as at 31 December 2014.

Property and casualty insurance premium income (€325 million) increased by +7.3%. The agricultural risks segment (including Tarsim) increased by +32.6% mainly through the agriculture cooperative network TKK. The good performance posted by the business protection segment (+18.5%) should also be noted. However, these favourable developments are mitigated by the decline in the motor insurance segment (-5.2%, mainly under the effect of increased competition since the elimination of the minimum rate of the regulator and a very selective underwriting policy in civil liability). The subsidiary also posted 2.8% growth in the number of policies on the CASCO segment, which is the most profitable.

The life and health insurance business (€81 million) increased by +15.1%, mainly under the effect of the growth of the individual health segment (+26.6% thanks to the good performance of the branches, which benefited from a new regulation requiring foreign residents to take out health insurance). The Group protection segment increased by +13.2% and benefited from the increase in production in the agriculture cooperative network TKK.

Economic operating income for Groupama Sigorta and Groupama Emeklilik increased sharply to €1 million as at 31 December 2014 compared with a loss of -€17 million as at 31 December 2013.

The combined ratio of the property and casualty insurance business declined by -5.6 points to 106.0% as at 31 December 2014. The current gross loss experience rate increased sharply by +20.9 points due to two industrial claims that are significant in size (accounting for 16.3 points) but, after reinsurance, have a limited impact on the subsidiary's underwriting income (expense of approximately €7 million). The improvement of net loss ratio is mainly explained by more favourable income over prior years, especially in civil liability. The operating cost ratio improved by -3.6 points to 21.5%.

Underwriting income in life and health insurance, close to balance as at 31 December 2013, represented a profit of €2.1 million as at 31 December 2014. This positive development resulted from the increase in the underwriting income in borrower insurance and individual protection, particularly thanks to the improvement of the loss experience and favourable liquidations of reserves over prior fiscal years.

The net income of the Turkish subsidiaries (excluding Günes) represented a profit of €11 million, up +€5 million compared with 31 December 2013. The non-recurring financial margin was down by €19 million in 2014, given the disposals of property assets and equity interests in 2013.

(c) Greece

The premium income of Groupama Phoenix, which operated in a very difficult market as at 31 December 2014, decreased by -3.9% compared with the previous period to €146 million.

The property and casualty insurance business was down -3.8% at €88 million. The business protection segment declined by -22.6% due to a change in policy fee method, which is now quarterly with the brokers. Home insurance was down (-9.2%) because of the decrease in production with historical banking partner. However, the growth in the motor insurance segment (+1.5% in a declining market) mitigated this change. The subsidiary benefited from the development of the business through the network of brokers.

Life and health insurance premium income decreased (-4.1%) to €58 million. The Group retirement segment decreased by -34.6% in connection with the termination of a major policy in 2013 and the freezing of employers' contributions on other policies. However, this change was mitigated by the growth in the individual savings/pensions segment (+31.7%), which benefited from the success of marketing campaigns on unit-linked.

Economic operating income of Groupama Phoenix remained stable over the period at €10 million.

In property and casualty insurance, the combined ratio amounted to 86.0%, up 3 points compared with 31 December 2013. Despite this increase, this level of combined ratio reflects the rigour of the monitoring of the portfolio and the quality of the underwriting. The loss experience rate decreased by +3.6 points to 33.0% due to serious claims that occurred in 1st quarter 2014 in the fire segment. The loss experience of the automotive segment increased slightly due to the decline in liquidation surpluses in casualty. The operating

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cost ratio increased by +2.3 points to 44.9% under the effect of the decline in earned premiums.

The underwriting income in life and health insurance was down at -€5 million under the effect of the decline in income in health and a replenishing of reserves in protection insurance.

The net income of the Greek subsidiary amounted to €9 million compared with €8 million as at 31 December 2013.

(d) Hungary

Premium income for the subsidiary Groupama Biztosito in Hungary amounted to €314 million as at 31 December 2014, up +3.7% compared with 31 December 2013.

Written premiums in property and casualty insurance increased by +2.7% to €133 million as at 31 December 2014, driven by the good performance of the fleet segments (+44.5% under the effect of a development of the portfolio while maintaining tight underwriting criteria). The motor insurance segment revived with growth and posted an increase of +1.8%. However, these good performance levels are diminished by the downturn in the agricultural business lines segment (-7.8%).

In individual life and health insurance, premium income amounted to €182 million, an increase of 4.4%, in connection with the growth in premiums in individual savings/pensions (4.2%), which benefited from the success of unit-linked campaigns conducted during the fiscal year.

Groupama Biztosito's economic operating income remained stable at €13 million.

The combined ratio of property and casualty insurance improved by -1.4 points to 102.4% as at 31 December 2014. The loss experience rate decreased slightly (-0.8 points to 46.5%) because of a more favourable loss experience particularly in automotive (decrease in frequency and average cost), offsetting the impact of the weight of serious claims that weighed on the loss experience. The ratio of operating costs improved by -0.4 points to 51.6% (including the tax on insurance policies).

Underwriting income in life and health insurance improved by +€3 million compared with 31 December 2013 thanks to the growth of the individual savings segment in UL (life insurance).

The Hungarian subsidiary's net income amounted to €16 million as at 31 December 2014 compared with €11 million as at 31 December 2013.

(e) Romania

Premium income for the Romanian subsidiary Groupama Asigurari decreased by -2.2% to €160 million as at 31 December 2014.

The property and casualty insurance business (€148 million) decreased by -0.8% (excluding the financial losses segment in run off). Note that the motor insurance segment (nearly 70% of premiums in property and casualty insurance) decreased by -0.5%, including an increase of +2.0% on the casualty segment in connection with the service quality offered and new distribution agreements signed during the fiscal year and a decline of 7.4% in civil liability (the subsidiary did not wish to follow the market's price war). It should be noted that the automotive civil liability portfolio stabilised at the end of 2014 after a sharp decline in 2013.

Premium income in life and health insurance (€12 million) increased by +12.5% over the period, mainly under the effect of the development of the health segment, in connection with the signing of major Group policies.

Groupama Asigurari's economic operating income represented a profit of €2 million as at 31 December 2014 compared with a loss of -€9 million in 2013.

In property and casualty insurance, the combined ratio improved by -8 points to 101.1% as at 31 December 2014. The loss experience rate declined by -8.7 points (to 59.7%) thanks to the efforts undertaken by the subsidiary to improve the underwriting profitability of the automotive segment, particularly in civil liability. The current loss experience of the automotive segment thus decreased by -7.5 points to 77.6% in 2014. Despite the sharp decline in general expenses, the operating cost ratio remained stable at 38.0% due to the decline in earned premiums.

The underwriting income of life and health insurance continued to growth while remaining close to balance thanks to the good performance of individual protection in life insurance.

The Romanian subsidiary's net income represented a profit of €3 million compared with a loss of -€9 million as at 31 December 2013.

(f) Bulgaria

In Bulgaria, premium income of the subsidiaries Groupama Zastrahovane and Groupama Jivotozastrahovane decreased by -2.5% to €7 million as at 31 December 2014. Life and health insurance decreased by -10.4% to €4 million because of the lack of a UL campaign over the fiscal year. Property and casualty insurance (€3 million) increased by +9.7% over the period thanks to the success of a commercial campaign in motor insurance in the second half of 2014 (5,000 policies at the end of 2014).

The contribution of Bulgarian subsidiaries was -€0.2 million versus a profit of €1.2 million as at 31 December 2013. Harsh weather during the third quarter of 2014 deteriorated the non-life underwriting income.

(g) Portugal

Premium income of the subsidiaries in Portugal was up +8.1% at €58 million as at 31 December 2014. In life and health insurance, written premiums increased by +10.1% to €51 million, particularly due to the increase in written life insurance policies (+12.1%). This change is mainly explained by the growth of the individual savings/pensions segment (+34.0%), which benefited from the growth on zero-rate products (including a few exceptional premiums for €1.5 million recognised at the beginning of 2014). The good performance levels of the Group retirement (+8.6%) and Group health (+11.7% because of the development of new business) segments should also be noted. Premium income from property and casualty insurance (€7 million as at 31 December 2014) was down by -3.8%, under the effect of the decline in motor insurance (-4.5%), which suffered from difficult market conditions.

Net income of the Portuguese subsidiaries amounted to €0.5 million compared with €0.1 million in 2013. In particular, non-life insurance benefited from a sharp decline in serious claims, which improved the combined ratio by -8.1 points to 102% as at 31 December 2014.

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(h) Gan Outre-Mer

Premium income for Gan Outre-Mer decreased by -5.3% to €99 million as at 31 December 2014. The property and casualty insurance business was down -5.7% over the period and amounted to €91 million. The decline in the motor insurance (-7.2%) and business protection (-8.6%) segments explains this change because of the difficult economic environment and the selective underwriting policy put in place. Life and health insurance premium income (individual health) remained stable over the period at €8 million.

Economic operating income for Gan Outre-Mer totalled €7 million in 2014 compared with €1 million over the previous period. Net underwriting income in property and casualty insurance increased by +€14 million with a combined net ratio at 87.9%, an improvement of 15.3 points. As a reminder, fiscal year 2013 incorporated deficits on prior years in the Pacific.

Gan Outre-Mer's net income totalled +€8 million in 2014, compared with +€1 million in 2013.

(i) Great Britain

Groupama UK (which exclusively handles insurance brokerage businesses) contributed €4 million to income as at 31 December 2014, an increase compared with 2013 thanks in particular to the improvement of the income of its subsidiary Bollington.

(j) Tunisia

The equity-method income of the Tunisian subsidiary STAR (number 1 insurance company on the Tunisian market) amounted to €3.4 million against €1.5 million as at 31 December 2013.

(k) China

The contribution of the Chinese equity-method subsidiary Groupama AVIC amounted to -€12 million versus €5 million as at 31 December 2013, mostly due to a high-intensity drought in the north-east of the country, which weighed on the agricultural segment's underwriting income.

(l) Günes Sigorta (Turkey)

This Turkish equity-method entity's contribution was €2 million compared with a loss of €13 million as at 31 December 2013.

5.1.4.5 Financial and banking businesses

Premium income *(in millions of euros)*	31.12.2014	31.12.2013
Groupama Banque	154	142
Asset management	123	121
Employee savings scheme	5	6
TOTAL	**282**	**268**

NBI *(in millions of euros)*	31.12.2014	31.12.2013
Groupama Banque	65	87
Asset management	119	112
Employee savings scheme	11	11
TOTAL	**194**	**210**

(in millions of euros)	31.12.2014	31.12.2013	2014/2013 change	
Net banking income, net of cost of risk and long-term financial instruments	211	210	1	0.3%
Cost of risk	(6)	(4)	(2)	-60.1%
Other operating income and expenses and non-underwriting current income and expenses	(181)	(188)	6	3.3%
Other items	(7)	(6)	(2)	-26.7%
Recurring income tax	(7)	(6)	(2)	-27.2%
Economic operating income	**16**	**13**	**3**	**23.1%**
Gains or losses on financial assets recognised at fair value net of corporate income tax	(11)		(11)	
Other operations net of corporate income tax	(2)	(7)	5	75.7%
GROUP NET INCOME	**4**	**6**	**(2)**	**-40.0%**

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(a) Groupama Banque

At 31 December 2014, Groupama Banque's premium income increased by +8.6% to €154 million. Net banking income before long-term financial instruments was down 6.9% at €81 million. This change is mainly explained by the decline in the intermediation margin in an environment of low rates and by an increase in the network's retrocession commissions.

The economic operating income was a loss of -€9 million in 2014 compared with -€5 million in 2013.

The cost of risk fell by -€2 million over the period while remaining at a satisfactory level compared with peers.

Operating expenses were down -2.8% in 2014 mainly because of the reduction of personnel expenses (decreases in headcounts following the redundancy plan).

Groupama Banque's net income was a loss of -€21 million in 2014 compared with -€6 million in 2013. The 2014 income incorporates an expense of -€16 million (before tax) related to the fair-value valuation of hedging instruments resulting from the decline in interest rates.

(b) Asset management

Groupama Asset Management's premium income increased by +1.5% to €123 million as at 31 December 2014, mainly under the effect of the increase in indexed management commissions on assets managed by the entity, which amounted to €91.4 billion as at 31 December 2014, up +8.2% compared with 31 December 2013. This change is mainly explained by the market performance effect.

Groupama Asset Management's economic operating income amounted to +€22.5 million in 2014 versus +€17 million in 2013. The entity's net income amounted to €22.5 million in 2014 compared with €11 million in 2013. As a reminder, net income in 2013 included an exceptional expense related to the relocation of the company.

(c) Groupama Épargne Salariale

Groupama Épargne Salariale's premium income amounted to €5.4 million as at 31 December 2014 versus €5.7 million over the previous period, owing to the decline in account maintenance fees related to the termination of two policies. Net banking income increased by +1.4% to €11 million.

The net income was €0.5 million in 2014.

(d) Groupama Immobilier

The economic operating income of Groupama Immobilier, the Group's real estate asset management subsidiary, totalled +€1.6 million in 2014, compared with +€2.5 million in 2013. This decrease is particularly attributable to the decrease in management fees following arbitrage operations on property assets as well as assistance and consulting fees.

5.1.4.6 Groupama SA and holding companies

(in millions of euros)	31.12.2014	31.12.2013	2014/2013 change	
Other operating income and expenses and non-underwriting current income and expenses	(107)	(121)	15	12.2%
Groupama SA operating expenses	(99)	(110)	11	10.0%
Other expenses	(8)	(12)	4	31.7%
Recurring financial income (after corporate tax)	27	37	(10)	-27.4%
Other items	4	(4)	7	>100%
Recurring income tax	86	87	(1)	-1.4%
Financing expenses	(83)	(91)	9	9.5%
Economic operating income	**(76)**	**(88)**	**12**	**13.6%**
Capital gains realised net of corporate income tax		1	(1)	NA
Allocations to provisions for permanent impairment net of corporate income tax		(4)	4	NA
Gains or losses on financial assets recognised at fair value net of corporate income tax	(53)	(24)	(29)	<-100%
Other operations net of corporate income tax	(3)	(7)	4	57.1%
GROUP NET INCOME	**(132)**	**(122)**	**(10)**	**-8.2%**

As a reminder, Groupama SA is the parent company of the Group. It serves as a holding company and thus directs the operating activities of the combined Group. It is the focal point for internal and external financing. The expenses allocated to that activity correspond to the share of costs and expenses of general management, functional departments and shared, non-underwriting expenses.

The economic operating income of the holding companies amounted to -€76 million in 2014 compared with -€88 million in 2013. This change resulted from several factors:

- a decrease in holding costs of €15 million;
- a decrease in recurring financial income of €10 million;
- a decrease in financing expenses of €9 million.

The net income of holding companies was a loss of -€132 million in 2013 compared with -€122 million in 2013. This income incorporates the change in fair value of certain bonds issued by Groupama SA recognised in income for -€45 million (compared with €24 million in 2013). The environment of low rates weighs on the valuation of these bonds, which are protected by a hedging instrument.

The summary of the Group's net income is broken down as follows:

Net income *(in millions of euros)*	**31.12.2014**	**31.12.2013**
Total Insurance - France	66	261
Total Insurance - International	73	37
Banking and financial businesses	4	6
Holding activities	(133)	(123)
Other	6	(47)
TOTAL GROUPAMA SA NET INCOME	**15**	**135**

5.1.4.7 Consolidated balance sheet

As at 31 December 2014, Groupama's balance sheet totalled €98.8 billion, compared with €91.4 billion in 2013, an increase of +8.1%. This increase in the balance sheet total is related to the revaluation of assets in an environment of low rates and the securities repurchase policy, which regained a normal level after a low point as at 31 December 2013.

(a) Goodwill

Goodwill amounted to €2.2 billion as at 31 December 2014, stable compared with 31 December 2013.

(b) Other intangible assets

Other intangible assets totalling €270 million as at 31 December 2014 (versus €328 million in 2013) are composed primarily of amortisable portfolio securities (€126 million) and computer software. The decrease in this item is particularly related to amortisation for the period.

(c) Investments (including unit-linked investments)

Insurance investments totalled €77.1 billion in 2014 compared with €69.6 billion in 2013, up +10.8%.

The Group's unrealised capital gains (including property) increased by +€5.6 billion to +€9.5 billion (compared with +€3.9 billion at the previous close), mainly because of the increase in unrealised capital gains on bonds given the decrease in rates.

By asset allocation, unrealised capital gains are broken down into +€7.3 billion on bonds, +€0.5 billion on equities, and €1.7 billion on property.

Unrealised capital gains on financial assets (excluding property) totalled +€7.8 billion, with +€1.2 billion attributable to shareholders (after profit sharing and taxes) versus €0.6 billion as at 31 December 2013. These amounts are recorded in the financial statements as a revaluation reserve. Unrealised property gains attributable to the Group (net of tax and deferred profit sharing) amounted to €0.4 billion as at 31 December 2014 and were stable compared with the previous period. The Group elected to account for investment and operating property according to the amortised cost method; therefore, unrealised property gains were not recorded in the accounts.

The equity share of total investments in market value was 6.6% (including 2.5% hedged) as at 31 December 2014 versus 8.2% (including 3% hedged) as at 31 December 2013 according to an economic view. This decrease is part of the derisking policy conducted by the Group.

(d) Shareholders' equity

As at 31 December 2014, Groupama consolidated shareholders' equity totalled €4.9 billion versus €3.8 billion as at 31 December 2013.

This change can be summarised as follows:

(in millions of euros)

SHAREHOLDERS' EQUITY AT 2014 OPENING	**3,816**
Change in revaluation reserve: fair value of AFS assets	5,523
Change in revaluation reserve: shadow accounting	(4,692)
Change in revaluation reserve: deferred tax	(239)
Partial exchange of the deeply subordinated instrument	(551)
Partial redemption of the deeply subordinated instrument	(20)
Issue of new 2024 perpetual subordinated instrument	1,100
Foreign exchange adjustment	8
Other	(77)
Income (Loss)	15
SHAREHOLDERS' EQUITY AS OF 31 DECEMBER 2014	**4,883**

Super-subordinated instruments and perpetual subordinated bonds respectively redeemed and issued in 2014 are documented as equity pursuant to IFRS accounting standards. The corresponding amount of equity was €1,529 million.

(e) Subordinated liabilities, financing and other debts

Total subordinated and external debt was €0.8 billion as at 31 December 2014 versus €1.9 billion in 2013.

As at 31 December 2014, subordinated debt amounted to €791 million versus €1,238 million as at 31 December 2013. This decline is related to the subordinated debt exchange carried out by Groupama SA in May 2014.

The Group's external debt (excluding subordinated debt) amounted to €30 million, compared with €683 million, as Groupama SA repaid its syndicated credit line with Royal Bank of Scotland for €650 million. A new €750 million credit line was syndicated in December 2014, but no funds have been drawn from this credit line.

(f) Technical reserves

Gross technical reserves (including deferred profit sharing) totalled €74.0 billion, compared with €69.0 billion as at 31 December 2013.

(g) Reserves for risks and charges

Reserves for risks and charges totalled €421 million in 2014, compared with €417 million in 2013, and were primarily made up of pension commitments under IAS 19.

5.1.5 SOLVENCY/DEBT

Adjusted solvency resulted in a coverage ratio of the solvency margin requirement as at 31 December 2014 of 253% compared with 200% as at 31 December 2013.

Groupama's debt-to-equity ratio, excluding revaluation reserves (including subordinated liabilities and minority interests) stood at 17.9% in 2014, compared with 42.2% in 2013. This change is explained by the repayment of the entire amount drawn on the existing credit line (€650 million).

5.1.6 RISK MANAGEMENT

Risk management is addressed in the internal control report.

5.1.7 FINANCIAL FUTURES POLICY

5.1.7.1 Interest rate risk

The purpose of the hedges that are implemented is to partially hedge the portfolios against the risk of interest rate increases.

This is made possible by converting fixed-rate bonds into variable-rate bonds ("payer swaps"). The strategy consists in transforming a fixed-rate bond into a variable-rate bond, either on a security held or on new investments. They are intended to permit asset disposals in the event of an increase in interest rates by limiting realisations of capital losses, either to pay benefits or to invest at higher rate levels.

Hedging programmes were gradually implemented on behalf of the life insurance companies as from 2005. In accordance with the approval of the Boards of Directors, the swap programme was supplemented in 2012 and partially extended to the Non-Life portion with a tactical management objective.

All over-the-counter transactions are secured by a "collateralisation" system with the Groupama SA's top-tier banking counterparties.

5.1.7.2 Foreign exchange risk

Ownership of international equities entails dollar and yen foreign exchange risk, which can be hedged through forward sales. These forward sales are terminated as the underlyings are disposed of or are renewed to hedge the residual underlyings.

The hedging of currency risk on the Hungarian forint was actively managed in 2014. The opportunities to hedge this risk will continue to be monitored in 2015.

As with interest rate risk, all OTC transactions are secured by a system of "collateralisation" with leading bank counterparties selected by Groupama SA.

5.1.7.3 Equity risk

After a significant reduction in the equity allocation over 2012 (€2 billion in equities sold), the Group's equity risk was actively managed in 2013 mainly through the disposal of listed participating securities (Eiffage and finalisation of the programme initiated in 2012 with Société Générale securities), greater geographical diversification of the main mutual funds, and optimisation of the allocation of hedged shares representing a little less than €2 billion as at 31 December 2013. This last strategy used derivatives housed in mutual funds or in structured equity products for hedging, which was increased at the beginning of 2013.

In 2014, the Group's equity risk continued to be actively managed mainly through:

- the divestment of listed equity securities of Compagnie de Saint Gobain for €450 million;
- the opportunistic divestment of equity mutual funds and protected equities for more than €900 million;
- continuation of a hedging policy on protected equity funds.

This last strategy uses derivatives housed in mutual funds for hedging.

5.1.7.4 Credit risk

In a tactical management strategy of the credit asset class, the Groupama Asset Management can be exposed or hedge credit risk by using forward financial instruments like Credit Default Swaps. This type of operation only involves assets managed through mutual funds.

5.1.8 ANALYSIS OF THE ANNUAL FINANCIAL STATEMENTS FOR THE FISCAL YEAR

5.1.8.1 Income (loss)

Total premiums written (net of conservation of mutuals exempt from approval) reached €2,187.3 million, down -5.7% compared with 2013 (€2,320.1 million). They came primarily from:

- contributions received from the regional mutuals (€1,939.4 million), down 129.0 million, or -6.2%;
- contributions ceded by the Group's subsidiaries (€112.8 million), down compared with 2013 (€120.3 million);
- as well as contributions related to other operations (direct business, professional pools, etc.) for €135.1 million, slightly up compared with 2013 (€131.3 million). This change is the combination of two elements: a significant decline in run-off activities (transport branches), *i.e.*, -€13.2 million, and the favourable effect of La Banque Postale IARD's reinsurance as part of the joint partnership (with written premiums representing €72.0 million, *i.e.*, growth of +€18.4 million).

Total premiums earned (net of conservation of mutuals exempt from approval) reached €2,198.0 million, down -5.8% compared with 2013.

Claims expenses (excluding claims management fees), annuities, and other underwriting reserves (net of conservation of mutuals exempt from approval) totalled -€1,540.7 million, a decrease of €85.9 million (-5.3%). This change came from:

- a decline in inward reinsurance from the subsidiaries, with expenses increasing by +€30.4 million, mainly due to two serious claims insured by the Turkish subsidiary (€30.8 million) and reinsured by Groupama SA;
- a significant decrease in the claims expense on run-off operations (-€35.8 million) (maritime branches, aviation pools);
- an increase in the claims expense correlated with the development of the La Banque Postale IARD business (+€21.3 million);
- an increase in the loss experience on the portfolio of regional mutuals of -€101 million, coming mainly from a net decrease in the weather loss experience (-€128 million).

The balance of outward reinsurance and retrocessions (excluding conservation of mutuals exempt from approval) was an expense of -€236.6 million, stable compared with 2013 (-€236.1 million).

After taking into account the commissions paid to ceding entities for €385.3 million, the net underwriting margin before general expenses was income of +€35.5 million, down -€26.9 million compared with 2013.

Groupama SA's total operating expenses were -€225.8 million, compared with €250.1 million in 2013, a substantial decrease of -€24.3 million (-9.7%).

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Given the financial results allocated by law to underwriting reserves (€4.0 million), Groupama SA's underwriting income in 2014 was a loss of -€191.3 million, compared with a loss of -€319.6 million in 2013.

Total financial income was positive at €6.7 million, compared with a net expense of -€256.2 million in 2013. This income mainly consists of dividends from subsidiaries (€184.2 million), income on other assets (€43.9 million), financial expenses mainly related to borrowings (-€216.9 million), capital gains from disposals net of write-backs of reserves on sold securities (+€10.8 million), and variations in financial reserves (-€13.6 million).

Exceptional income amounted to -€31.6 million, *i.e.*, a change of -€21.3 million related in particular to the change in pension commitments in an environment of low rates.

The "Taxes" item represents income of +€184.1 million, which includes tax savings realised by the Group from the tax consolidation, retained by Groupama SA in its capacity as head of the tax group (+€223.1 million). Note that the tax group of which Groupama SA is the consolidating entity, although benefiting from prior losses carried forward, generated a profit for tax purposes over the 2014 fiscal year and paid a tax of €50.7 million.

The net loss for the fiscal year was thus -€38.7 million, compared with a loss of -€338.3 million in 2013.

5.1.8.2 Balance sheet

The Groupama SA 2014 balance sheet totalled €11,389 million, down €39 million compared with 2013.

Shareholders' equity reached €2,280.2 million as at 31 December 2013, compared with €2,320.4 million as at 31 December 2013. The change in shareholders' equity for the fiscal year is mainly explained by the income for the fiscal year, which consisted of a loss of -€38.7 million.

Gross underwriting reserves reached €4,386.4 million, up €89.7 million compared with the end of 2013 (€4,296.6 million).

Underwriting reserves ceded and retroceded amounted to €940.8 million, down €102.4 million, including -€64.5 million on the Group quota share treaty.

Subordinated debts amounted to €2,320 million (versus €2,238 million at the end of 2013) following the debt refinancing operations mentioned in the significant events of fiscal year. Moreover, in December 2014, Groupama SA repaid its entire senior debt for €650 million.

The largest asset item on Groupama SA's balance sheet consists of investments, whose net book value was €9,672.8 million. Equity interests and related receivables represented 76.4% of total assets, divided between equity interests (€6,628 million) and intra-Group loans (€761 million).

In realisable value, Groupama SA investments (including long-term financial instruments) totalled €11,955 million, including unrealised capital gains of €2,198 million, primarily from intra-Group equity interests (€2,048 million).

5.1.8.3 Income for the year and proposed allocation

We recommend that you allocate the year's loss, in the amount of €38,744,754.48, to the retained earnings account with a credit of €359,938,101.59, which would thus reduce the credit amount to €321,193,347.1.

To meet the provisions of Article 243 bis of the French General Tax Code, note that the company distributed no dividend for the past three fiscal years.

5.1.9 INFORMATION REGARDING SHARE CAPITAL

5.1.9.1 Share ownership

In compliance with Article L. 233-13 of the French Commercial Code, and taking into account the information received pursuant to Articles L. 233-7 and L. 233-12 of said Code, we cite below the identity of the individuals and/or legal entities directly or indirectly holding, as at the close of the last fiscal year, more than one-twentieth, one-tenth, three-twentieths, one-fifth, one-quarter, one-third, one-half, two-thirds or nineteen-twentieths of the Company's share capital or voting rights at the General Meetings:

- Groupama Holding 90.96% of share capital and voting rights;
- Groupama Holding 2 8.99% of share capital and voting rights.

5.1.9.2 Employee shareholders

Pursuant to the provisions of Article L. 225-102 of the French Commercial Code, we note that the employees, former employees and officers of the Company held 0.05% of the share capital and voting rights of Groupama SA as at 31 December 2014.

5.1.10 INFORMATION REGARDING COMPANY OFFICERS

5.1.10.1 Directors' compensation

In accordance with the provisions of Article L. 225-102-1 of the French Commercial Code, we report below the gross total compensation and benefits of any kind paid to each Director during the fiscal year, both by the Company and by the companies controlled by the Company in the sense of Article L. 233-16 of the Commercial Code. During the year, payments were as follows:

- Mr Jean-Yves Dagès: gross annual compensation (including benefits in kind) paid by the Company to him in his capacity as Chairman of the Board of Directors: €320,453 (gross annual compensation of €259,200, retirement benefit of €35,251 and housing allowance of €26,002);
- Mr Jean-Marie Bayeul, Director until 17 June 2014: Directors' fees paid by the Company: €61,155 and Directors' fees paid by Groupama Holding: €22,140;
- Mr Michel Baylet: Directors' fees paid by the Company: €65,070 and Directors' fees paid by Groupama Holding: €44,280;

- Ms Annie Bocquet: Directors' fees paid by the Company: €62,325 and Directors' fees paid by Groupama Holding: €41,535;
- Mr Daniel Collay: Directors' fees paid by the Company: €62,325 and Directors' fees paid by Groupama Holding: €44,280;
- Mr Amaury Cornut-Chauvinc: Directors' fees paid by the Company: €76,050 and Directors' fees paid by Groupama Holding: €62,280;
- Ms Marie-Ange Dubost, Director since 31 July 2014: Directors' fees paid by the Company: €11,003 and Directors' fees paid by Groupama Holding: €16,590;
- Ms Caroline Grégoire Sainte Marie: Directors' fees paid by the Company: €87,503;
- Mr Michel L'Hostis: Directors' fees paid by the Company: €60,953 and Directors' fees paid by Groupama Holding: €44,280;
- Mr Jean-Louis Pivard: Directors' fees paid by the Company: €76,050 and Directors' fees paid by Groupama Holding: €62,280;
- Mr Bruno Rostain: Directors' fees paid by the Company: €76,050;
- Ms Odile Roujol: Directors' fees paid by the Company: €55,463;
- Mr François Schmitt: Directors' fees paid by the Company: €65,070 and Directors' fees paid by Groupama Holding: €62,280;
- Mr Thierry Martel: gross annual compensation (including benefits in kind) received for his duties as Chief Executive Officer within the Group: €982,139 (gross annual compensation €600,000, variable compensation €337,653, medical care, protection savings, death benefit and unemployment insurance for entrepreneurs and company owners and vehicle: €44,486) and retirement contract awarded to members of the Groupama SA Steering Committee;
- Mr Christian Collin: gross annual compensation (including benefits in kind) received for his duties as Chief Executive Officer within the Group: €805,435 (gross annual compensation €500,000, variable compensation €265,075, medical care, protection savings, death benefit and unemployment insurance for entrepreneurs and company owners and vehicle: €40,360) and retirement contract awarded to members of the Groupama SA Steering Committee.

Lastly, the cumulative gross annual compensation (including benefits in kind) for members of the Groupama SA Steering Committee totalled: €3,992,484, not including the Chief Executive Officer and the Deputy Chief Executive Officer, the amounts of which are indicated above. The total liability for retirement contracts as of 31 December 2014 was €24,825,577.

5.1.10.2 Terms of office and duties performed by Directors

A list of the duties and functions carried out during the year in all companies by the Chairman of the Board of Directors, the Directors, the Chief Executive Officer and the Deputy Chief Executive Officer appears in paragraphs 3.1.2 and 3.1.3.

5.1.10.3 Ratification of a Director's appointment

We propose ratifying the appointment of Ms Marie-Ange Dubost in her capacity as Director, which occurred at the meeting of the Board of Directors on 31 July 2014, to replace Mr Jean-Marie Bayeul, who resigned, for the remaining duration of his term of office, *i.e.*, until the Ordinary General Meeting convened in 2015 to approve the financial statements for the fiscal year ended 31 December 2014.

5.1.10.4 Renewal of nine board members' terms of office

We propose that you renew the term of office of the nine Directors representing the controlling shareholder, for a period of six years, *i.e.*, until the General Meeting convened in 2021 to approve the financial statements for the fiscal year that will end on 31 December 2020.

5.1.10.5 Advisory opinion on remuneration for the Company's Directors and officers

In accordance with the recommendations of the AFEP-MEDEF Code revised in June 2013 (Article 24.3), a code to which the Company refers in application of Article L. 225-37 of the Commercial Code, the following components of the compensation due or allocated to each Director and officer of the Company for the fiscal year now ended must be submitted for the opinion of the shareholders:

- the fixed portion;
- the annual variable portion with the objectives used to determine this variable portion;
- the multi-annual variable portion;
- stock options, restricted stock and any other long-term remuneration components;
- allowances relating to taking on or terminating duties;
- the supplemental pension scheme;
- benefits of any kind.

It is proposed that the General Meeting of 18 June 2015 (see resolutions 15, 16 and 17 in §7.3.2) issue an opinion on the components of the compensation due or allocated to each Director and officer of the Company for fiscal year 2014, namely:

- Jean-Yves Dagès, Chairman of the Board of Directors;
- Thierry Martel, Chief Executive Officer;
- Christian Collin, Deputy Chief Executive Officer.

The components of the remuneration due or allocated to each of these Directors and officers for fiscal year 2014 are contained in paragraphs 3.3.4.1 to 3.3.4.3.

5.1.11 FINANCIAL AUTHORISATIONS

Attached to this report, pursuant to Article L. 225-100, paragraph 7 of the French Commercial Code, is a summary table of the delegation of competence and authority granted by the Shareholders' Meeting to the Board of Directors to increase the share capital pursuant to Articles L. 225-129-1 and L. 225-129-2 of said Code.

1 2 3 4 5 6 7

It is proposed that you renew certain financial authorisations previously granted by the General Meetings of 12 June 2013 and 11 June 2014, which will expire during fiscal year 2015 and are intended to allow the Company's Board of Directors to have the necessary financial flexibility.

For some of these authorisations, the reports of the Company's statutory auditors will be presented to you in accordance with current legal and regulatory provisions.

The following would thus be renewed:

- the authorisations for issue without preferential subscription rights reserved for Groupama Holding, Groupama Holding 2 and certain categories of people (18th, 19th and 20th Resolutions);
- the capital increase to compensate contributions in kind (21st Resolution);
- the capital increase by capitalisation of premiums, reserves, profits, etc. (22nd Resolution);
- the issue reserved for members of the Group savings plan (23th Resolution);
- as well as the authorisation for free allocation to employees of existing shares or shares to be issued (24th Resolution).

Three authorisations for issue preferential subscription rights: the one proposed to be renewed has a duration of 18 months, while all others have a duration of 26 months. The previously adopted ceilings have been maintained, particularly the overall ceiling set at €1.1 billion in nominal value.

Within this context, we propose that you grant the following authority to the Board of Directors:

- in order to increase the share capital by issuing shares and/or securities giving access to the Company's capital reserved for Groupama Holding (18th Resolution) and/or Groupama Holding 2 (19th Resolution) and/or certain categories of people belonging to the Groupama group (20th Resolution), namely: (i) elected representatives of the local and/or regional mutuals; (ii) employees and Managers or company officers provided for in Article L. 3332-2 of the French Labour Code, businesses linked to the Company as defined in Articles L. 3344-1 and L. 3344-2 of that Code, who or which are not beneficiaries of the issues effected pursuant to the 23rd Resolution proposed to this General Meeting, and/or; (iii) persons and/or the employees and Managers or company officers of companies not referred to above but who meet the criteria referred to in the first paragraph of Article L. 3344-1 referred to above and/or; (iv) mutual funds or other employee shareholding bodies holding investments in the Company's securities, whose share owners or shareholders are composed of the persons referred to in (ii) and (iii) of this paragraph and/or the beneficiaries of the 23rd Resolution proposed to this General Meeting.

  These delegations of authority would be granted for a period of 18 months from the day of the meeting, up to a maximum par value of €1.1 billion; they would replace the delegations of authority granted by the General Meeting of 11 June 2014.

  The issue price of the directly issued shares shall at least equal shareholders' equity per share, as stated in the most recently approved balance sheet as at the issue date, and the issue price of the equity securities shall be such that the sum received immediately by the Company, plus any sum likely to be received subsequently by it, shall, for each share issued as a consequence of the issuance of those equity securities, be at least equal to the minimum subscription price defined for the directly issued shares;
- in order to increase the share capital, by issuing shares and/or securities, without preferential share rights in compensation of contributions in kind (21st Resolution) pertaining to equity securities or securities giving access to the capital. This delegation of authority will be awarded for a period of 26 months after this date, up to a maximum of 10% of the Company's capital; it will replace the delegation of authority granted by the General Meeting of 12 June 2013;
- in order to increase the share capital by capitalisation of profits, premiums or reserves (22nd Resolution), in the form of either elevation of the nominal value of the shares or free allocation of shares or the joint use of these two processes. The authorisation would be given for a maximum par value of €400 million, with this authorisation being the only one not subject to the global ceiling. This delegation of authority will be granted for a period of 26 months after this date, and will replace the one granted by the General Meeting of 12 June 2013;
- in order to increase the share capital, by issuing shares and/or equity securities in the Company reserved for members of savings plans (23rd Resolution), eliminating their preferential share rights. This resolution will be reserved to employees of Groupama SA, its French and foreign subsidiaries, and regional mutuals that are members of a savings plan. The delegation of authority will be granted for a period of 26 months from the day of the meeting, up to a maximum par value of €150 million; it will replace the delegation of authority awarded by the General Meeting of 11 June 2014.

  By nature, this waiver involves the waiver by shareholders of their preferential share right in favour of the beneficiaries in question. The share subscription price would be determined in accordance with Article L. 3332-20 of the French Labour Code and will be equal to at least 80% of the Reference Price (as defined hereunder) or, if the period of unavailability stipulated by the plan in accordance with Articles L. 3332-25 and L. 3332-26 of the Labour Code is more than or equal to 10 years, to at least 70% of the Reference Price. The Reference Price is defined as the price determined in accordance with the objective methods used to value shares, taking into account, according to a weighting appropriate for each case, the net accounting position, profitability and business outlook of the Company in accordance with the provisions of Article L. 3332-20 of the French Labour Code;
- in order to carry out free allocations of existing shares or shares to be issued to categories of employed staff of the Group or of some of them (24th Resolution), within the legally defined limit of 10% of the capital as at the day of the allocation decision. The duration of this delegation of authority will also be 26 months as of this day and will replace the one granted by the General Shareholders' Meeting of 12 June 2013.

5.1.12 SOCIAL AND ENVIRONMENTAL INFORMATION

The information published in this Report pertains only to the consolidated entities in the financial reporting. They therefore do not reflect al of the CSR actions carried out by the entire Group, particularly concerning the regional mutuals. The Group's CSR strategy is presented more fully in Groupama's annual report.

5.1.12.1 Groupama, a mutualist group built around of values and objectives in line with CSR

Through its complementary brands, the Groupama group forges its identity on values – local service, commitment, performance and solidarity – placing human beings and their expectations at the heart of its actions allowing it to build trust. Integrating the issues of sustainable development into its business activities and its relations with its stakeholders is part of its daily commitment to responsible business.

This commitment is fully reflected in its insurance business – protection of the lives and property, long-term vision, prevention, etc. – but also beyond its core business, by supporting initiatives coming from civil society, by participating in the reduction of economic and social vulnerabilities and by contributing to the emergence of solutions related to issues such as the lengthening of human life, the study of climate change, care networks, etc.

CSR fully contributes to the performance of our Group at the service of customer satisfaction, by reinforcing the commitment of our employees, by stimulating innovation and drivers of growth (responsible products and services, new markets, etc.), by reducing costs (logistics optimisation, recycling, reduction of consumables, etc.) and by strengthening the image and quality of the relationship with external and internal audiences.

CSR management reflects the integration of sustainable development into the business strategy. The Ethics and Sustainable Development Department (DESD) was established in 2008 and has been attached to functional departments since then for more cross functionality: the General Secretary of Groupama SA first and then, from 2014, the Group HRD within a CSR, Employer Branding and Internal Communication Department, which encourages and coordinates the CSR policy in the Group. This department has a capacity for action and mobilisation with the departments concerned on offers as well as social, societal, and environmental issues. In particular, it leads a network of 50 correspondents from all the Group's entities (regional mutuals, French and international subsidiaries, the EIG G2S, Groupama SA, Fédération Nationale) that participate in the development of action plans and exchange on their best practices.

5.1.12.2 A cross-functional, ambitious CSR strategy

During 2012, the Group took on a comprehensive, ambitious CSR strategy for the 2013-2015 period based on five pillars – responsible insurer, fighting rare diseases, local development actions, responsible employer and environmental actions – and taking into consideration the social, environmental and societal impacts of its business, particularly concerning its relations with stakeholders and the loyalty of its practices.

(a) Responsible insurer

Rooted in modernity and movement, the Groupama group develops products that respond to society's major issues: mobility, entrepreneurship, pension, health, assistance and long-term care. Incorporating strong social and environmental added value into the Group's products and services is a challenge for the future. Today, it is committed to going further in taking environmental, social and societal factors into account in constructing insurance offerings, its prevention actions and asset management as well as by adopting responsible behaviour in its relations with its various stakeholders.

Insurance and banking offers

In order to better meet customer needs and to enable each customer to secure the "Essentials", depending on the customer's capabilities while continuing to benefit from sufficient coverage, new forms of the individual supplemental health insurance product Groupama Santé Active have been created. They provide for reimbursements only for health expenditures considered essential by the policyholders, particularly in situations that constitute setbacks. In the same vein, an "essential" offer in auto insurance was launched in April 2014.

In order to support socio-economic developments, the Group has further improved its Everyday Accident insurance: accessible to blended families, individuals over age 70 and students abroad. In 2014, a specific option to protect Professionals within Private Everyday Accident was launched.

The Group has made a commitment to supplemental insurance health: it was the first insurer to join the "Optique Solidaire" system for policyholders over age 60 with modest income; it is participating in the national call for tenders to be able to offer policies to beneficiaries of supplemental health purchase assistance; it is fully committed to complying with the conditions of the new "responsible contracts" that limit the consumption of unnecessary care or care from health professionals who charge excessive fees. All the policies are intended to be converted into "responsible policies" and for the policyholders, and for policyholders, the tax applicable to their supplemental protection will not be doubled. The same is true for Group health policies (as part of the "ANI" offer designed to protect all employees and on which the Group, through its Gan and Groupama networks, was a forerunner).

Note the extensive support services provided by the Group: at-home assistance including "young mom", housekeeper, hotline upon release from the hospital, etc.

In order to meet the challenge of ageing and the growing imbalance of the pay-as-you-go system in France - hence increased requirements in terms of performance and security on the part of savers – the Group completely renovated its retirement offer in 2013 and 2014 (secure, protected, diversified UL).

The Group encourages its members and customers to adopt environmentally friendly behaviours by offering the "Pay As You Drive"

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motor insurance product or an "infrequent driver" and by including an insurance policy for equipment that produces renewable energy in its multi-risk home offerings. For appliances, Groupama launched the first "green" new equipment replacement plan in 2009. In addition, at the end of 2014, Groupama Banque and the site PrimesEnergie.fr teamed up to make the financing of energy renovation work for individuals more accessible.

The Groupama group's environmental commitment incorporates the analysis of product life cycles and is reflected in its encouragement of all those involved in the supply chain, up to repair and the services provider networks, to adopt a virtuous approach. The Group continued its policy of repairing instead of replacing damaged automotive parts with a view to further reducing our CO_2 emissions and waste production, promoting the qualification of the workforce, satisfying our customers and thus increasing their loyalty. 36.6% of bumpers and shields were able to be repaired in 2014.

With regard to insurance, the approach for analysing and underwriting risks of professionals, companies and communities helps to reduce the consequences of impacts of disasters – fire, explosions, civil liability, etc. – on the environment and individuals, if the recommendations of the Group's engineers are implemented.

As a committed insurer, the Groupama group is also a major player in multi-risk weather and agricultural insurance; along with institutional partners, the Group is invested in the discussions on the evolution of this product.

As a responsible insurer, beyond the offer, strictly speaking, the Group is very attentive to the quality of the advice and the close relationship, a source of mutual trust with members and customers. In case of adverse weather conditions in particular – they were still numerous in 2014, in Brittany, Le Var, Sud-Ouest and Les Pyrénées and on Réunion Island – the Group's teams mobilise on the ground.

Prevention

For companies of the Groupama group, applying a large-scale prevention policy means encouraging the emergence of responsible attitudes towards the risks of today and tomorrow while being economically efficient. The Group's teams carries out various prevention actions, from technical prevention (business risk inspections, electrical or alarm installation advice, etc.) to institutional prevention with the general public, customers or non-customers (road safety awareness for schoolchildren, prevention of accidents in the home, conferences on health topics, etc.).

Prevention has taken shape over time through multiple individual or collective, innovative or original actions seeking to reinforce the safety of individuals and property on all of their private and professional risks. The deployment of prevention actions conforms to a Group-specific strategy, a source of expertise and legitimacy.

During 2014, nearly 15,000 customers or non-customers were made aware or trained on prevention by the Groupama group's teams (excluding Centaure centres).

The website vivons-prevention.com dedicated to all prevention actions taken by the Group to serve its stakeholders in five major involvement areas (road safety, health, agriculture, domestic risks, and companies and local authorities) has been online since 2011.

HEALTH INSURANCE

In health insurance, the Groupama group funds all acts of prevention, reimbursed by the compulsory scheme or not, and is actively engaged in informing and mobilising policyholders. The Groupama group's prevention advice to customers and non-customers is presented both during health conferences (on topics such as nutrition, sleep, wine, etc.) and through groupama.fr in the form of guides and health profiles on various topics.

Groupama Santé Active covers the colon cancer screenings, vaccines not reimbursed by the compulsory schemes, a free annual oral and dental check-up, fluoride treatments for children, smoking cessation, etc. New prevention coverage for policyholders age 55 and older for the insured persons aged 55 years and over has been incorporated into the Groupama Santé Active product, particularly in dental and podiatry, and provides them with coverage for treatments not reimbursed by the compulsory schemes.

Prevention of medical deserts: Groupama and the MSA (agricultural mutual assistance association) set up a pilot programme called "Pays de Santé" (2009-2012). The aim of this programme was to assist and support health care professionals working in vulnerable regions in order to maintain access to quality health care for local populations. The organisation and the results of the pilot programme certainly contributed to the thinking that inspired the government measures taken in recent years to combat medical deserts.

ROAD SAFETY

In road safety, the twelve Centaure centres are an important relay for Groupama's prevention actions as regards its members as well as businesses and the general public. Spread out all over France, they offer road safety courses, including an eco-driving module. In 2012, the CIECA's "International Commission for Driver Testing" accepted the Centaure association as an associate member. Through this partnership, Centaure contributes to the development of road safety practices and participate in discussions and work of the European Commission.

In 2013, Groupama and the Centaure association renewed the road safety charter, which offers quality post-driving permit training to drivers for safer, more responsible driving.

Driver training at the Centaure centres	2013	2014	2014 scope
Number of people trained in prevention and eco-driving at the Centaure centres	38,204 (1)	38,141	France

(1) The value published in 2013 (39,758) was overestimated and has therefore been corrected in this table.

Other prevention measures promoting road safety are carried out in the Group's entities. For example, 2014 included road safety prevention workshops, distributions of yellow vests, training for seniors as part of the "Il n'y a pas d'âge pour bien conduire" ("You're never too old to be a good driver") programme, and other actions.

For its first participation at the Paris Motor Show in 2014, Groupama offered visitors the opportunity to go through prevention experiences (roll-over simulator, driving simulator).

HOME SAFETY

Domestic risks are responsible for more than 19,000 deaths each year in France. The Groupama group's initiatives aim to raise awareness among all age groups concerned, through the creation of a kit to combat domestic accidents and a CD-ROM entitled "Bienvenue chez les Tourisk" ("Welcome to the Tourisk household"). Our initiatives are implemented *via* local partnerships with players as diverse as Générations Mouvement, the French Red Cross, Familles Rurales, Foyers Ruraux, etc.

At groupama.fr, all the pages on prevention advice regarding home safety were updated during 2014, and prevention approaches were put in place in order to support the legislative developments (particularly for smoke detectors).

AGRICULTURAL PREVENTION

The agricultural sector, with very comprehensive actions involving multiple innovations, benefited from the Groupama group's historic commitment.

One example is the "Dix de Conduite Rurale" ("Rural Driving 10") campaign, initiated by Groupama in agricultural colleges in 1972 in partnership with the National Police, CLAAS and Total, which is now a benchmark in training on the risks of driving farm vehicle in the rural sector. The "Dix de Conduite Jeune" ("Young Driving 10") campaign is intended for students ages 14 to 16 in general education and agricultural schools; its educational goal is to prevent the real dangers of the road in order to better anticipate and control them.

Agriculture	2013	2014	2014 scope (%)
Number of days of missions carried out by preventionists	316	473	98.25
Number of outside individuals who benefited from awareness-raising actions, information or training in prevention or safety	17,260	14,389	

The decrease in the number of outside individuals who benefited from prevention actions in the agricultural field is explained by a decrease in the number of young people trained during the "Dix de Conduite Rurale" ("Rural Driving 10") actions. The training was "professionalised" in 2014 in order to put young people in situations to prepare for the CACES (qualifying driving training in vehicle safety); during a day of training, a single class is now formed.

BUSINESSES AND LOCAL AUTHORITIES

The Groupama group supports an approach to prevention of environmental and weather risks with industrials and local authorities. In partnership with Predict Services, a subsidiary of Météo France, the Groupama Predict offer intended for local authorities includes assistance in the preparation of a Local Response Plan and a real-time monitoring and information system on flood risks, a service that proved its effectiveness during inclement weather events in winter 2013/2014 (10 major events).

In addition, certain companies of the Group also carry out prevention actions with businesses and local authorities:

Businesses and Local Authorities	2013	2014	2014 scope (%)
Number of days of missions carried out by preventionists	1,451	2,005	98.25
Number of outside individuals who benefited from awareness-raising actions, information or training in prevention or safety	169	524	

The Italian subsidiary was mobilised in 2014 in prevention for companies and local authorities, offering customers or prospects technical prevention actions accompanied by a diagnostic analysis of risks and advice relating to smoke detectors, fire doors and even fire extinguishers.

The prevention engineers of the Companies and Local Authorities Insurance Department of Groupama SA were also involved on behalf of various companies of the Group in the prevention of damages related to industrial risks.

Also noteworthy, with regard to prevention for local authorities, were Centaur training, information meetings on occupational risks, access to the Mayor Info Guide (50 sheets on all risks), etc.

PREVENTION AMONG EMPLOYEES OF THE GROUP'S COMPANIES

Awareness, information and training actions on prevention or safety are also offered to employees of the Group. 1,591 individuals were made aware of various topics: safety in the workplace (first aid and fire prevention mainly) or when travelling (the Hungarian subsidiary Groupama Garancia Biztosito has a driver training centre for its employees), the Data Protection law, combating money laundering and the financing of terrorism, and well-being at work (Groupama Banque). This was a 35.64% increase compared with 2013.

Responsible asset management

For more than 10 years, the Groupama group, a financial player in the economy's long-term development, has been involved in

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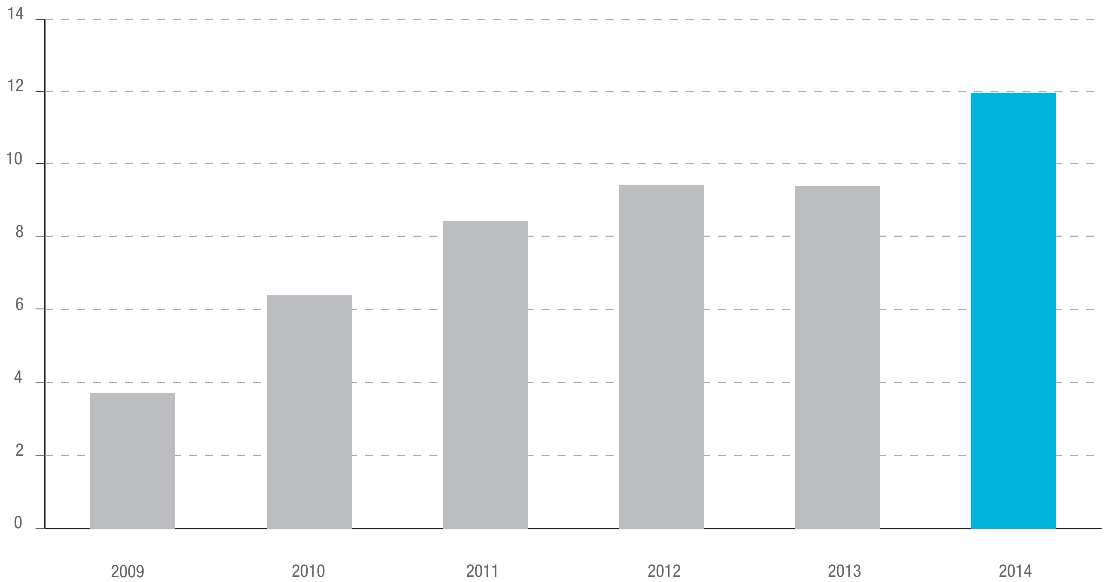
promoting responsible investment, particularly through its third-party asset management subsidiary, Groupama Asset Management. Its expertise in analysis and research, its management products and its mobilisation within many French and international environments make it one of the market's recognised leaders in this field.

In addition to rolling out this specific Socially Responsible Investment (SRI) strategy, Groupama Asset Management has established a global objective of ensuring the widespread integration of Environmental, Social and Governance (ESG)(1) issues into all analyses of its investments. Groupama Asset Management believes that by promoting the integration of ESG issues into the macroeconomic and microeconomic analysis of its investments, it potentially optimises not only the management of risks but also the sources of added value and long-term value creation of investment portfolios through its policy of responsible investment (RI).

CHANGE IN SRI AND RI ASSETS



SRI and RI assets (in billions of euros)

	2009	2010	2011	2012	2013	2014
SRI and RI assets (in billions of euros)	3.7	6.4	8.4	9.4	9.37	11.92
Share of SRI and RI in total outstandings (%)	5.6	8.4	12.6	13.3	13.0	16.3

The scope taken into account for the SRI and RI outstandings is the following:

- universe of European assets (credit equities and bonds);
- medium/long-term assets excluding monetary assets;
- assets of open or dedicated mutual funds;
- SRI and RI outstandings held directly or indirectly through other mutual funds.

On 12 September 2014, Novethic certified 111 funds. Among them, Euro Capital Durable and Groupama Crédit Euro ISR, Groupama Asset Management funds, renewed their SRI label for 2014.

Groupama Épargne Salariale, as a business line department of the Group, is also positioned in a CSR approach, for its offering of products to employees of the Groupama group and to employees of 13,000 customer companies.

(b) Fight against rare diseases with the Fondation Groupama pour la Santé

As the leading individual health insurer, the Groupama group has contributed, for almost 15 years, through the Fondation Groupama pour la Santé, to the fight against rare diseases, one of the three public health priorities with cancer and Alzheimer's disease. Its action is organised around three missions: support for research, informing physicians, patients, and the general public about rare diseases, and support for sick patients. In 2015, the Group wishes to emphasise support for research and promote the commitment of our elected representatives, members, and employees in favour of the Foundation.

A strong commitment since 2000

25 million people in Europe suffer from rare diseases: "rare" because each of these 7,000 pathologies affects fewer than 30,000 individuals.

(1) The policy of integrating ESG criteria into the financial management of the Group's assets is gradually applied to the universe of European medium/long-term assets (credit bonds and equities). At first, this integration was implemented for the management of Euro/Europe equities only within open or dedicated mutual funds managed by Groupama Asset Management, held by the Groupama group's entities and/or disseminated to outside customers. Starting in 2010, this integration was gradually extended to the management of credit bonds (companies) and European sovereign debts (States). The scope of assets integrating an ESG approach (RI assets) thus involves all securities excluding directly or indirectly held monetary assets.

However, in total, they affect 1 person in 20, *i.e.*, 3 million French people. Since 2000, the Groupama group has been committed to this public interest issue, which is perfectly consistent with its mission as a responsible insurer and mutual insurer.

During this time, the Foundation has supported 28 researchers, nearly 160 patients' associations and funded more than 550 projects, through a total financial commitment of nearly €9 million.

The Foundation is one of the 5 strategic priorities of the CSR policy of the Groupama group. The Foundation's three priority actions for 2013-2015 are an increased effort in providing aid to research, strong mobilisation of employees to support the Foundation, and development of local initiatives with the elected representatives to help local associations and researchers in the region.

The Foundation's three missions

- disseminating information to facilitate and accelerate the diagnosis of rare diseases. To do this, the Foundation particularly helps associations to communicate about these diseases by producing information material, developing their website and organising "rare diseases" forums. These last two actions are carried out with Orphanet, a unit of Inserm (French Institute of Health and Medical Research) and a reference portal on rare diseases and orphan drugs, a historical partner of the Foundation;
- helping to break the isolation of the sick and their families through support for initiatives such as assistance in educating in a hospital setting and purchases of computer equipment to promote the independence of the sick, meetings between families and doctors, etc. As such, the Fondation Groupama pour la Santé takes action by supporting local association projects, in conjunction with Alliance Maladies Rares, a collective of 202 associations;
- promoting medical research by awarding an annual Hope Grant ("Bourse de l'Espoir") of €100,000 over three years to a young research.

The areas of commitment and the selection of projects are defined by the Board of Directors, which includes recognised qualified personalities from the health care world: they provide their skills and validate the Foundation's choices.

To this day, the Foundation remains the only corporate foundation in France exclusively dedicated to this fight alongside associations, the medical professional, health organisations and public authorities.

Mobilisation of employees and elected representatives in fundraising efforts in the field

- establishment of the second edition of "Balades solidaires" ("Solidarity Walks") on 15 June 2014: all the regional mutuals, Groupama SA and entities in the Greater Paris region: 98 walkers, 16,000 participants, 155,000 euros collected and 58 associations supported;
- deployment of the "Semaine de la Fondation" ("Week of the Foundation") in October 2014: a 10% increase in participation from 2013 in number of employees and steps taken.

The "Bougeons-nous contre les maladies rares" ("Let's move against rare diseases") operation mobilised 4 regional mutuals and 8 entities of the Group in addition to Groupama SA.

Pedometers were a great success on all sites with more than 11 million steps taken in a week.

	2013	2014	2014 scope
Number of patient associations supported	60	62	Group [1]
Number of encouraged projects	54	60	
Number of sponsored researchers	3	3	
Amount allocated for the fight against rare diseases by Groupama SA *(euros)*	386,225	386,225	Consolidated scope

(1) This information takes national and regional support into account, particularly with the support of the regional mutuals.

The Foundation also benefits from strong support from the regional mutuals (not included in the consolidated scope), allowing it to significantly reinforce its commitment to the fight against rare diseases.

In addition, the Group's companies mobilise in support of other institutions like Téléthon, the "Vaincre les maladies rares" foundation and associations fighting against a rare disease in particular.

The Group's commitment (on the consolidated scope) in the fight against rare diseases totalled €395,856 in 2014.

(c) Action to develop territories and civil society

€40.7 million was paid to local authorities for the territorial economic contribution (CET) in 2013 [1].

€8.74 billion in benefits were paid in 2014 [2] to our policyholders to allow them to preserve their economic activity and their family life.

The Group's decentralised structure favours strong territorial anchoring and contributes to the development of the regions. For employment, the Groupama group and its companies regularly organise Jobmeetings throughout France (13 meetings in 2014).

Almost all of the Group's companies engage in local actions/societal partnerships. Companies favour certain themes. Examples include Gan Assurances (entrepreneurship), Groupama Banque (integration into the local life of Montreuil), Groupama Asset Management (actions to support the disabled), Groupama Assicurazioni in Italy (solidarity, culture, environment), Groupama Sigorta and Emeklilik in Turkey

(1) This amount corresponds to the CET paid by the tax consolidation group, established by Groupama SA and including subsidiaries held at more than 95% as well as the regional mutuals. The figure for fiscal year 2014 will be known in May 2015.

(2) Consolidated scope (France and international), excluding claims management costs.

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(cinema), and Groupama Asigurari in Romania (cinema, prevention, support for the Romanian Olympic committee).

In addition to the actions for prevention (see point 5.1.12.2.a) and mobilisation against rare diseases (see point 5.1.12.2 b), the Group's companies are present on two major commitment themes associated with our anchoring and local relationships.

Economic development and initiative in the territories

Beyond a purely merchant or insurance-based approach, the Group's entities develop partnerships in the field to facilitate, encourage, embrace the initiative and promote employment, and contribute to local economic development.

This is possible and effective thanks to the Groupama group's local anchoring, with interaction between players in the field, thus providing detailed knowledge of the needs:

- in agriculture – with full support in the field, thanks to the numerous local initiatives of mutualist elected representatives, for the entire business cycle of farmers: sponsorship and support for installation, training and information, management of setbacks, participation in social progress initiatives (particularly related to health), promotion of agricultural trades (including partnerships with agricultural schools), etc. These actions are taken particularly in partnership with the Chambers of Agriculture (where Groupama is represented), professional associations and federations related to the sectors, the departmental JA [young farmers] organisations and the FDSEA. Groupama's departmental federations are represented within departmental land authorities (DDTs) as well as land-planning and rural-development companies (Safer);
- in very small businesses and SMEs – with assistance for entrepreneurs and support for regional employment, under the leadership of the Group's companies and their commercial networks: as part of partnerships at the regional level with CCIs, territorial CGPMEs, chambers of trades, CAPEB networks; partnerships with the structures or networks that help those who want to start or take over a business (Initiative France and "local initiatives platforms", Réseau Entreprendre, etc.) and the partnership with chartered accountants are who are key players in the sustainability of very small businesses and SMEs;
- other initiatives: digital promotion of local business with the creation in 2013 of the first social network connecting consumers with local entrepreneurs who are members of Groupama on a Web platform (Granvillage); partnerships with schools to introduce the business world and/or support young people in finding employment (launch in 2014 of the Groupama SA partnership with the Proxité association in the Paris region; assistance to employment and inclusion associations, etc.;
- partnership with the ADIE: since 2007, the Groupama group has supported the ADIE (association for the right to economic initiative) in its actions to promote micro-lending. Groupama Banque has thus made a line of credit available to the ADIE, with an outstanding balance of €990,000 as at 31 December 2014.

Commitments around "Living together"

The companies of the Groupama group provide operational and financial support to numerous local associations (sports, cultural, general interest, and other associations) around three main themes.

HEALTH AND DISABILITIES

Health (excluding rare diseases): a significant commitment by the entities in the fight against cancer, particularly through walks or running races (like "La Parisienne") and participation in various sporting challenges, combining health and sport or nature. Other commitments: support for AIDS patients or hospitalised children, promotion of blood donation, etc. The Romanian subsidiary Groupama Asigurari has thus committed €33,000 to various health initiatives, and Gan Assurances provides €15,000 in support to research on psychomotricity and civilisation diseases.

Disabilities: establishment by the companies of actions to support people with disabilities, beyond the employment of disabled staff and the use of adapted enterprise sectors (ESAT); various forms of partnerships: support for associations training dogs for the blind, Handisport, Handicap International, purchase of equipment for people with disabilities, support for professional integration, tickets for shows, etc.

CULTURAL PATRONAGE

A few priority themes:

- commitments around the "local culture": partnerships for events to showcase local or rural products and traditions; other more traditional commitments: music, heritage (support for museum exhibitions, local restorations, etc.);
- cinema, a Group-wide commitment: particularly through the Groupama Gan Foundation for Cinema, which has supported the 7th art for more than 25 years In 2004, the Gan Foundation refocused on supporting young artists and help with distribution, with a budget of €500,000. In addition, an agreement was signed in 2010 between Groupama SA and Cinémathèque française for a term of five years. Under this agreement, €300,000 is allocated each year to the Cinémathèque française, giving Groupama the title of "Grand Mécène" (major sponsor). In addition to local actions in France and commitments abroad: the Group's two entities in Turkey (Groupama Emeklilik and Groupama Signora) allocated more than €143,000 to the restoration of films of the Turkish heritage in 2014, and the Italian and Romanian subsidiaries gave their support to various film festivals (more than €68,000 in total donations);
- Groupama Immobilier supports living artists by purchasing their works; this commitment amounted to €14,000 in 2014 (overall budget of €50,000 over 3 years).

SOLIDARITY

Humanitarianism and solidarity: the solidarity actions are very diffuse and multi-faceted, with support given to many organisations on general-interest or humanitarian projects (collection for Christmas, support for civilian victims of disasters, family or charitable organisations, etc.); actions related to international development, particularly for Africa: for example, as part of the Aïcha des Gazelles rally, Gan Assurances supported missions to aid children by contributing more than €10,000 in 2014 to the charity Cœur de Gazelles. A historic action of the Mutual Insurance Division: Solidarité Madagascar, in partnership with Générations Mouvement in particular; 36 projects are under way in 2014 (in health, education and agriculture). Groupama Phoenix (Greece) supported the charity SOS Children with €30,000 in 2014.

"Favourites" operations are initiatives that team up elected representatives, employees and members.

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	2013	2014	2014 scope (%)
Amounts allocated for philanthropy excluding rare diseases *(euros)*	1,762,466 [1]	1,448,322	100

(1) The amount allocated for philanthropy excluding rare diseases in 2013 was adjusted in order to take into account, like in 2014, the partnership between Groupama SA and Cinémathèque française (€300,000).

Regarding relations maintained with learning institutions, many partnerships are forged between our regional mutuals or subsidiaries and the institutions in their region or pool of employment: instructional actions or conferences, sponsorship, acceptance of trainees and interns, simulation of interviews and participation in juries, presence in employment forums and support for teaching chairs.

(d) Responsible employer

Backed by its strong values, the Group conducts social policies and many significant actions on the various HR components of CSR. Since 2013, it has accompanied its commitment as a responsible employer with quantified three-year objectives in the areas of gender parity, employment of workers with disabilities, work/study training and quality of life at work.

Employment

The headcount of the consolidated scope [1] as at 31 December 2014 was 15,674 employees (-335 compared with 31 December 2013). The 2014 data show 2,116 new hires (-280 compared with 2013, all contract types combined – excluding summer contracts), including 1,475 permanent contracts, and 2,285 permanent contract departures, including 363 redundancies and 234 departures as part of voluntary redundancy plans.

The breakdown of employees by gender, age and geographic area is as follows:

- 56% women and 44% men (no change compared with 2013);
- 13% of employees are under age 30, 56% are between 30 and 49 and 31% are age 50 or over (no change compared with 2013);
- 60% of the workforce of the consolidated scope work in France and French overseas territories (+1 point compared with 2013) and 40% abroad (-1 point compared with 2013).

The workforce declined compared with 31 December 2013 as a result of the implementation of programmes to improve operating performance, particularly the non-replacement of departures, the sharp reduction in recruitment and the continuation of voluntary redundancy plans conducted in 2012-2013 in five of the Group's companies in France: Gan Assurances, Groupama SA, Groupama Banque, Groupama Supports & Services and Gan Prévoyance. These five voluntary redundancy plans were brought to completion, within the initially planned timetable, with a 100% achievement rate, and their latest significant effects were recorded in 2014.

	2013	2014	2014 scope (%)
Total headcount	**16,009**	**15,674**	**100**
Distribution by gender	55.9% women 44.1% men	56% women 44% men	100
Distribution by age:			100
■ under 30	13%	13%	
■ 30 to 49 years	56%	56%	
■ 50 and older	31%	31%	
Distribution by geographical area:			100
■ France and Overseas	59%	60%	
■ International	41%	40%	
New hires (all contract types combined excluding summer contracts)	2,396	2,116	100
■ of which permanent contracts	1,490	1,475	
Departures (permanent contracts)	2,363	2,285	100
■ of which redundancies	500	363	
■ of which departures under voluntary redundancy plans	323	234	

(1) The consolidated scope includes all subsidiaries of the Group, in France and abroad, listed in the appendix. It does not include the regional mutuals.

The average annual remuneration in France was €48,214 in 2014, with the following distinction:

- €31,132 for non-executives;
- €58,170 for executives.

	2013	2014	2014 scope
Average annual remuneration *(euros)*	47,953	48,214	France
■ non-executives	30,890	31,132	
■ executives	58,100	58,170	

Organisation of work

The theoretical work time in the Group's companies in France is between 32 hours and 42 minutes and 40 hours per week, without significant change compared with 2013. Across the entire consolidated scope, the absenteeism rate was 7.40% in 2014 (53% of days of absences on the France scope), including 55% related to illness (-3 points compared with 2013) and 31% related to maternity/paternity (+1 point compared with 2013).

	2013	2014	2014 scope (%)
Theoretical working time	Between 32h42 and 39h	Between 32h40 and 40h	France
Absenteeism rate	-	7.40%	100
■ of which in France	6.75%	6.50%	
Absences related to illness	58%	55%	France
Absences related to maternity/paternity	30%	31%	

Employee relations

In addition to the employee representative bodies within the entities making up the Group, the Groupama corporate dialogue is organised at the top level through bodies that cover various scopes: European, group in France, UDSG and UES.

- The European Works Council (EWC) receives information in order to exchange views and engage in dialogue about transnational issues. The EWC met twice in 2014. It covers a European scope representing 31,165 employees as at 31 December 2014 (-457 compared with 31 December 2013), including 15,044 employees of the consolidated scope (-368 compared with 31 December 2013).

  In 2014, the EWC board, made up of seven employee representatives among the members of the EWC, met twice, including a meeting in Romania.

- The Group Committee, a body for dialogue and thought, receives information about the activity, financial position, employment trends and forecasts and economic prospects of the Group for the coming year. It covers a scope in France representing 25,577 employees as at 31 December 2014 (-184 compared with 31 December 2013), including 9,434 employees of the consolidated scope (-87 compared with 31 December 2013).

  In 2012, this body met five times on the following main topics: presentation of the combined financial statements for 2013, Group news, presentation of the strategic operational plan (SOP), report on employment, Internal Regulations of the Group committee, Group employee opinion poll, Group CSR actions, etc.

- The Group Corporate Dialogue Commission (CDSG), an offshoot of the Group Committee, is a body for negotiation at the Group level. Agreements negotiated and signed within this body are intended to be applied to all companies and employees of the Group in France.

  The CDSG reviewed the Group agreement relating to the cross-company mobility. Its work led to the unanimous signing of an amendment by the trade unions on 25 June 2014. This amendment particularly aims to reinforce the support measures as part of employee integration in mobility.

  The CDSG also reviewed the Group agreement relating to the quality of life at work, which led to the signing of an amendment on 10 October 2014.

- The Group Quality of Life at Work Committee (CQVT), created by the Group agreement relating to quality of life at work, a place for discussion and recommendations, continued the dialogue on quality of life at work and the actions undertaken within the Group and its companies in France.

- Groupama Social Development Unit (UDSG)

  The UDSG is an association governed by the French law of 1901 that groups together the 20 companies of the agricultural mutual insurance scope (Groupama SA, regional mutuals, Groupama Supports & Services, etc.), or 18,475 employees as at 31 December 2014 (-173 compared with 31 December 2013), including 2,943 employees of the consolidated scope (-24 compared with 31 December 2013).

- Economic and Social Unit (UES)

  This unit covers Groupama SA, Gan Assurances, Groupama Gan Vie, Gan Prévoyance, Gan Patrimoine and Groupama Supports & Services and represents 7,345 employees as at 31 December 2013 (-58 compared with 31 December 2013).

  The UES Central Works Council (CWC) exercises economic powers relating to the general operation of the Company and exceeding the limits of the powers of establishment heads. It is informed and/or consulted about economic and financial projects concerning the UES.

It examined the following points in 2014:

- information on the situation of Gan Prévoyance – 2 meetings;
- information/consultation about the plan to merge SGPS into Groupama Gan Vie and its consequences – 2 meetings;
- information/consultation about the 2014 apprenticeship tax;
- presentation of the 2013 annual financial statements of the legal entities constituting the UES;
- information/consultation about the plan to simplify the SIRHOCO solution – 2 meetings;
- presentation of the BDES;
- presentation of the expert report on the financial statements;
- information relating to the Group's asset management policy;
- review and collection of the opinion on the 2013 UES consolidated labour assessment;
- information about Gan Assurances relations with the union of general agents – Snagan;
- presentation of the strategic guidelines of the UES's entities;
- information about the draft memorandum of understanding relating to the Central Works Council dated 24 October 2014;
- information/consultation on draft addendum no 6 to the agreement dated 2 May 2007 relating to savings/pensions within the UES;
- information on the consequences on Groupama Gan Vie's activity of the skyscraper (IGH) downgrading of the building in Bordeaux;
- approval of the Central Works Council on the appointment of the new occupational doctor of the inter-institutional medical department of Gan Assurances, Groupama Gan Vie, Gan Prévoyance and Gan Patrimoine located in the Michelet building;
- information on the proposed changes to the organisation of the Personal Life Insurance Project Owner Department of Groupama Gan Vie.

The UES also includes a Central Trade Union Delegation: a body for collective negotiation at the UES level, within which the following agreements were entered into:

- memorandum of agreement relating to the Central Works Council of the UES signed on 24 October 2014;
- addendum no 6 to the agreement dated 2 May 2007 relating to savings/pensions, signed on 21 November 2014;
- statement of disagreement relating to the 2015 UES Mandatory Annual Negotiation on wages and wage equality between women and men, signed on 11 December 2014.

› Assessment of collective agreements:

48 collective agreements were entered into in 2014 involving all companies of the consolidated scope (including 44 in French companies). The topics of these agreements concern:

- social dialogue/employee representation;
- remuneration and benefits;
- working conditions;
- the companies and mergers;
- employment and organisation of the companies.

Topics of collective agreements entered into at the Group (or inter-company) level and in the various Group entities in 2014 (in France and abroad)

Social dialogue/employee representation	Amendment to the agreement relating to the operation of the WC and the management of social and cultural activities Amendment to the agreement on the organisation of the corporate dialogue and the operation of institutions relating to the staff Election of employee representatives Gan Réseaux Spécialisés agreement relating to the appointment of members of the WHSC Pre-election memorandum of agreement for elections of members of the WC and the 2015 DPs Election agreement relating to the Single Employee Delegation
Remuneration and benefits	Protection insurance and care costs Supplemental pension scheme Gan Indemnisation Remuneration of representatives Profit sharing, profit sharing agreement amendment or company savings plan amendment Compulsory annual wage negotiation, remuneration Retirement support Negotiation of a business loan agreement Agreement on voluntary application of the Collective Bargaining Agreement for Banking General provisions
Working conditions	Organisation and duration of work for the Gan Assurances health platform of the Bordeaux site Prorating of part-time employer's contribution Working time of assistance operation employees Collective agreement Employment contract Work rules Working hours
Companies and mergers	Transition to collective status of GGVie for employees from SGPS Renewal of the entire company contract
Employment and organisation of the companies	GPEC agreement

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Health and safety

The Groupama group signed an agreement on the Quality of Life at Work on 28 February 2011, which was supplemented by the signing of an amendment dated 10 October 2014, by the CFDT, CGT, the CFE-CGC and UNSA 2A.

It defines a common foundation for the Group's companies in order to improve the quality of life at work and, as part of this, prevent, treat, eliminate and, otherwise, reduce, beyond the actions and measures already implemented within the Group's companies, any problems related to psychosocial risks such as stress, harassment and violence in the workplace as well as internal or external incivility, particularly public incivility.

This amendment reinforced the following areas:

- consolidate and strengthen the role of the "Quality of Life at Work Committee" at the Group level;
- put collective prevention measures in place:
  - train managers on the quality of life at work and the prevention of psychosocial risks,
  - promote reconciliation of family life/work life,
  - encourage the establishment of forums for dialogue between employees;
- take into account the prevention of psychosocial risks within the Group's companies:
  - designate a "psychosocial risks and quality of life at work" HR contact within the Group's companies whom the employees may call on if they believe that they have identified a situation that generates psychosocial risks,
  - prepare a diagnostic analysis and a plan of actions concerning the psychosocial risks to which employees are exposed,
  - develop a "crisis management" procedure,
  - support employees during significant changes.

In 2014, the Quality of Life at Work Committee met four times, particularly on the presentation of the management support programme, the presentation of the Customer Satisfaction Improvement presentation, and the presentation of multi-channel commercial effectiveness project. The annual assessment, based on the indicators of the agreement and the actions carried out in the companies, was also presented.

All these efforts are also implemented as part of the following 2013-2015 CSR objectives:

- 100% of the companies will have conducted an audit or diagnostic analysis of psychosocial risks by 2015;
- 100% of the Group's companies will have initiated an action plan resulting from this audit or diagnostic analysis.

Since 2013, 20 of the Group's companies in France have thus carried out a diagnostic analysis of psychosocial risks with an authorised outside organisation or internally. Sixteen of them initiated an action plan, *i.e.*, 50% of the Group's companies.

In 2014, 182 workplace and commuting accidents resulting in a work stoppage were identified at the consolidated scope level, including 160 in France. The frequency rate of these accidents in France was 10.4, and the severity rate was 0.34.

	2013	2014	2014 scope (%)
Workplace accidents resulting in work stoppage	135	182	100
▪ of which in France	125	160	
Frequency rate	8.11%	10.40%	France
Severity rate	0.36%	0.34%	France

Training

The training policy is implemented within each Group company in order to take into account its specific circumstances (company project, activities, business lines, age pyramid, etc.). Based on this finding, Groupama University provides the companies with a community training catalogue, produced based on the needs expressed by the companies, particularly through the network of Training Managers, who meet two to three times per year.

Given the current developments in inter-professional negotiation and legislation, the negotiation initiated on professional training has been suspended.

On the consolidated scope:

- 539,941 training hours were provided (564,480 hours in 2013);
- 43 training hours were provided on average per trained employee (46 hours in 2013).

Equality of treatment

The Group Ethics Committee, made up of two Chief Executive Officers of regional mutuals, two members of the executive management of Groupama SA, as well as the Chief Executive Office and Deputy Chief Executive Officer of Groupama SA, meets twice per year, including once on the topic of equal opportunities.

As socially responsible employers, the Groupama group and its companies write up their actions to promote diversity and prevention against discrimination consistent with the CSR priority areas.

The Groupama group's commitment against discrimination and for diversity is particularly reflected by:

- its accession to the United Nations Global Compact. Effective since 7 February 2007, it commits the entire Group to respect the ten principles of the Compact. Each year, the Groupama group publishes its "Communication on Progress" on the website of the United Nations Global Compact and presents the Group's actions in France and the renewal of its commitments;
- its accession to the diversity charter. Entered into on 26 June 2007, it commits the entire Group in France to establish a policy favouring diversity;
- its accession to the parenthood charter dated 14 December 2010. It confirms the Group's commitments in France regarding professional gender equality. It promotes a better quality of life at

work based on a rich social framework as well as the professional development of employees who are parents;

- its accession to the Tremplin Jeunes Apec charter dated 13 August 2012. Through this charter, companies have the goal of assisting young people in their access to employment. This plan made it possible to support 50,379 [(1)] young people in the working world for the 2012-2014 period.

The Groupama group also continues its partnership with the Agefiph, signed on 18 November 2010, for the purpose of promoting professional inclusion and maintaining the employment of people with disabilities within the Group's companies in France. This partnership particularly allows job offers from the Group's companies appearing at www.groupama-gan-recrute.com to be posted on the Agefiph website.

The Groupama group's commitment has been formalised since 24 October 2008 by the Group agreement relating to diversity and equal opportunities signed with the trade union organisations for an indefinite period. It seeks to ensure equal treatment among employees of the Group's companies in France, to prevent any form of discrimination in development and access to employment throughout the professional life and to promote equal opportunities.

This agreement particularly covers the following:

- professional gender equality;
- maintaining the employment of senior workers;
- professional inclusion and maintaining the employment of people with disabilities.

The Group's commitment continued with the signing of an amendment to the agreement on Diversity and Equal Opportunity (14 October 2011). Its main subjects are as follows:

- equal family rights;
- equal parental rights;
- reconciliation of family life/work life;
- professional gender equality;
- informing and communicating to Managers and employees.

Lastly, the Groupama group strengthened its policy to improve the quality of life at work and professional equality through its agreement dated 28 February 2011 relating to the Quality of Life at Work and its amendment dated 10 October 2014, particularly aimed at the reconciliation of family life/work life with respect for working hours and good management of information and communication technologies.

The Group's companies have also strengthened their commitments to young people and seniors by implementing agreements (or action plans) relating to the generation contract to improve access for young people to employment, keep seniors employed and ensure the transmission of knowledge, skills and experience.

The deployment of the Group's diversity policy is particularly relayed in each company in France by a diversity correspondent:

- responsible for implementing the Group's diversity policy within his or her company;
- acting as the employee contact for his or her company on topics related to diversity;
- serving as the point of contact for the Group diversity correspondent;
- serving as the relay with the staff representative bodies, the expanded Diversity Committee and on action plans developed on this subject.

A Group-level diversity correspondent appointed by the Group HRD implements the Group's policy regarding discrimination, promotion of diversity and equal treatment by ensuring that these topics are communicated and relayed internally by the diversity correspondents of the companies.

In particular, the Diversity Correspondent has the following responsibilities:

- assist companies in the implementation of actions;
- ensure the proper appropriation and application of the Group's policy by the HR teams of the various companies and communicate the good practices of the Group's entities;
- promote the development of actions to raise awareness among all employees;
- act as mediator between company Managers and the employees concerned; any dispute involving discriminatory statements, actions or attitudes may be brought before the diversity correspondent;
- present to the Group Committee an assessment relating to the implementation of the agreement within the entities, experiments conducted, as well as good practices identified in the various companies of the Group.

In 2014, the Diversity correspondents met particularly in order to:

- take note of French social, legal and case-law news and projects in progress within the Group;
- discuss the Group assessment on diversity and equal opportunities for 2013;
- prepare a status report on CSR objectives regarding human resources;
- share experiences and best practices of the Group's companies;
- communicate about the Group's various partnerships;
- discuss following interventions of professionals.

Between 2009 and 2014, pursuant to the agreement relating to diversity and equal opportunities, the Group HRD established training actions on topics relating to diversity. Groupama University made this training available to the Group's companies in France for all of their employees.

The diversity issue has been integrated into all management training, and the following training topics have been proposed:

- "diversity awareness for management". The purpose of this training is to raise awareness among Managers, provide them with academic items necessary for diversity management, allow them to discuss discrimination and give thoughts about the interest and the challenges for the Company in dealing with this topic;
- "persons with disabilities: integrating them and retaining them in employment". This training provides basic knowledge about the legislative and regulatory framework of employment of persons with disabilities, identifies the institutional and associative players

(1) Source: Apec 2014.

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of professional inclusion and defines criteria for success, inclusion and retention of employment;

- "mission manager": discussion, during a workshop on diversity, on the topic "how can I develop the conditions for a collective dynamic on my team where so much diversity is expressed?"

After five years of application of the agreement, the Group's companies have also developed their own "diversity" training, adapted to the specifics of their company.

MEASURES TAKEN TO PROMOTE GENDER EQUALITY

With 54% women on permanent contracts within the consolidated scope in France as at 31 December 2014 (-1 point compared with 2013) and 59% abroad, the Groupama group considers gender equality to be a true asset for the Group. Pursuant to the aforementioned group agreement of 24 October 2008, the Group reaffirms its ambition to achieve a balanced representation of women and men. In order to achieve this goal, the companies have established a number of actions succeeding in the following positive developments:

- as at 31 December 2014, women represented within the consolidated scope:
  - 47% of executives in France (+1 point compared with 2013) and 42% of international executives;
  - 63% of non-executives in France (no change compared with 2013) and 62% of international non-executives;
  - 27% of management executives in France (-2 points compared with 2013) and 25% of international management executives;
- as at 31 December 2014, within the consolidated scope, they represented:
  - 53% of the staff of the "commercial" business lines in France (+2 points compared with 2013) and 63% abroad;
  - 59% of the staff within other families in France (+1 point compared with 2013) and 54% abroad.

	2013	2014	2014 scope (%)
Proportion of women by status:			
■ executives	46% in France	47% in France	
	-	42% international	
■ non-executives	63% in France	63% in France	100
	-	62% international	
■ management executives	29% in France	27% in France	
	-	25% international	
Proportion of women by business line family:			
■ "commercial"	51% in France	53% in France	
	-	63% international	100
■ other families	58% in France	59% in France	
	-	54% international	

MEASURES TAKEN TO PROMOTE EMPLOYMENT AND INCLUDE PERSONS WITH DISABILITIES

In order to realise its commitments on inclusion and retention of employment of employees with disabilities, the Group:

- regularly communicates about disabilities internally with all employees through items posted online on the Kiosque[1] (articles, interviews, brochures, films, etc.) and externally (through guides, Directories, press articles, participation in conferences, exhibitions and forums, intended for professionals or the general public);
- annually renews its partnership with ADAPT, the association behind the week for employment of persons with disabilities (SEPH);
- has participated in the SEPH for seven years.

In 2013, the Group (consolidated scope for France) reached an average employment rate of 3.46%[2] (versus 3.29% in 2012[3]).

Out of the entire workforce of the consolidated scope at 31 December 2014, 411 employees (+32 compared with 2013) had disabilities, including 291 in France (+25 compared with 2013).

	2013	2014	2014 scope (%)
Number of employees with disabilities	379	411	100
■ of which in France	266	291	

(1) Group intranet.
(2) Mandatory declaration of employment of workers with disabilities over fiscal year 2013.
(3) The average employment rate of workers with disabilities published in 2013 for 2012 was incorrect. The corrected value is provided here.

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RETENTION OF EMPLOYMENT OF SENIOR WORKERS

In a context of longer working lives, the Groupama group encourages motivation in the second part of its employees' careers and promotes a non-discriminatory age management policy.

As part of implementing the generation contract, 14 company agreements and 3 action plans (consolidated scope) were entered into in 2013, taking into account the needs, situations (age pyramids, etc.) and strategic outlook specific to each company.

These agreements and action plans were entered into for three years. They mainly address the following topics:

- recruitment and retention of employment of senior workers;
- improvement of their working conditions and prevention of burdens;
- anticipation of their career development;
- development of their skills;
- planning for the end of their career;
- transmission of their knowledge.

The consolidated scope accounts for 31% of senior workers age 50 or more within its staff as at 31 December 2014 (no change compared with 2013) including:

- 58% are non-managers (-1 point compared with 2013);
- 39% are managers (+1 point compared with 2013);
- 3% are Senior Managers/Directors (stable compared with 2013).

Among this same population:

- 32% work in an activity in the commercial business line family (+1.5 points compared with 2013);
- 68% work in an activity in other families (no change compared with 2013).

	2013	2014	2014 scope (%)
Proportion of seniors by status:			
■ non-executives	59%	58%	
■ executives	38%	39%	100
■ management executives	3%	3%	
Proportion of seniors by business line family:			
■ "commercial"	32%	32%	100
■ other families	68%	68%	

Promotion of and compliance with the stipulations of the related ILO fundamental conventions

The Groupama group reiterates its commitment to respect the stipulations of the International Labour Organization (ILO) fundamental conventions in its ethics charter, deployed in all of its companies and brought to the knowledge of all of its employees.

Group ethics charter

Developed by a dedicated working group, the Groupama group's ethics charter was presented before the Steering Committee, the Group Executive Committee and the Board of Directors, then appended to the Internal Regulations of the Group's companies by following the procedures for informing and consulting the staff representative bodies (Group Committee and European Works Council, WHSC, EC, labour inspector, registry of the labour tribunal and posting). It was also distributed between 2008 and 2010 to all employees in the Group (electronically and posted on the Group's intranet) as well as to the general agents of Gan Assurances, the agents of Gan Patrimoine and the secretaries/agents of Groupama d'Oc.

The main purpose of the ethics charter is to unite and mobilise the Group's employees around its principles of local service, commitment, performance and solidarity by defining the Group's commitments regarding ethics, for example: always acting in respect of the confidence given to us by our members and customers, promoting the development of individual and collective talents of employees and affirming our mission as a socially responsible, community-oriented player. These commitments are set forth in rules of conduct to be adopted by employees. In particular, they are required to show proof of integrity and loyalty in carrying out their duties, both inside and outside their company when they represent it, and are prohibited from any act of active or passive corruption.

The ethics charter also defines the responsibilities of the Ethics Committee, made up of the Group's senior executives, which meets twice per year. In 2014, it met on 18 March and 18 November. An update on the main trends of the Group's annual CSR report was presented to it. A revised draft ethics charter was also presented to the Ethics Committee in order to take into account the changes in the Group and environment since 2008. In particular, the following sections in this text were reinforced: values, duty to advise, the fight against corruption and fraud, freedom of expression of employees subject to the preservation of the Group's neutrality and transformation of the role of the committee, which may discuss, beyond ethics, any CSR topic. The new version of the charter will be applicable following an internal process of validations, information and consultations that will take place in 2015.

Group Opinion Poll

The 4th edition of the Groupama group employee opinion poll (combined scope including the regional mutuals) was held from 31 March to 11 April 2014, in collaboration with the research firm Ipsos. Like for the previous editions (2008-2010-2012), all of the Group's employees on permanent contracts were invited to participate through an electronic questionnaire guaranteeing anonymity and total confidentiality of responses. More than 21,500 group employees (75%) responded to the poll.

The main results:

- the level of engagement of the Group's employees is 71%, up 6 points compared with 2012. It is calculated on the basis of 9 poll questions on the notions of adhesion (confidence in the future of the company, in the orientations of the Group, relationship between personal objectives and strategy), involvement (being prepared to do more, motivation to satisfy customers, feeling of learning and growing) and fidelity (pride of belonging, recommendation to a friend, professional future in two years);
- quality of life at work, with a score of 6.4/10 at the Group level, remains at a good level, up 0.1 points compared with 2012. However, it is a little below the benchmarks for France (6.6/10) and Europe (6.9/10), which increased at the same time. The working environment is perceived positively, very stable since 2008. Benefits, work atmosphere, work/life balance, working conditions: almost all the items are above the benchmark for France and very close to the benchmark for Europe;
- in terms of professional development, the perceptions remain very close to those observed during the previous editions. Employees are moderately satisfied with the training opportunities offered – at the same level as the benchmark for France – and not too satisfied with their career development prospects.

On the basis of the analysis of these results, the HR teams of the Group and the companies highlighted areas for community actions, for the most part built around the four topics of engagement, developed in 2014:

- collective effectiveness: appropriation of the Group's strategic programme and company projects, sharing of knowledge and best practices, etc.;
- professional development: new group employer communication for both internal (careers) and external (recruitment) audiences, enhancement of the development of business lines and career paths, etc.;
- management of performance: continuation of the management programme, particularly with evaluation systems and progress plans incorporating the issues of employee accountability and organisation of work, co-development initiatives, etc.;
- quality of life at work: awareness/training of Directors, managers and employees on psychosocial risks, ensuring a work/life balance, preventive actions on working with screens, etc.

With regard to the deployment of the Group's new strategic programme, communication materials were disseminated in 2014 in all the companies (brochure, videos/interviews with Directors, etc.). At the same time, a deployment kit was made available to all the companies to allow first managers then all employees to work on the impacts and the concrete actions to be taking, particularly on the area of "Engaged employees".

(e) Environmental actions

Aware of its responsibility in terms of indirect impacts, the Groupama group has developed incentives with regard to the environment with its customers and suppliers for several years, through its insurance offerings, its prevention and awareness actions, its SRI products, and its purchase contracts. Furthermore, we are convinced that we can improve our direct impacts particularly by reducing our emissions. We would thus like to continue our efforts and reduce our CO_2 emissions and our paper consumption.

General environmental policy

By virtue of our service businesses (insurance and banking), Groupama's direct impacts on the environment are limited: our businesses do not constitute threats to biodiversity, water or soil use. However, we have developed a policy to reduce our consumption (paper, water, energy) and our CO_2 emissions, managed at the Group level by the CSR, Employer Branding and Internal Communication Department, in collaboration with Groupama Supports & Services (G2S). In addition to these in-house commitments and informing employees, the Groupama group is aware of the role it can play in raising awareness about the protection of the environment, among its various stakeholders and particularly among its customers.

In terms of environmental certification, to the extent possible, Groupama Immobilier seeks to obtain an HQE or BREEAM label during restructuring works on managed properties. Groupama Emeklilik (Turkey) also participates in this approach and conducted a study in 2014 on the energy efficiency of buildings in order to obtain the LEED certification (American equivalent of the HQE label). When work is performed, sustainable development is kept in mind in choose the materials to be used. Currently, the Montreuil site, which has 701 employees (*i.e.*, a large share of the workforce of Groupama Banque, Groupama Épargne Salariale and the headquarters of the Paris-Centre-Picardy region of Gan Assurances) has an HQE certification.

In January, Groupama Immobilier signed the January the charter for energy efficiency of commercial buildings in anticipation of the establishment of the renovation obligation included in the "Grenelle 2" law.

In addition, Groupama Immobilier initiated two actions:

- establishment of a green works charter with 15 points of awareness (in particular, regulation, energy saving, environment, materials, worksites, etc.);
- establishment of an energy mapping of commercial buildings consuming the most energy.

The green works charter has a dual objective:

- raise awareness among service providers listed with Groupama Immobilier on the importance of the impact of works on the environment;
- implement an environmental policy in keeping with the Grenelle 1 law.

Implementation is addressed within the framework of renovation worksites by all AMO HQE or BREEAM service providers, project manager, technical studies firms, companies, etc.

Moreover, the Vigeo agency evaluation, carried out in 2011, emphasised the positive dynamics of the Group's environmental effort. Note that the subsidiary Mutuaide had its CSR policy evaluated by the firm Ecovadis in 2014. Our Datacenter IT centres in Bourges and Mordelles monitor the good practices of the Green Grid, and a majority of our companies have carried out their BEGES (greenhouse gas emissions assessments).

Regarding protection of the environment, our employees are regularly informed of environmental issues, particularly through the Sustainable Development Week, the existence of a manual of environmentally friendly actions in the office and the distribution of an Eco Pass Responsible Events charter allowing internal communicators to organise their events with the greatest respect for the environment. One-off actions supplement these recommendations, such as campaigns to raise awareness of eco-driving or the establishment of car-pooling in certain entities.

Regarding prevention of environmental risks and pollution, technical diagnostics are carried out at our operating sites.

Because of its service businesses, with environmental impacts limited and reduced to low-pollution consumption (paper, electricity, etc.), the Groupama group has no financial provision for environmental risk.

Sustainable use of resources

Total paper consumption (office paper, marketing and technical documents and mass publishing) amounted to 1,977.22 tonnes, *i.e.*, 137.6 kg per full-time equivalent (FTE).

In 2014, office paper consumption amounted to 729.63 tonnes, 83.26% of which was certified. It therefore increased by 37% in relation to 2013 per FTE.

For marketing and technical materials, consumption reached 914.54 tonnes in 2014. There was a decrease in the use of marketing and technical documents of 45.43% per FTE.

These two variations can be explained by the fact that in 2014, a different, more reliable accounting method was put in place by G2S, making it possible to no longer use the estimates that had been made in previous years, such as, for example, consideration of completed orders and no longer purchases and inventories, which may contributed to the strong variation between 2013 and 2014. In addition, regarding the reduction of consumption of marketing and technical paper, certain companies of the Group decreased printing related to their marketing and communication policies.

A new "mass publishing (management statements, customer statements)" indicator was incorporated into the 2014 CSR reporting campaign in order to permit a collection of information that is more complete and more in line with the multi-year publishing programme led by G2S and launched in late 2013.

In order to reduce the overall consumption of paper, a printer and copier streamlining project is under way for member companies (excluding regional mutuals) of G2S. Moreover, the Group is continuing its work towards paperless exchanges with its customers (customer areas on the Web, sending of e-mails, electronic document management) in order to durably reduce the physical sending of documents and the corresponding carbon emissions. A "zero inventory" system has been established for certain documents: only the quantities ordered by the entities are printed.

Details of the different types of paper consumption

	2013	2014	2014 scope (%)
Consumption of office paper *(tonnes)*	540.32	729.63	97.48
Consumption of office paper per person (kg/FTE)	*35.52*	*48.67*	
Consumption of marketing and technical documents *(tonnes)*	1700.49	914.54	97.48
Consumption of marketing and technical documents per person (kg/FTE)	*111.82*	*61.01*	
Consumption of mass publishing *(tonnes)*	-	333.05	77.60
Consumption of mass publishing per person (kg/FTE)	-	*27.91*	

The Groupama group's business activities do not require water outside of the everyday consumption of its office buildings. In this context, "water prevention" campaigns intended to reduce consumption are regularly conducted with the entities' employees. In 2014, the Group consumed 104,117 m^3 of water, or 7.47 m^3 per FTE (-6.40% compared with 2013).

In 2014, the Group's energy consumption (electricity, gas, fuel oil, heat and chilled water) amounted to 78,819,400.8 kWh (details in the table below), *i.e.*, 5,248 kWh per FTE. Total energy consumption therefore decreased by 3.33% between 2013 and 2014, mainly due to the decline in the number of occupied sites as well as the reduction of staff on certain sites. Total energy consumption reported per FTE also decreased by 2.79%.

For several years, the Groupama group has implemented many measures to reduce its consumption levels, including establishing free cooling in the Mordelles Datacenter, decreasing the temperature set points in offices and systematically turning off office lights outside of hours of occupation for most of the buildings managed by G2S.

In addition, by virtue of its service businesses (insurance and banking), the Group is not affected by the issue of soil use.

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Details of the different consumptions

	2013	2014	2014 scope (%)
Water consumption *(m³)*	114,993.9	104,117.0	90.65
Water consumption per person (m³/FTE)	*7.98*	*7.47*	
Total energy consumption *(kWh)*	**81,537,776.6**	**78,819,400.8**	**NA**
Total energy consumption per person *(kWh/FTE)*	***5,399.03***	***5,248.47***	
Electricity consumption *(kWh)*	54,520,080.0	57,621,180.2	96.82
Electricity consumption per person (kWh/FTE)	*3,608.91*	*3870.0*	
Gas consumption *(kWh)*	17,622,403.8	13,193,797.7	100
Gas consumption per person (kWh/FTE)	*1,170.15*	*857.94*	
Fuel oil consumption *(kWh)*	367,800.0 (1)	315,660.0	100
Fuel oil consumption per person (kWh/FTE)	*24.18* (1)	*20.53*	
Heat consumption *(kWh)*	5,784,648.6	4,202,361.9	100
Heat consumption per person (kWh/FTE)	*381.78*	*273.26*	
Chilled water consumption *(kWh)*	3,242,844.2	3,486,401.0	100
Chilled water consumption per person (kWh/FTE)	*214.02*	*226.71*	

(1) The consumption of fuel oil published in 2013 was corrected in order to rectify an under-estimate. Total energy consumption and $CO2$ emission$_s$ related to the consumption of fuel oil also changed in the same manner for 2013.

The consumption of fuel oil decreased by 14.18% between 2013 and 2014, in particular due to relocation of staff to buildings that do not use fuel oil as well as renovations done in the buildings permitting a transfer to other types of energy such as electricity or gas. This scenario particularly occurred at Groupama Phoenix in Greece and Groupama Asigurari in Romania with a respective decrease of 90% and 100% of their fuel oil consumption compared with 2013.

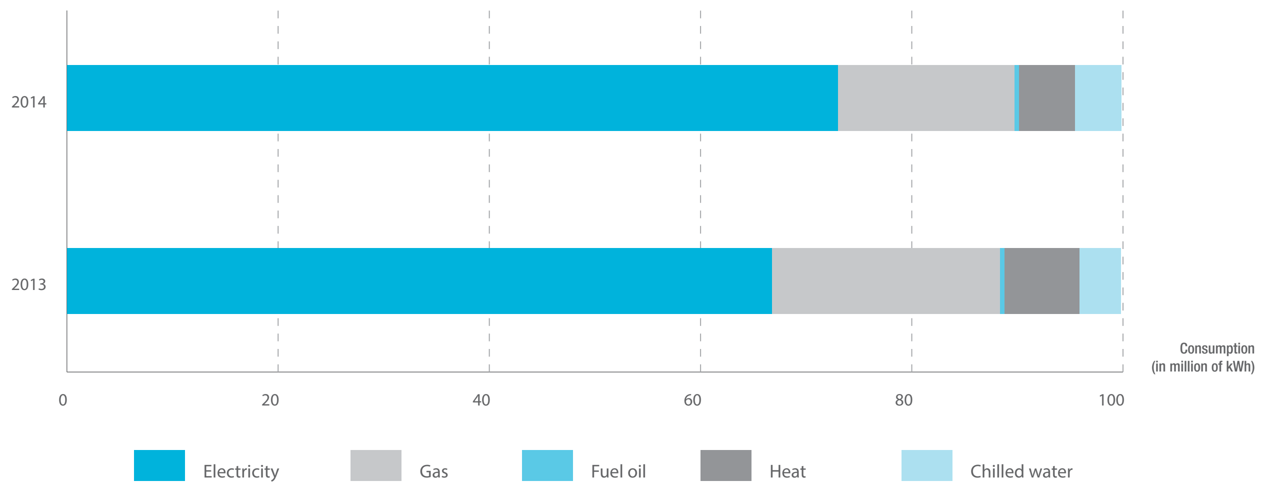
The change in the energy resource at some sites may be a factor to explain the increase in electricity consumption per FTE (+7.24%). A better explanation for this increase is the accounting of electricity consumption of the Bourges Data Centre: previously, the site's entire consumption was prorated by FTE for the companies occupying the offices (Groupama SA, G2S and the regional mutual Groupama Rhône-Alpes Auvergne). In 2014, the Data Centre's consumption was fully allocated to G2S, which manages it, and only the consumption of the offices was distributed among the companies.

In 2014, there was a sharp decrease in gas consumption (-25.13%) due to the reduction of staff in the entities concerned or site closures – which was particularly the case for Gan Assurances, Gan Prévoyance which closed a commercial site during the year, and Groupama Asigurari which saw its number of branches decrease by 24% – but also mild temperatures during the winter in Eastern Europe.

The sharp drop in heat consumption per FTE (-28.42%) was notably due to Gan Assurances. In fact, 38% of the decrease in heat between 2013 and 2014 was related to the closure of its Drouot site (in October 2013).

In addition, the overall increase in temperatures in 2014 may also explain the decline in heat consumption per FTE and the increase in chilled water consumption per FTE (5.93%).

ENERGY CONSUMPTION CHANGE AND COMPOSITION



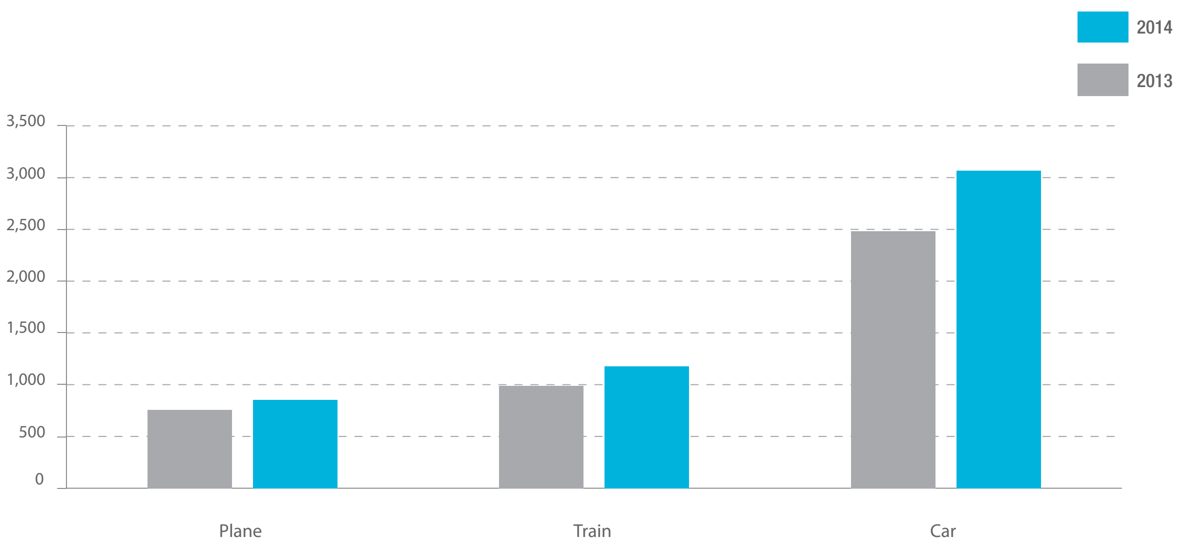
Climate change

As part of its CSR strategy, the Groupama group wishes to reduce its CO_2 emissions. The levers considered to achieve this end pertain to energy consumption, business travel and paper consumption. A Group inter-company working group, put in place at the end of 2013, steers this objective and is responsible for putting the necessary prerequisites in place. This working group carried out the following work in 2014: estimation of a 5-year trajectory of replacement of the fleets with "cleaner" vehicles, promotion of areas making it possible to reduce travel (equipping with video conference tools, promotion of carpooling), calculation of overall paper consumption (541 tonnes of office paper; 1,700.75 tonnes of marketing and technical documents and 389.79 tonnes of certified paper) over 2013 to establish a 3-year reduction goal and identify levers for actions.

Detail of the various types of business trips

	2013	2014	2014 scope (%)
Business travel by plane *(km)*	11,478,406.1	12,638,693.1	96.59
Business travel by plane per FTE (km/FTE)	*754.67*	*850.86*	
Business travel by train *(km)*	15,018,478.0	17,661,786.0	97.48
Business travel by train per FTE (km/FTE)	*990.22*	*1178.20*	
Business travel by car *(km)*	32,241,346.0	45,984,046.0	97.48
Business travel by car per FTE (km/FTE)	*2,483.78*	*3,067.56*	
Total business travel by train, plane and car	***58,738,230.2***	***76,284,525.1***	***NA***
Total business travel by train, plane and car per FTE	***4,228.68***	***5,096.63***	

CHANGE IN BUSINESS TRAVEL PER FTE BETWEEN 2013 AND 2014



The increase in the number of kilometres travelled per FTE during business trips between 2013 and 2014 (air +12.75%; train +18.98%; cars +23.50%) is explained by many international trips by air and better consideration of kilometres travelled by car.

The Group Executive Committee travelled to New York for a seminar organised by Groupama SA in July 2014, and the International Convention took place for the first time within an international subsidiary, in Istanbul, November 2014. The same is true for certain staff of Mutuaide who travelled to the United States and Asia. This overall increase in business travel is also explained by a better method of accounting for trips on the G2S portal, particularly thanks to the Airplus Green Reports extraction produced by intermediary payment service providers between G2S and the travel agency Egencia, which permits more reliable monitoring of travel than in previous years.

Regarding trips by car, the sharp increase between 2013 and 2014 is related to the fact that in 2014, the declarations of kilometre allowances (KA extracted from expense reports) and fuel cards of Gan Prévoyance were taken into account. In addition, the estimates in 2014 made it possible to have more precise results on kilometres travelled. Such is the case for Gan Assurances, where travel by representatives was given better consideration in 2014 than in 2013.

To respond to the challenge of climate change, the Groupama group encourages its employees to travel less when possible and to favour

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train transport over air travel and the use of video-conferencing for meetings in order to reduce travel by car. The efforts made as part of the "CO_2 emissions reduction" working group are intended to encourage these changes.

In 2014, CO_2 emissions totalled the equivalent of 21,671.16 tonnes of CO_2, or the equivalent of 1,445 tonnes of CO_2 per FTE (details according to the three scopes of the GHG Protocol in the tables below).

CO_2 emissions for the 2014 reporting period according to the three scopes defined by the GHG Protocol and according to the operational control consolidation method

Direct emissions – Scope 1 ($TeqCO_2$)	2014	2014 scope (%)	2013
Direct CO_2 emissions related to gas boilers	2,440.85	100	3,260.14
Direct CO_2 emissions related to gas boilers per FTE	*0.158718*		*0.214346*
Direct CO_2 emissions related to fuel oil boilers	77.34	100	90.11
Direct CO_2 emissions related to fuel oil boilers per FTE	*0.005029*		*0.005925*
Direct CO_2 emissions related to business travel in owned land vehicles	1,214.95	97.48	1,668.29
Direct CO_2 emissions related to business travel in owned land vehicles per FTE	*0.081048*		*0.128520*
Total direct GHG_01 emissions	**3,733.14**	**NA**	**4,992.60**
Total direct GHG_01 emissions per FTE	**0.244795**		**0.347085**

Indirect emissions – Scope 2 ($TeqCO_2$)	2014	2014 scope (%)	2013
Direct CO_2 emissions related to electricity consumption	8,569.39	96.82	8,367.59
Direct CO_2 emissions related to electricity consumption per FTE	*0.575550*		*0.553886*
Direct CO_2 emissions related to heat consumption	938.39	100	1,291.71
Direct CO_2 emissions related to heat consumption per FTE	*0.061019*		*0.085251*
Direct CO_2 emissions related to chilled water consumption	126.56	100	117.72
Direct CO_2 emissions related to chilled water consumption per FTE	*0.008229*		*0.007769*
Total indirect GHG_02 emissions	**9,634.33**	**NA**	**9,777.02**
Total indirect GHG_02 emissions per FTE	**0.644798**		**0.646905**

Other emissions – Scope 3 ($TeqCO_2$)	2014	2014 scope (%)	2013
Direct CO_2 emissions related to business travel in non-owned land vehicles	6,569.54	97.48	4,075.20 (1)
Direct CO_2 emissions related to business travel in non-owned land vehicles per FTE	*0.438248*		*0.313942 (1)*
Direct CO_2 emissions related to business air travel	1,605.11	96.59	1,457.76
Direct CO_2 emissions related to business air travel per FTE	*0.108060*		*0.095844*
Direct CO_2 emissions related to business train travel	129.04	97.48	110.29
Direct CO_2 emissions related to business train travel per FTE	*0.008608*		*0.007271*
Total indirect GHG_03 emissions	**8,303.69**	**NA**	**5,643.25**
Total indirect GHG_03 emissions per FTE	**0.554916**		**0.417057**

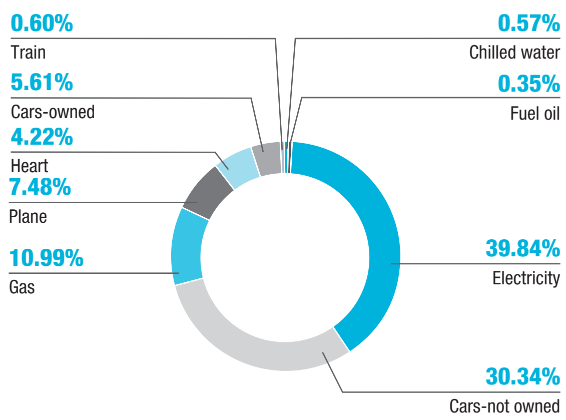
(1) CO_2 emissions in 2013 related to travel by non-owned car were modified in order to correct a calculation error in the published data in 2013.

Total CO_2 emissions per FTE increased by 2.84% between 2013 and 2014.

This increase is mainly due to the increase in the share of business travel in CO_2 emissions: it represented 43.92% of emissions versus 38.67% in 2013.

On the whole, CO_2 emissions between 2013 and 2014 followed an evolution comparable to that items to which they are related: emissions related to electricity (+2.41%), gas consumption (25.13%), fuel oil consumption (-14.18%*), heat consumption (-27.35%), business air travel (+10.11%) and business travel by car (+38.09%), including for owned vehicles (-27.17%) and for non-owned vehicles (+65.52%).

SOURCE OF CO_2 EMISSIONS PER FTE IN 2014



Pollution and waste management

The Groupama group's service business activities do not directly generate waste or pollution other than office waste. However, we feel there is more we can do in terms of waste reclamation, for example by developing selective sorting. A sorting experiment at several sites in the Greater Paris region (in all 850 affected employees at Groupama SA and in subsidiaries) was conducted in 2nd quarter of 2014, with very positive results.

Protection of biodiversity

The Groupama group is one of the leading private owners of forests and the leading insurer of forests in France. In addition, all forests managed by Groupama Immobilier are PEFC-certified (certification guaranteeing sustainable management of wood resources in forests). More broadly, our policies contribute directly to the protection of biodiversity with the reduction of paper consumption and CO_2 emissions.

(f) Relations with stakeholders

Subcontractors and suppliers

The Groupama group has very limited recourse to subcontracting. Project management, project ownership and Interim purchases represent less than 15% of the Group's total purchases called General Expenses [1].

In application of the 10 principles of the charter of the Global Compact and the diversity charter, CSR commitments have been integrated into the Group's purchasing policy, including a purchasing ethics charter, which has been incorporated into the Internal Regulations of Groupama SA. It discusses three aspects in particular: consideration of methods of manufacture of materials, the behaviour of suppliers in respect of these methods of manufacture, and the supplier's compliance with the labour law and the rules of the ILO.

The Groupama group has signed the inter-company charter, which particularly favours long-term relationships with SMEs, incorporation of CSR criteria in the choice of suppliers and consideration of the territorial responsibility of a large group.

A guide to eco-responsible purchasing, produced by the Group Purchasing Department, was distributed to all Group buyers in order to help them take social and environmental criteria into account in their calls for tenders and purchases: identification of issues and areas for improvement, information about the offering and assessment of present purchases.

In addition, in our calls for tenders, we ask our suppliers, as part of specific contractual clauses, to declare whether they respect the principles of the ILO, the Universal Declaration of Human Rights and the charter of the Global Compact (working conditions, respect for the environment, ethics), and we encourage them to adopt eco-responsible behaviour (product design, staff training, routing, waste management).

The supplier CSR charter will be deployed in 2015 for all purchases made by the Group. These purchases mainly pertain to four areas:

- IT and telecommunications;
- intellectual services (strategy consulting, HR consulting, training, marketing, travel, etc.);
- general resources (management of the building overall: construction, service for occupants, etc.);
- insurance purchases.

Other stakeholders

MEMBERS AND CUSTOMERS

On the one hand, membership, the decentralised operating base of the Groupama group's Mutual Insurance Division, allows our 4 million French members to take part in each level of the elective system: local mutual, regional mutual, departmental or national federation. Thus, 300,000 members participate each year in the General Meetings of our some 3,300 local mutuals, which gives them decision-making power within the mutual company. On the other hand, the four Gan specialised networks have strong territorial anchoring in France, and the Group also has local networks abroad. In addition, we are particularly attentive to our customers, thanks to continuously conducted satisfaction polls – on claims managements, requests, complaints, etc. – with our private customers, as well as regular detailed satisfaction surveys conducted annually, on a very large number of individuals from all of our customer types. The improvement of customer satisfaction is a priority issue for employees.

* *Fuel oil consumption published in 2013 was modified in order to correct an under-valuation. Total energy consumption and CO_2 emission related to fuel oil boilers were modified the same way for the 2013 data.*

(1) *Excluding insurance purchases, excluding international subsidiaries, 2014.*

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PROFESSIONAL ORGANISATIONS.

The Groupama group participates in the CSR working groups of many federations or institutes, particularly: Association Française de l'Assurance, MEDEF, AFEP, and Club Finance de l'Orse. Since 2006, our subsidiary Groupama Asset Management has been a signatory of the Principles for Responsible Investment (PRI), an active member of the Forum for Responsible Investment (FIR), an executive member of the EUROSIF and active member of the AFG's SRI Committee. Groupama Asset Management actively contributes to the research work of the AFG's FDIR Chair (Sustainable Finance & Responsible Investment) and has participated for several years in the FIR/PRI Prize for European Research in "Finance and Sustainable Development" and the work of the Sustainable Finance Committee of Paris Europlace.

SCHOOLS

For several years, the Groupama group has maintained partnerships with various actuarial schools and is one of the four founding members of the Risk Foundation, which seeks to encourage and coordinate teaching and research projects in all areas of risk (financial risks, industrial risks, environmental risks, wealth risks or individual health in particular) in close relationship with partner institutions: Polytechnique, Centre d'Études Actuarielles, Université Paris-Dauphine and ENSAE.

(g) Fair practices

Compliance

The Groupama group has established a major compliance system, governed by a compliance charter. This charter covers all our business activities and aims to ensure that practices comply with legal provisions, regulations, administrative requirements and trade standards, as well as the Group's internal rules, charters and procedures.

The Group's insurance companies in France are directly concerned by the publication in November 2014 of a new sectoral reference source, a "compliance pack" adopted by the insurance profession and the CNIL. This pack, comprising five texts (two standards, three unique authorisations), will have an impact on, for example, the information notices of policies, the security of systems, the conservation of information, etc. A plan for gradual compliance has already been initiated by the Group's Data Protection Correspondent (CIL) team and will continue in 2015-2016.

Actions against money laundering and terrorist financing and CIL (Data Protection Correspondent)

As part of this, a network of managers of anti-money laundering and financing of terrorism (AML/FT) in the entire Group has been established. This is coordinated by the Group Legal Department and involves regular meetings and newsletters, monthly reporting and semi-annual updates for the Group's General Management and an annual report to the Board of Directors of Groupama SA on actions taken within the Group. The year 2014 was devoted to the continuation of efforts undertaken by all relevant players of the Group (in particular, dissemination of the AML/FT organisation charter to companies).

The key points of the system include risk mapping, incorporating an evaluation of risks of money laundering and financing of terrorism based on products, operations, customers and modes of distribution; the collection of information about customers and the source of funds depending on the significance of the risks; a tool for automated detection of individuals appearing on lists of terrorists and persons considered to be politically exposed as well as a secure database of suspicion reports; the establishment of a customer relationship profiling tool for banking and life/savings business activities; a system for checking proper application of procedures as well as e-learning training tools on the principles of anti-money laundering and financing of terrorism.

Lastly, in 2007, the Groupama group created the Group's data protection agent (CIL) function, whose responsibilities are defined by law, particularly consisting of establishing and maintaining the list of computer processing in force within the Group in order to guarantee compliance with the regulations in this area. This function maintains relations with the CNIL. The role of the Group's CIL is to monitor, assess and advise for all companies of the Group.

The Groupama group adheres to the Universal Declaration of Human Rights of 1948 and the European Convention on Human Rights and the principles of the International Labour Organisation (ILO) and the guidelines of the OECD for multinational companies.

5.1.12.3 Table of concordance and methodological note

In accordance with the provisions of Article L. 225-102-1 of the Commercial Code, Groupama SA presents in its management report the actions and directions taken by the company to take into account the social and environmental consequences of its activity and to fulfil its societal commitments regarding sustainable development. The correspondence with the disclosures required by the regulations (mentioned in Article R. 225-105-1 of the Commercial Code) is presented below.

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(a) Social information

Employment:	
Total staff and the breakdown of employees by gender, age and geographic area	§ 5.1.12.2 (d)
Hires and redundancies	§ 5.1.12.2 (d)
Remuneration and its changes	§ 5.1.12.2 (d)
Organisation of work:	
Organisation of working time	§ 5.1.12.2 (d)
Absenteeism	§ 5.1.12.2 (d)
Employee relations:	
Organisation of the corporate dialogue; in particular, the procedures for informing and consulting the staff and negotiating with the staff	§ 5.1.12.2 (d)
Assessment of collective agreements	§ 5.1.12.2 (d)
Health and safety:	
Workplace health and safety conditions	§ 5.1.12.2 (d)
Assessment of agreements signed with union organisations or staff representatives regarding workplace health and safety	§ 5.1.12.2 (d)
Workplace accidents, particularly their frequency and severity, as well as occupational illnesses	§ 5.1.12.2 (d)
Training:	
Training policies implemented	§ 5.1.12.2 (d)
Total number of training hours	§ 5.1.12.2 (d)
Diversity and equal opportunity/equal treatment	
Policy implemented and measures taken to promote gender equality	§ 5.1.12.2 (d)
Policy implemented and measures taken to promote employment and inclusion of persons with disabilities	§ 5.1.12.2 (d)
Policy implemented and measures taken to fight discrimination	§ 5.1.12.2 (d)
Promotion of and compliance with the terms of the ILO fundamental conventions related to:	
Respect for the freedom of association and the right to collective bargaining	§ 5.1.12.2 (d)
Elimination of discrimination in employment and professions	§ 5.1.12.2 (d)
Elimination of forced or compulsory labour	§ 5.1.12.2 (d)
Effective abolition of child labour	§ 5.1.12.2 (d)

(b) Environmental information

General environmental policy:	
The company's organisation to take into account environmental issues and, where appropriate, the approaches for evaluation or certification in environmental matters	§ 5.1.12.2 (e)
Actions taken to train and inform employees about protection of the environment	§ 5.1.12.2 (e)
Resources devoted to the prevention of environmental risks and pollution	§ 5.1.12.2 (e)
Amount of reserves and coverage for environmental risks, provided that this information is not likely to cause serious harm to the company in a current dispute	§ 5.1.12.2 (e)
Pollution and waste management:	
Measures to prevent, reduce or repair of releases into the air, water and soil seriously affecting the environment	§ 5.1.12.2 (e)
Measures to prevent, recycle and eliminate waste	§ 5.1.12.2 (e)
Consideration of noise and any other form of pollution specific to an activity	§ 5.1.12.2 (e)
Sustainable use of resources:	
Water consumption and water supply based on local constraints	§ 5.1.12.2 (e)
Consumption of raw materials and measures taken to improve efficiency in their use	§ 5.1.12.2 (e)
Energy consumption, measures taken to improve energy efficiency and use of renewable energies	§ 5.1.12.2 (e)
Use of soil	§ 5.1.12.2 (e)
Climate change:	
Releases of greenhouse gases	§ 5.1.12.2 (e)
Adapting to the impact of climate change	§ 5.1.12.2 (e)
Protection of biodiversity:	
Measures taken to develop biodiversity	§ 5.1.12.2 (e)

(c) Societal information

Territorial, economic and social impact of the Company's business:	
Jobs and regional development	§ 5.1.12.2 (c)
Surrounding and local authorities	§ 5.1.12.2 (c)
Relations with persons or organisations concerned by the Company's activities:	
Conditions for dialogue with these persons or organisations	§ 5.1.12.2 (c) § 5.1.12.2 (f)
Partnerships and corporate sponsorship	§ 5.1.12.2 (b) § 5.1.12.2 (c)
Subcontractors and suppliers:	
Incorporation of CSR criteria into the company's purchasing policy	§ 5.1.12.2 (f)
Importance of outsourcing and incorporation of CSR criteria into relations with suppliers and subcontractors	§ 5.1.12.2 (f)
Fair practices:	
Human rights initiatives	§ 5.1.12.2 (d) § 5.1.12.2 (g)
Measures taken for consumer health and safety	§ 5.1.12.2 (a)
Other human rights initiatives:	
Human rights initiatives	§ 5.1.12.2 (g)

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(d) Methodology note

This note is intended to provide a reminder of Groupama's CSR reporting methodology and to clarify certain points about the scope taken into account and the calculations made on certain indicators.

Data collection

COLLECTION PROCESS

The information published in the management report of the registration document of Groupama SA is collected thanks to the contributions of the Group's network of reporting correspondents.

Most of the environmental and societal data are reported by the entities concerned through SCOOP, a solution offered by Enablon and fully dedicated to the CSR reporting within the Group. The list of employees to the reporting is updated each year before the beginning of the reporting campaign, and training on the use of SCOOP and the reporting process in general is offered by the CSR, Employer Branding and Internal Communication Department to employees where appropriate.

Certain environmental and societal data, by virtue of their specificity (when they relate to only one entity of the Group for example) or for practical reasons (difficulty of access to the tool, compliance with deadlines), are collected directly by the CSR, Employer Branding and Internal Communication Department from the correspondents or departments concerned.

Regarding social information, for 46% of the indicators and 98% of the workforce in France, the information is retrieved from the SIPGRH (Group human resources information and management system), populated by each of the corporate information systems.

Templates in Excel format sent by mail are also used in the following cases:

- French companies for which there is no monthly interface between their IS and the SIPGRH;
- International companies;
- French companies taken into account in the SIPGRH but for which certain data or populations (disabilities, agents/general agents, temporary employees, etc.) are not presented in the infocentre: the corresponding indicators are also requested from companies through an Excel template - indicators not available in the SIPGRH (theoretical work time, overtime, temporary employees, payroll, training, workplace accidents, occupational illnesses, disabled employees).

The CSR data collection process is improved each year, particularly by reinforcing the degree of precision required from employees upstream (specify the method of estimation or extrapolation used if such is the case, sending of attachments – invoices, meter readings, information received by service providers or suppliers in particular – supporting the reported results) and by refining the criteria for whether values are taken into account during the consolidation downstream (see paragraph "Data Consolidation and Publication"), which improves the reliability of the published data.

On the other hand, improvements have been made on the basis of recommendations prepared by the statutory auditors:

- paper consumption: the definitions have been further formalised, particularly by taking into account only completed orders and separate accounting – to the extent possible – of sheets of paper and envelopes, and an indicator for mass publication was added;
- prevention and philanthropy indicators: a supporting document detailing the topics addressed during prevention days and the actions supported by the amounts allocated to philanthropy is now compulsory on the SCOOP software, permitting better control of reported data;
- internal prevention indicator: this indicator is no longer collected by area of business activities (Auto/MRH/Health/Agriculture/Companies and local authorities/Groups) because it simply was not always relevant in the case of prevention among employees. The data are now collected in a comprehensive manner and supplemented with qualitative information obtained in the supporting documents of contributors.

In the same way, the social data collection process changes each year: as soon as possible, the information sent by French companies of the SIPGRH scope have been compared with the information obtained through the infocentre and, to the extent that little discrepancies were identified, it was decided to retain the information of the SIPGRH and to no longer use the collection tool ORCCI-D. In addition, indicators relating to professional training were determined centrally by the University sector for companies in the management scope of the community training tool CAPEDIA and by Excel templates for other companies.

REFERENCE SOURCE AND DEFINITIONS OF INDICATORS

The indicators collected and published in the CSR section of the management report were developed in accordance with Article R. 225-105-1 of the Commercial Code and consistent with the guidelines of Groupama's CSR strategy.

The list of collected environmental indicators as well as the methods for calculating these indicators and the rules for collection are defined in a Group Reporting Reference Source in force since 2010 and updated each year. The methods for calculating CO_2 emissions are also defined in this Reference Sources and carried out subsequently by the CSR, Employer Branding and Internal Communication Department.

The collection of societal and social indicators is based on a glossary of definitions updated for each reporting period and made available to employees before each new reporting campaign.

REPORTING PERIOD

The reporting period was determined in order to be able to meet the deadlines for verification and publication of the disclosures required by Article R. 225-105-1 of the Commercial Code.

As such, since 2012, the societal and environmental indicators have been collected by rolling year, from 1 November N-1 to 31 October N, *i.e.*, from 1 November 2013 to 31 October 2014 in the present case. When it is impossible to obtain a data in advance for this period, an extrapolation by proportion or an estimate (according to the methods defined by the Reporting Reference Source or consistent with the values of previous years) may be performed, and the method used is specified by the employees.

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As regards social information, it is collected over a calendar year, *i.e.*, from 1 January 2014 to 31 December 2014 in this case.

Reporting Scope

The 30 entities that are part of the reporting scope published in the CSR section of the management report are those integrated and consolidated in the Financial Reporting of Groupama SA's registration document (see list in the Appendix).

The published environmental and societal information relate to 26 entities detailed in the appendix (or 97.27% of the workforce of the consolidated scope). For the four entities where information has not been collected, the following rules have been applied:

- for the following indicators, it has been assumed that they were applicable but not available for these companies, and they have therefore been excluded from the scope of these indicators: consumption of water, electricity and paper, business travel by plane, train and car;
- for the other indicators, it has been considered that they were not applicable for these companies, which have therefore been included in the scope, the value assigned to these indicators being zero: consumption of gas, fuel oil, heat, and ice water, prevention, philanthropy.

These same rules have been applied in the calculation of CO_2 emissions.

The social information pertains to the 30 entities on the list in the appendix.

Companies accounted for under the equity method in the accounting results are not taken into account in terms of social and environmental indicators, and Groupama AVIC Property Insurances Company, the Groupama group's subsidiary in China, was removed from the non-financial reporting scope in 2013 for a better balance between the consolidated financial and non-financial scope.

The distinction between consolidated scope and combined scope (including all Group subsidiaries in France and abroad as well as the regional mutuals) during the environmental and societal data consolidation phase was made by the CSR, Employer Branding and Internal Communication Department on the basis of reports generated by the SCOOP tool. The SCOOP tool makes it possible to collect data for the combined scope, which are then published in the annual report.

The corporate data reported by the SIPGRH or the Excel templates are pooled, distinguished between consolidated scope and combined scope, and then consolidated by the Group Human Resources Department (DRHG) at the end of the information collection campaign.

Consolidation and publication of data

CONSOLIDATION PROCESS

All environmental and societal data reported by the employees are consolidated by the CSR, Employer Branding and Internal Communication Department. The consolidation is preceded by a validation for each indicator and for each entity through the following checks:

- when the zero value is entered for an indicator, the CSR, Employer Branding and Internal Communication Department asks the employees concerned to specify whether this is due to the fact that the indicator is not applicable to their entity (in this case, the entity is included in the consolidation of this indicator) or because the information is not available (in which case, the entity is excluded from the consolidation of this indicator);
- comparison of N and N-1 data: when an entity reports a value fluctuating by +/-30% compared with the figure reported in 2012/2013, the employee concerned is alerted by the CSR, Employer Branding and Internal Communication Department, and the figure is confirmed only if the difference can be justified, with the help of supporting documents if necessary;
- other consistency tests: in the event that there is no information about an indicator's significant difference in relation to 2013, the indicator's ratio per FTE for the entity concerned is compared with the average ratio per FTE for the same indicator, and the weight of this entity in the consolidated scope for this indicator is considered – if the entity represents an significant share of the scope or if its ratio per FTE for the indicator concerned seems abnormal, validation of the unsupported data is not possible.

Concerning the quality of social data, checks are made by the SIPGRH Project Owner of the HRD group each month at the time of the loadings. Functional tests are also carried out to ensure the consistency of the results relating to staff and staff movements (headcounts for month N = headcounts for N-1 – departures for the month + entries for the month).

In addition, comparisons are made over time between the work carried out by the companies and the work of the Group Human Resources Department (DRHG) on the basis of the social reports, particularly that group together a number of significant indicators.

And, at the time of completion of the work specific to CSR, the data for year N are compared with those for year N-1 by the Studies sector of the Group HRD.

After consolidation of an indicator, the final total value and the ratio per FTE are compared with those of the 2013 reporting.

SCOPE COVERED

The coverage of the collection scope of each environmental and societal indicator is the ratio of the number of FTEs of entities having provided information validated by the CSR, Employer Branding and Internal Communication Department for this indicator to the total number of FTEs of the environmental and societal reporting scope (detailed in the Reporting Scope paragraph). The coverage of the collection scope of each environmental and societal indicator is the ratio of the number of FTEs of entities having provided information validated by the CSR, Employer Branding and Internal Communication Department for this indicator to the total number of FTEs of the consolidated scope. The FTEs are provided by the Group HRD as at 31 October 2014 when this information is available. Lastly, as the number of FTEs was unavailable at Groupama Emeklilik, Groupama Sigorta, Groupama Seguros, Groupama Seguros da Vida, Groupama Grancia pois□ov□a a.s. and Groupama Phoenix, the CSR, Employer Branding and Internal Communication Department estimated the number by multiplying the number of employees of these entities by the average rate of activity of the Group in 2014, *i.e.*, 0.98.

Note that the Centaure Centre driving training figures (see § 5.1.12.2 a) pertains to the Group's entire France scope and may therefore include actions carried out by the regional mutuals (Groupama Loire Bretagne in particular).

Certain social indicators relate only on the France portion of the consolidated scope: this is the case of rate of frequency and severity

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of accidents, the average remuneration and the rate of employment of disabled workers. At the international level, the reliability of the method of calculation of these indicators is being improved.

PROPERTIES MANAGED BY THE EIG G2S

The following rule was applied for consideration of the consumption of buildings formerly managed by the EIG G2S and recently released:

- buildings released before the beginning of the reporting period (1 November 2013 – 31 October 2014) were removed completely from the consolidation tables;
- buildings that were occupied for 0 to 6 months during the 2014 reporting period appear in the consolidation tables, but the date on which they were released is mentioned, and their consumption levels are not taken into account;
- buildings that were occupied for 6 or more months during the 2014 reporting period appear in the consolidation tables; the date on which they were released is mentioned, and their consumption levels are taken into account in the consolidation of the indicators.

The reliability of the published environmental and societal data was improved since fiscal year 2013 by applying proportions concerning consumption of shared buildings, whether this was with employees outside the Group, employees of the regional mutuals (combined scope), or employees of entities not consolidated.

DETAILS ON BUSINESS TRAVEL BY CAR

Two changes were made concerning business travel by car compared with the 2013 Report:

- kilometres travelled by representatives of Gan Assurances previously converted on the basis of the corresponding amounts in euros using a Group conversion factor (average price of a km travelled according to the figures of the previous year's Report) were regarded as largely under-estimated; they are now calculated using the average number of kilometres travelled by inspectors whose profile is closest to the representatives;
- the kilometre allowance and trips funded by petrol cards through the G2S portal are now taken into account; this affects Gan Prévoyance and the EIG G2S.

DETAILS ON THE CALCULATION OF CO_2 EMISSIONS

CO_2 emissions are now published according to the three scopes defined by the GHG Protocol and according to the operational control consolidation method, as detailed below:

- scope 1, direct emissions related to consumption of gas and fuel oil and business travel in land vehicles owned by the Group's entities;
- scope 2, indirect emissions related to consumption of electricity, heat and chilled water;
- scope 3, other indirect emissions related to business travel by air, train and land vehicles not owned by the entities (leased vehicles, reimbursement of mileage costs).

The emission factors used in the calculations are identical to those of the 2013 Report and come from Carbon Assessment v7.1. A few clarifications for certain emission factors:

- for electricity, an 8% increase in the emission factors is made to take account of waste related to distribution (this waste is recognised in the regulatory greenhouse gas emissions assessment in scope 2, while the international reference sources, such as the GHG Protocol, recommend recognising it in scope 3). In addition, the emission factors used for entities present in the overseas departments and territories were calculated as follows based on the Carbon Assessment v7.1: for GOM Antilles, the average between the emission factors of Guadeloupe and Martinique/ for GOM Pacifique, the average between the emission factors of New Caledonia, Tahiti and French Polynesia excluding Tahiti;
- for natural gas and heating oil, the emission factors of the Carbon Assessment v7.1 were converted from NCV to GCV using the conversion factor 1.11 appearing in Groupama's Reporting Reference Source;
- for consumption of steam and chilled water, the CSR, Employer Branding and Internal Communication Department used an average of the various factors provided for France by the Carbon Assessment v7.1;
- for air travel, the emission factor used by the CSR, Employer Branding and Internal Communication Department was an average between the short-haul and long-haul emission factors;
- for travel by train in France, the emission factor used by the CSR, Employer Branding and Internal Communication Department was the average of the main-line train in France; the "Train – National Rail" emission factor mentioned by Groupama's Reporting Reference Source for countries whose emission factor is not applicable has not been updated.

DETAILS ON THE CALCULATION OF THE RATES CONTAINED IN THE SOCIAL DATA

- rate of absenteeism in France = number of days of absence (permanent contracts & fixed-term contracts in working days)/ [(monthly average workforce on permanent contracts & fixed-term contracts) × (number of work days – 25 paid leave days)];
- accident frequency rates = number of workplace and commuting accidents with work stoppage × 1,000,000/annual theoretical hours worked;
- accident severity rates = (working) days lost for workplace and commuting accidents with work stoppage × 1,000/annual theoretical hours worked.

For these last two indicators, the annual theoretical hours worked by business = theoretical weekly duration × 47 weeks × workforce on permanent contracts & fixed-term contracts as at 31 December 2014.

Appendix – List of entities taken into account in the non-financial reporting consolidation scope

Entity (Country)	Information provided for this entity
AMALINE ASSURANCES (France)	Social, environmental and societal
CAROLE NASH (United Kingdom)	Social
GAN ASSURANCES (France)	Social, environmental and societal
GAN PATRIMOINE (France)	Social, environmental and societal
GAN PRÉVOYANCE (France)	Social, environmental and societal
GROUPAMA GAN VIE (France)	Social, environmental and societal
GAN IA HONG KONG	Social
GAN OUTRE-MER ANTILLES (France)	Social, environmental and societal
GAN OUTRE-MER PACIFIQUE (France)	Social, environmental and societal
GROUPAMA ASIGURARI (Romania)	Social, environmental and societal
GROUPAMA ASSET MANAGEMENT (France)	Social, environmental and societal
GROUPAMA ASSICURAZIONI (Italy)	Social, environmental and societal
GROUPAMA ASSURANCE-CRÉDIT (France)	Social, environmental and societal
GROUPAMA BANQUE (France)	Social, environmental and societal
GROUPAMA EMEKLILIK (Turkey)	Social, environmental and societal
GROUPAMA ÉPARGNE SALARIALE (France)	Social, environmental and societal
GROUPAMA GARANCIA BIZTOSITO (Hungary/Slovakia)	Social, environmental and societal
GROUPAMA IMMOBILIER (France)	Social, environmental and societal
OTHER PROPERTY SUBSIDIARIES (France)	Social
GROUPAMA JIVOTOZASTRAHOVANE LIFE (Bulgaria)	Social, environmental and societal
GROUPAMA PHOENIX (Greece)	Social, environmental and societal
GROUPAMA PROTECTION JURIDIQUE (France)	Social, environmental and societal
GROUPAMA SA (France)	Social, environmental and societal
GROUPAMA SEGUROS (Portugal)	Social, environmental and societal
GROUPAMA SEGUROS De Vida (Portugal)	Social, environmental and societal
GROUPAMA SIGORTA (Turkey)	Social, environmental and societal
GIE GROUPAMA SUPPORTS ET SERVICES (France)	Social, environmental and societal
GROUPAMA ZASTRAHOVANE NON LIFE (Bulgaria)	Social, environmental and societal
MASTERCOVER (United Kingdom)	Social
MUTUAIDE ASSISTANCE (France)	Social, environmental and societal

5.1.13 OUTLOOK (SCOPE OF THE ENTIRE GROUPAMA GROUP)

In 2014, the Group continued the path of profitable growth that it set for itself. All of the actions implemented in this regard yielded results:

- further improvement of the loss experience in non-life insurance leading to a combined ratio of 99%;
- a significant orientation of the savings activity in France towards unit-linked policies, whose premium income increased by more than 20% (after 50% growth in 2013). It now exceeds more than 30% of the premium income in individual savings and represents 17.6% of Groupama Gan Vie's outstandings;
- increased financial flexibility thanks to an exchange and issue of subordinated instruments, making it possible to extend the maturity of the debt. In addition, the Group repaid the entire amount drawn on its existing credit line (€650 million) thus bringing its debt ratio to 11.6% (down -16.2 points);
- control of general expenses, which decreased in absolute value by €102 million in 2014, which represents a reduction in value of €386 million compared with the reference year 2011;
- a solvency margin of 253%.

This performance level was achieved, in an environment of low interest rates that weighs on income, despite a high level of serious claims, the extra cost of which compared with average observations was significant (€140 million before tax) and in a year of more unfavourable weather loss experience (by 0.8 points) than the average loss experience over the long term.

As part of its strategic directions, the Group will continue to strengthen its underwriting and operational profitability while making its customers the focus of its commitment. This goal will be pursued particularly through the development of an integrated, cross-channel organisation, making it possible to be continuously accessible to customers, as well as an innovative approach in terms of products offered, tools, and processes, promoted particularly by the deployment of new technologies.

Thanks to its mutualist values and the commitment of its employees and elected representatives, Groupama is confident in its ability to achieve its goals.

5.2 REPORT OF ONE OF THE STATUTORY AUDITORS ON SOCIAL, ENVIRONMENTAL AND SOCIETAL INFORMATION

Report of one of the statutory auditors, designated as an independent third-party organisation, on the consolidated social, environmental and societal information contained in the management report

(Year ended 31 December 2014)

PricewaterhouseCoopers Audit

63, rue de Villiers

92208 Neuilly-sur-Seine Cedex

Dear Shareholders,

In our capacity as statutory auditor of Groupama SA, a designated independent third party, accredited by COFRAC under number 3-1060 (1), we hereby present our report on the consolidated social, environmental and societal information relating to the fiscal year ended 31 December 2014, presented in the management report (hereinafter the "CSR Information"), pursuant to the provisions of Article L. 225-102-1 of the French Commercial Code.

RESPONSIBILITY OF THE COMPANY

It is the responsibility of the Board of Directors to prepare a management report containing the CSR information provided for in Article R. 225-105-1 of the French Commercial Code in accordance with the procedures used by the company (hereinafter the "Reference Source"), a summary of which is contained in the management report in the "Methodological Note" and available on request at the company's headquarters.

INDEPENDENCE AND QUALITY CONTROL

Our independence is defined by regulations, the professional ethical code as well as the provisions of Article L. 822-11 of the French Commercial Code. In addition, we have put in place a system of quality control that includes policies and documented procedures designed to ensure compliance with the applicable ethical rules, standards of professional practice and laws and regulations.

RESPONSIBILITY OF THE STATUTORY AUDITOR

It is our responsibility, on the basis of our work, to:

- certify that the required CSR Information is presented in the management report or, if omitted, explained pursuant to the third paragraph of Article R. 225-105 of the French Commercial Code (Certification of presence of CSR information);
- express a conclusion of moderate assurance on the fact that the CSR Information, taken as a whole, is presented fairly in all their significant aspects in accordance with the Reference Source (reasoned opinion on the fairness of the CSR Information).

Our work was performed by a team of five individuals between early December 2014 and early February 2015 for a duration of 10 weeks. We called on our CSR experts to assist us in performing our work.

We performed the work described below in accordance with the standards of professional practice on services related to social and environmental information falling within the framework of the due diligence measures directly related to the mission of statutory auditor (NEP 9090) and the order of 13 May 2013 determining the terms under which the independent third party conducts its mission and, concerning the reasoned opinion of fairness, international standard ISAE 3000 (2).

(a) Certificate of presence of CSR Information

On the basis of interviews with the heads of the departments concerned, we reviewed the statement of sustainable development guidelines, according to the social and environmental consequences related to the company's business and its societal commitments and, where appropriate, the resulting actions or programmes.

(1) Its scope is available at www.cofrac.fr.

(2) ISAE 3000 – Insurance engagements other than audits or reviews of historical financial information.

We compared the CSR information presented in the management report with the list provided for by Article R. 225-105-1 of the French Commercial Code.

In case of the absence of certain information, we verified that explanations were provided in accordance with the provisions of Article R. 225-105 paragraph 3 of the French Commercial Code.

We verified that the CSR Information covered the consolidated scope, namely the company as well as its subsidiaries within the meaning of Article L. 233-1 and the companies that it controls within the meaning of Article L. 233-3 of the French Commercial Code with the limits specified in the methodological note presented in § 5.1.12.3 (d) of this registration document.

On the basis of this work, we certify the presence of the required CSR Information in the management report.

(b) Reasoned opinion on the fairness of the CSR Information

Nature and scope of work

We conducted a dozen interviews with the individuals responsible for the preparation of CSR Information within the departments in charge of information collection processes and, where appropriate, those responsible for internal control and risk management procedures in order to:

- assess the appropriateness of the Reference Source considering its relevance, completeness, reliability, neutrality and understandable nature, taking into consideration, where appropriate, the best practices of the sector;
- verify the establishment of a collection, compilation, treatment and control process aims at comprehensiveness and consistency of CSR Information and review the internal control and risk management procedures relating to the preparation of CSR Information.

We determined the nature and extent of our tests and checks on the basis of the nature and significance of the CSR information in terms of the characteristics of the company, the social and environmental issues of its business activities, its sustainable development guidelines and best industry practices.

For the CSR information that we considered most important [1]:

- at the level of the consolidating entity, we consulted the documentary sources and conducted interviews to corroborate the qualitative information (organisation, policies, actions), we implemented the analytical procedures on the quantitative information, and verified, on the basis of sampling, the calculations as well as the consolidation of data, and we verified their consistency with the other information contained in the management report;
- at the level of a representative sample of entities that we selected [2] on the basis of their business, their contribution to the consolidated, their location and a risk analysis, we conducted interviews to verify the correct application of the procedures and implemented detailed tests on the basis of sampling, consisting in verifying the calculations made and reconciling the data of the supporting documents. The sample thus selected represents between 17% and 27% of the social quantitative information and 21% of the environmental quantitative information.

For other consolidated CSR information, we assessed its coherence in relation to our knowledge of the company.

Lastly, we assessed the relevance of the explanations relating, where applicable, to the total or partial absence of certain information.

We believe that the sampling methods and sample sizes that we have used in exercising our professional judgement allow us to express a conclusion of moderate assurance; a higher level of assurance would have required more extensive verifications. Because of the use of sampling techniques as well as other limitations inherent in the operation of any information and internal control system, the risk of non-detection of a significant anomaly in the CSR information cannot be totally eliminated.

Conclusion

On the basis of our work, we found no significant anomalies likely call into question the fact that the CSR Information, taken as a whole, is presented fairly in accordance with the Reference Source.

Neuilly-sur-Seine, 3 March 2015

One of the statutory auditors

PricewaterhouseCoopers Audit

Eric Dupont and Christine Billy	Sylvain Lambert
Partners	Partner of the Sustainable Development Department

(1) The quantitative and qualitative information concerned is presented in the appendix to the report.
(2) Gan Prévoyance (France), Groupama Supports & Services (France) and Groupama Asigurari (Romania).

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Appendix: list of CSR information that we considered most important

Topics	Social information
Employment	Total staff and the breakdown of employees by gender, age and geographic area
	Number of permanent contract hires
	Number of permanent contract departures and redundancies
	Proportion of female managers
Training	Number of training hours

Topics	Environmental information
Sustainable use of resources	Total paper consumption
	Proportion of labelled paper
	Energy consumption at sites
Climate change	CO_2 emissions linked to energy consumption at sites

Topics	Societal information
Relations with persons or organisations concerned by the company's activities:	Amounts allocated by the Fondation Groupama pour la Santé
Consumer health and safety	Number of people trained in prevention and eco-driving at the Centaurs centres

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5.3 DIVIDEND DISTRIBUTION POLICY

5.3.1 DIVIDENDS PAID OVER THE PAST THREE FISCAL YEARS

No dividend was distributed during the last three fiscal years.

5.3.2 DISTRIBUTION POLICY

Groupama SA pays dividends in euros.

The future dividend distribution policy will depend on, among other things, the earnings generated and the financial position of Groupama SA and its subsidiaries.

The dividend proposal is submitted to the General Meeting after the allocation of the earnings is proposed by the Board of Directors.

Groupama SA determines its dividend distribution policy on the basis of its consolidated current income minus subsidies paid to regional mutuals.

In previous years, before 2012, Groupama SA distributed a dividend of approximately 20% of this income. Although Management intends to maintain this distribution policy over the long term, the dividend proposed by the Board of Directors for a particular year depends on various factors (including the Company's performance, market conditions and the overall economic environment) that are likely, in certain years, to affect this target distribution amount. When considering the dividend to be paid for a given year, Management seeks to reconcile (i) the prudent management of capital, (ii) the reinvestment of past earnings to support the development of businesses and (iii) the attractiveness of the dividend for the shareholders.

Note that 99.95% of the dividend is paid to the controlling shareholder of Groupama SA and 0.05% is paid to the minority shareholders.

For fiscal year 2014, a proposal will be made to the General Meeting of 18 June 2015 to not pay any dividend.

	Fiscal year 2014	Fiscal year 2013	Fiscal year 2012
Overall dividend	0 euro	0 euro	0 euro
Dividend per share	0 euro	0 euro	0 euro
Consolidated net income	15 million euros	135 million euros	- 622 million euros
Distribution rate	Non applicable	Non applicable	Non applicable

5.3.3 STATUTE OF LIMITATIONS

Dividends not claimed within five years are subject to the statute of limitations. They then revert to the Public Treasury, pursuant to Article L. 1126-1 of the French general public property code.

5.4 CASH AND GROUP FINANCING

5.4.1 CASH AND CASH EQUIVALENTS

Cash and cash equivalents totalled €1,279 million as at 31 December 2014, up €205 million compared with 31 December 2013.

The distribution of cash flows for fiscal year 2014 among the various business lines is as follows:

- operational business cash flows €2,472 million;
- investment and financial business cash flows -€2,267 million;
- **total +€205 million.**

5.4.2 ISSUER'S FINANCING STRUCTURE

Groupama SA debt totalled €0.8 billion as at year-end 2014.

The amount of subordinated liabilities as at 31 December 2014 amounted to €0.8 billion and is sharply lower compared with 31 December 2013 (€1.24 billion) following the refinancing of two subordinated debts in 2014.

Thus, in 2014, Groupama SA issued a new indefinite-term subordinated bond ("TSDI") for a par value of €1,100 million, intended to refinance, by means of an exchange, for €449.4 million, a portion of the TSDI issued by Groupama SA in 2005 for €500 million, for €550.6 million, a portion of the deeply super-subordinated instruments ("TSS") issued by Groupama SA in 2007 of €1,000 million and supplemented by €100 million in fundraising.

The Group's external debt excluding subordinated debt represents only €30 million, after the repayment at maturity on 5 December 2014 of the financing debt to companies of the banking sector (credit facility) of €650 million. It corresponds to a leasing debt.

Groupama SA's debt-to-equity ratio, excluding revaluation reserves (including subordinated liabilities and minority interests) stood at 17.9% at the end of 2014, compared with 42.2% as at 31 December 2013.

	31.12.2014				31.12.2013			
(in millions of euros)	<1 year	1-5 years	>5 years	Total	<1 year	1-5 years	>5 years	Total
Subordinated debt			791	791			1,238	1,238
Financing debt represented by securities								
Financing debt with banking-sector companies		4	26	30	651	4	28	683
TOTAL FINANCING DEBT		**4**	**817**	**821**	**651**	**4**	**1,266**	**1,921**

The "Subordinated debt" line comprises two issues of bond loans as follows:

- a fixed interest loan in the form of subordinated redeemable securities (TSR) issued on October 27, 2009 by Groupama SA for a par value of €750 million.

  This 30-year bond has a fixed annual rate of 7,875% for the first 10 years. After that date, the rate applied will be the three-month Euribor plus a margin of 5.36%.

  This bond includes a "10-year call" that allows the issuer to redeem the bond early as from the tenth year. At 31 December 2014, this issue was quoted at 111.5% compared with 104.3% at 31 December 2013;
- a fixed rate perpetual subordinated bond (TSDI) issued in July 2005 by Groupama SA for a par value of €500 million, at the fixed rate of 4,375% for the first 10 years, then at the variable three-month Euribor rate plus a margin of 2.25%.

  This bond includes a "10-year call" that allows the issuer to redeem the bond early as from the tenth year.

  At 31 December 2014, the balance was €41 million.

  In December 2012, €7 million in debt was cancelled after redemption during the fiscal year.

  In May 2014, following the refinancing of the debt, €449.4 million was repaid. In addition, €2.2 million was cancelled following redemptions on the market during the last quarter of 2014.

  At 31 December 2014, this issue was quoted at 99.5% compared with 92.1% at 31 December 2013.

In view of the specific terms and conditions of each issue pursuant to IAS 32 §16 and 17, these bonds are considered as financial liabilities rather than equity instruments. They are therefore recognised under financing debt. Interest costs net of tax are recognised in the income statement.

In addition, under IFRS, two subordinated instruments constitute equity instruments and thus do not appear in the tables above:

- Groupama SA issued a perpetual super-subordinated bond (TSS) in October 2007 for €1,000 million. They were issued at a fixed rate of 6,298% for the first 10 years, and then at a variable rate equal to the 3-month Euribor rate plus a margin of 2.60%. This bond includes a "10-year call" that allows the issuer to redeem the bond early as from the tenth year. On 31 December 2014, the balance of this loan amounted to €429 million, after the repayment of €550.6 million in May 2014 during of the refinancing of the debt and after cancellation of €20.2 million due following redemption on the market during the last quarter of 2014.

  As at 31 December, these super-subordinated bonds (TSS) were trading at 102.3%, compared with 87.7% as at 31 December 2013;
- as mentioned earlier, Groupama SA, after the ACPR's approval, issued a new indefinite-term super-subordinated bond ("TSDI") on 28 May 2014 for a total par value of €1.1 billion, used for the refinancing, by means of an exchange, of the 2005 TSDI (€449.4 million) and the 2007 TSS (€550.6 million).

They were issued at a fixed rate of 6,375% for the first 10 years, and then at a variable rate equal to the 3-month Euribor rate plus a margin of 5.77%. This bond includes a "10-year call" that allows the issuer to redeem the bond early as from the tenth year. As at 31 December, these perpetual bonds (TSDI) were trading at 101.0%.

5.4.3 EMPLOYMENT AND CASH

In terms of cash, interest expenses paid by the Group in 2014 amounted to €84 million (€93 million in 2013).

5.5 PROPERTY, PLANT AND EQUIPMENT

The registered office of Groupama SA is located at 8-10, rue d'Astorg, 75008 Paris.

As an insurance group, Groupama holds significant real estate assets, managed primarily by Groupama Immobilier, for a total value of €3.4 billion. These assets are located primarily in Paris and the Greater Paris region.

Investment property and operating activities property are described in the Note 4 and Note 5 of the consolidated financial statements in this registration document.

5.6 ADMINISTRATIVE, JUDICIAL, OR ARBITRATION PROCEEDINGS

Over the past twelve months, the Company has not been subject to any governmental, judicial, or arbitration proceedings, including any pending or threatened proceedings known to the Company, which might have had, or has had over the last 12 months, significant effects on its financial situation or profitability, or that of the Group.

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FINANCIAL STATEMENTS

Pursuant to Article 28 of Commission Regulation (EC) 809/2004 of 29 April 2004, the following information has been incorporated into this registration document by reference:

- *Groupama SA's consolidated financial statements for the fiscal year ended 31 December 2013 and the corresponding statutory auditors' report, which can be found on pages 180-289 and 290-291 respectively of registration document D.14-0432 filed with the AMF on 29 April 2014;*
- *Groupama SA's consolidated financial statements for the fiscal year ended 31 December 2012 and the corresponding statutory auditors' report, which can be found on pages 160-289 and 290-291 respectively of registration document D.13-0427 filed with the AMF on 25 April 2013.*

6.1 CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

6.1.1 CONSOLIDATED BALANCE SHEET

Assets

(in millions of euros)	Notes	31.12.2014	31.12.2013
Goodwill	Note 2	2,184	2,182
Other intangible assets	Note 3	270	328
Intangible assets		**2,454**	**2,510**
Investment property excluding unit-linked items	Note 4	1,045	1,055
Unit-linked investment property	Note 7	106	104
Operating property	Note 5	620	645
Financial investments excluding unit-linked items	Note 6	69,270	62,333
Unit-linked financial investments	Note 7	5,983	5,212
Derivatives and separate embedded derivatives	Note 8	122	280
Insurance business investments		**77,146**	**69,630**
Funds used in banking sector activities and investments of other activities	**Note 9**	**3,639**	**3,265**
Investments in related companies	**Note 10**	**1,038**	**1,053**
Share of outward reinsurers and retrocessionaires in liabilities relating to insurance policies and financial contracts	**Note 11**	**8,491**	**8,683**
Other property, plant and equipment	Note 12	152	167
Deferred acquisition costs	Note 13	215	224
Deferred profit-sharing assets	Note 14		
Deferred tax assets	Note 15	212	365
Receivables arising from insurance and inward reinsurance operations	Note 16	1,898	2,282
Receivables from outward reinsurance operations	Note 17	247	235
Current tax receivables and other tax receivables	Note 18	262	290
Other receivables	Note 19	1,925	1,877
Other assets		**4,911**	**5,441**
Assets held for sale and discontinued business activities			
Cash and cash equivalents	**Note 20**	**1,097**	**815**
TOTAL		**98,777**	**91,397**

Liabilities

(in millions of euros)	Notes	31.12.2014	31.12.2013
Capital		1,687	1,687
Revaluation reserves	Note 21	1,150	558
Other reserves		2,437	1,850
Foreign exchange adjustments		(406)	(414)
Consolidated income		15	135
Shareholders' equity (Group share)		**4,883**	**3,816**
Non-controlling interests		52	54
Total shareholders' equity		**4,935**	**3,870**
Reserves for contingencies and charges	**Note 22**	**421**	**417**
Financing debt	**Note 24**	**821**	**1,921**
Technical liabilities relating to insurance policies	**Note 25**	**51,660**	**49,886**
Technical liabilities relating to financial contracts	**Note 26**	**17,466**	**18,761**
Deferred profit-sharing liabilities	**Note 14**	**4,892**	**328**
Resources from banking sector activities	**Note 9**	**3,304**	**2,861**
Deferred tax liabilities	Note 15	362	311
Debts to unit holders of consolidated mutual funds	Note 28	250	641
Operating debts to banking sector companies	Note 20	19	103
Debts arising from insurance or inward reinsurance operations	Note 29	645	629
Debts arising from outward reinsurance operations	Note 30	7,387	7,491
Current taxes payable and other tax liabilities	Note 31	191	233
Derivative liabilities	Note 8	812	543
Other debts	Note 32	5,611	3,402
Other liabilities		**15,278**	**13,354**
Liabilities of business activities to be sold or discontinued			
TOTAL		**98,777**	**91,397**

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6.1.2 CONSOLIDATED INCOME STATEMENT

Income statement

(in millions of euros)	Notes	31.12.2014	31.12.2013
Written premiums	Note 33	9,921	10,155
Change in unearned premiums		(25)	46
Earned premiums		**9,896**	**10,201**
Net banking income, net of cost of risk		**188**	**202**
Investment income		2,317	2,335
Investment expenses		(654)	(603)
Capital gains or losses from divestment of investments net of impairment and depreciation write-backs		536	1,076
Change in fair value of financial instruments recorded at fair value through income		135	383
Change in impairment on investments		(11)	(19)
Investment income net of expenses	**Note 34**	**2,323**	**3,171**
Total income from ordinary business activities		**12,407**	**13,574**
Insurance policy servicing expenses	Note 35	(9,411)	(10,251)
Income from outward reinsurance	Note 36	648	1,244
Expenses from outward reinsurance	Note 36	(974)	(1,563)
Net outward reinsurance income and expenses		**(9,737)**	**(10,571)**
Banking operating expenses		(184)	(200)
Policy acquisition costs	Note 38	(1,205)	(1,300)
Administrative costs	Note 39	(543)	(595)
Other current operating income and expenses	Note 40	(610)	(609)
Total other current income and expenses		**(12,279)**	**(13,274)**
Current operating income		**129**	**300**
Other operating income and expenses	Note 41	(62)	(150)
Operating income		**67**	**149**
Financing expenses	Note 42	(84)	(93)
Share in income of related companies	Note 10	(2)	(10)
Corporate income tax	Note 43	37	91
Net income from continuing activities		**17**	**138**
Net income from discontinued business activities			
OVERALL NET INCOME		**17**	**138**
Of which, non-controlling interests		2	3
OF WHICH, NET INCOME (GROUP SHARE)		**15**	**135**

6.1.3 STATEMENT OF NET INCOME AND GAINS (LOSSES) RECOGNISED DIRECTLY IN SHAREHOLDERS' EQUITY

	31.12.2014			31.12.2013		
(in millions of euros)	Group share	Minority interests	Total	Group share	Minority interests	Total
Net income for fiscal year	**15**	**2**	**17**	**135**	**3**	**138**
Gains and losses recognised directly in shareholders' equity						
Items recyclable to income						
Change in foreign exchange adjustments	8		8	(93)		(93)
Change in gross unrealised capital gains and losses on available-for-sale assets	5,523	13	5,536	(306)	(3)	(309)
Revaluation of hedging derivatives						
Change in shadow accounting	(4,692)	(11)	(4,703)	267	1	268
Change in deferred taxes	(239)	(1)	(240)	180	1	181
Other changes	(8)		(8)	13		13
Items not recyclable to income						
Restatement of net actuarial debt from pension commitments (defined-benefit schemes)	(21)		(21)	16		16
Change in deferred taxes	7		7	(6)		(6)
Other changes						
Total gains (losses) recognised directly in shareholders' equity	**578**	**1**	**579**	**71**	**(1)**	**70**
NET INCOME AND GAINS (LOSSES) RECOGNISED IN SHAREHOLDERS' EQUITY	**593**	**3**	**596**	**206**	**2**	**208**

The statement of net income and gains (losses) recognised directly in shareholders' equity – an integral part of the financial statements – includes, in addition to the net income for the year, the change in the reserve for unrealised capital gains (losses) on available-for-sale assets, net of deferred profit-sharing and deferred taxes, as well as the change in the reserve for foreign exchange adjustments and the actuarial gains (losses) on post-employment benefits.

6.1.4 CHANGE IN SHAREHOLDERS' EQUITY

(in millions of euros)	Capital	Income (Loss)	Subordinated instruments	Consolidated reserves	Revaluation reserves	Foreign exchange adjustment	Shareholders' equity (Group share)	Share of minority interests	Total shareholders' equity
SHAREHOLDERS' EQUITY AT 31.12.2012	**1,687**	**(622)**	**1,000**	**1,494**	**417**	**(321)**	**3,655**	**58**	**3,713**
Allocation of 2012 income (loss)		622		(622)					
Dividends (1)				(41)			(41)	(2)	(43)
Change in capital									
Business combinations				(4)			(4)	(4)	(8)
Impact of transactions with shareholders		**622**		**(667)**			**(45)**	**(6)**	**(51)**
Foreign exchange adjustments						(93)	(93)		(93)
Available-for-sale assets					(306)		(306)	(3)	(309)
Shadow accounting					267		267	1	268
Deferred taxes				(6)	180		174	1	175
Actuarial gains (losses) of post-employment benefits				16			16		16
Other				13			13		13
Net income for fiscal year		135					135	3	138
Total income and expenses recognised over the period		**135**		**23**	**141**	**(93)**	**206**	**2**	**208**
Total changes over the period		**757**		**(644)**	**141**	**(93)**	**161**	**(4)**	**157**
SHAREHOLDERS' EQUITY AT 31.12.2013	**1,687**	**135**	**1,000**	**850**	**558**	**(414)**	**3,816**	**54**	**3,870**
Allocation of 2013 income (loss)		(135)		135					
Dividends (1)				(55)			(55)	(4)	(59)
Change in capital									
Business combinations								(1)	(1)
Other			529				529		529
Impact of transactions with shareholders		**(135)**	**529**	**80**			**474**	**(5)**	**469**
Foreign exchange adjustments						8	8		8
Available-for-sale assets					5,523		5,523	13	5,536
Shadow accounting					(4,692)		(4,692)	(11)	(4,703)
Deferred taxes				7	(239)		(232)	(1)	(233)
Actuarial gains (losses) of post-employment benefits				(21)			(21)		(21)
Other				(8)			(8)		(8)
Net income for fiscal year		15					15	2	17
Total income and expenses recognised over the period		**15**		**(22)**	**592**	**8**	**593**	**3**	**596**
Total changes over the period		**(120)**	**529**	**58**	**592**	**8**	**1,067**	**(2)**	**1,065**
SHAREHOLDERS' EQUITY AT 31.12.2014	**1,687**	**15**	**1,529**	**908**	**1,150**	**(406)**	**4,883**	**52**	**4,935**

(1) These being dividends that impact the change in shareholders' equity (Group share), they are treated as compensation for subordinated instruments classified as equity according to IFRS rules.

6.1.5 CASH FLOW STATEMENT

(in millions of euros)	31.12.2014	31.12.2013
Operating income before taxes	67	149
Capital gains (losses) on the sale of investments	(494)	(256)
Net allocations to depreciation	180	285
Change in deferred acquisition costs	10	83
Change in impairment	(51)	(780)
Net allocations to technical liabilities related to insurance policies and financial contracts	568	(6,415)
Net allocations to other reserves	(15)	(15)
Change in fair value of financial instruments and investments recognised at fair value through income (excluding cash and cash equivalents)	(135)	(383)
Other non-cash items included in operating income	10	28
Correction for items included in operating income other than monetary flows and reclassification of financial and investment flows	**73**	**(7,453)**
Change in operating receivables and payables	222	6,728
Change in banking operating receivables and payables	(88)	(160)
Change in repo and reverse-repo securities	2,335	(3,349)
Cash flows from other assets and liabilities	(135)	377
Net tax paid	(2)	(114)
NET CASH FLOWS FROM OPERATING ACTIVITIES	**2,472**	**(3,822)**
Acquisitions/divestments of subsidiaries and joint ventures, net of cash acquired	(1)	1
Shareholdings/divestments in related companies	18	(12)
Cash flows due to changes in scope of consolidation	**17**	**(11)**
Net acquisitions of financial investments (including unit-linked) and derivatives	(1,500)	3,151
Net acquisitions of investment property	(2)	48
Net acquisitions and/or issues of investments and derivatives relating to other activities		
Other non-cash items	1	(10)
Cash flows from acquisitions and issues of investments	**(1,501)**	**3,189**
Net acquisitions of property, plant and equipment, intangible fixed assets and operating property	(81)	(160)
Cash flows from acquisitions and divestments of property, plant and equipment and intangible fixed assets	**(81)**	**(160)**
Investment cash flows from activities to be sold or discontinued		
NET CASH FLOWS FROM INVESTMENT ACTIVITIES	**(1,565)**	**3,018**
Membership fees		
Issue of equity instruments*	1,100	
Redemption of equity instruments*	(571)	
Transactions involving own shares		
Dividends paid (1)	(59)	(44)
Cash flows from transactions with shareholders and members	**470**	**(44)**
Cash allocated to financing debt	(1,099)	(2)
Interest paid on financing debt	(84)	(92)
Cash flows from Group financing	**(1,183)**	**(94)**
Financing cash flows from activities to be sold or discontinued		
NET CASH FLOWS FROM FINANCING ACTIVITIES	**(713)**	**(138)**
CASH AND CASH EQUIVALENTS AT 1 JANUARY	**1,074**	**2,061**
Net cash flows from operating activities	2,472	(3,822)
Net cash flows from investment activities	(1,565)	3,018
Net cash flows from financing activities	(713)	(138)
Cash flows from sold or discontinued assets and liabilities		
Effect of foreign exchange changes on cash	11	(45)
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	**1,279**	**1,074**

(1) They correspond to payment for subordinated securities classified in equity under IFRS.
** Cf. Note 21.2 related to the 2014 subordinated debt exchange transaction.*

Note that the increase in “Change in repo and reverse-repo securities” is offset by the decrease in “Net acquisitions of financial investments”.

Cash flow statement	31.12.2014
Cash and cash equivalents	815
Cash, central bank, postal bank and accounts receivable from banking businesses	361
Operating debts to banking sector companies	(102)
CASH AND CASH EQUIVALENTS AT 1 JANUARY 2014	**1,074**
Cash and cash equivalents	1,097
Cash, central bank, postal bank and accounts receivable from banking businesses	201
Operating debts to banking sector companies	(19)
CASH AND CASH EQUIVALENTS AT 31 DECEMBER 2014	**1,279**

6.1.6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SUMMARY

1 SIGNIFICANT EVENTS AND POST-BALANCE SHEET EVENTS

1.1 Significant events of fiscal year 2014

1.1.1 Financial rating

On 11 February 2014, the rating agency Fitch upgraded its rating for Groupama SA and its subsidiaries from "BBB-" to "BBB". It also assigned a positive outlook to this rating.

On 6 August 2014, Fitch confirmed the insurer financial strength rating of Groupama SA and its subsidiaries as “BBB” and the positive outlook.

1.1.2 Changes in the strategic securities held by Groupama

Groupama continued to rebalance its asset portfolio under favourable pricing conditions.

On 8 April 2014, Groupama thus sold its entire stake in Compagnie de Saint-Gobain, representing approximately 1.8% of the company’s capital, to institutional investors.

1.1.3 Debt refinancing

On 22 May 2014, Groupama entered into an agreement for the issue and placement of perpetual subordinated instruments with institutional investors for a total of €1.1 billion, with an annual coupon of 6,375%. This operation contributes to the active management of Groupama’s capital. It aims to extend the maturity of its debt profile and strengthen the Group’s financial flexibility.

The offer to exchange all its subordinated bonds issued in 2005 and a portion of its deeply subordinated instruments issued in 2007 for the new perpetual subordinated bonds was widely successful with institutional investors holding the two instruments, since the transformation rate reached 91% on the subordinated bonds issued in 2005 and the 55% ceiling set by the Group on deeply subordinated instruments issued in 2007.

Institutional investors also showed great interest in the proposed new instrument: the additional bond in euros met with strong demand, with an order book subscribed more than 10 times.

These subordinated bonds are rated “BB” by the rating agency Fitch, just like other subordinated debts of Groupama SA.

1.1.4 Renewal of the credit line

On 5 December 2014, Groupama repaid the full amount drawn on the existing credit line (€650 million) maturing in February 2016. Taking advantage of favourable market conditions, Groupama renewed this credit line early on 8 December for €750 million in order to have an additional line of cash if needed. No funds have been drawn on this new line.

1.1.5 GEMA membership

On 11 December 2014, Groupama asked to join the GEMA as a sign of its stronger commitment within the sectoral bodies representative of the mutual insurance world and the insurance sector.

On 8 January 2015, during its Extraordinary General Meeting, the GEMA approved Groupama’s membership request.

1.2 Post-balance sheet events

On 12 February 2015, Groupama rebalanced its portfolio and sold its entire stake in the capital of Mediobanca, representing approximately 4.9% of the company’s capital, to institutional investors for a sale price of €333 million.

2 CONSOLIDATION PRINCIPLES, METHODS AND SCOPE

2.1 Explanatory note

Groupama SA is a French *société anonyme* nearly wholly owned, directly or indirectly, by the Caisses Régionales d’Assurances et de Réassurances Mutuelles Agricoles and the Caisses Spécialisées (“Specialised Mutuals”, regional mutuals), which form the Mutual Insurance Division of Groupama. Groupama SA is domiciled in France. Its registered offices are at 8-10, rue d’Astorg, 75008, Paris, France.

The breakdown of share capital as at 31 December 2014 was as follows:

- 90.96% by Groupama Holding;
- 8.99% by Groupama Holding 2;
- 0.05% by the former and current agents and employees of Groupama SA (directly or through umbrella funds – FCPE).

Both Groupama Holding and Groupama Holding 2, which are French *sociétés anonymes* (public limited companies), are wholly owned by the regional mutuals.

Groupama SA is a non-life insurance and reinsurance company, the sole reinsurer for the regional mutuals and the holding company for the Equity Management Division of the Groupama group. Its activities are:

- to define and implement the operational strategy of the Groupama group in collaboration with the regional mutuals and in line with the strategies defined by the Fédération Nationale Groupama;
- to reinsure the regional mutuals;
- to direct all subsidiaries;
- to establish the reinsurance programme for the entire Group;

- to manage direct insurance business;
- to prepare the consolidated and combined accounts.

The consolidated accounts of Groupama SA incorporate the reinsurance ceded by the regional mutuals as well as the activity of the subsidiaries.

The combined financial statements relate to the Groupama group and include all local mutuals, regional mutuals, Groupama SA and its subsidiaries.

For its activities, the company is governed by the French Commercial Code and the French Insurance Code and is supervised by the Prudential Control and Resolution Authority.

The various entities of the Group are connected:

- within the Groupama SA division, by capital ties. The subsidiaries included in this division are consolidated in the financial statements. Moreover, in exchange for a certain operational autonomy, each of the subsidiaries is subject to the requirements and obligations defined by the Groupama SA environment, particularly in terms of control;
- in the Mutual Insurance Division:
  - by an Internal Reinsurance agreement that links the regional mutuals to Groupama SA,
  - by a security and joint liability agreement between all the regional mutuals and Groupama SA ("Convention defining the security and joint solidarity mechanisms of the Caisses de Reassurance Mutuelle Agricoles that are members of Fédération Nationale Groupama", which was signed on 17 December 2003).

2.2 General presentation of the consolidated financial statements

The consolidated financial statements as at 31 December 2014 were approved by the Board of Directors, which met on 18 February 2015.

For the purposes of preparing the consolidated financial statements, the financial statements of each consolidated entity are prepared consistently and in accordance with the International Financial Reporting Standards and the interpretations applicable as at 31 December 2014 as adopted by the European Union, the principal terms of which are applied by Groupama SA as described below.

All standards and interpretations which are mandatory for fiscal years starting on or after 1 January 2014 were applied when producing the Group's financial statements as at 31 December 2014. They have had no significant effect on the Group's financial statements as at 31 December 2014. They are summarised below and in the appended notes:

- IFRS 10: Consolidated Financial Statements;
- IFRS 11: Joint Arrangements;
- IFRS 12: Disclosure of Interests in Other Entities;
- Amended IAS 28: Investments in associates and joint ventures;
- amendments to IFRS 10, IFRS 11 and IFRS 12: Transition guidance;
- amendments to IFRS 10, IFRS 12 and IAS 27: Investment entities;
- amendments to IAS 32: Financial instruments: Presentation – Offsetting financial assets and liabilities;
- amendments to IAS 36: Recoverable amount disclosures for non-financial assets;
- amendments to IAS 39: Novation of derivatives and continuation of hedge accounting.

Interpretation IFRIC 21 "Levies" and the amendment to IAS 19 entitled "Defined Benefit Plans: Employee Contributions" adopted by the European Union in June 2014 and December 2014 respectively were not applied early. The analysis of their potential impact on the Group's financial statements is currently in progress. At this stage, no significant impact is expected.

Decisions taken by the Group are based particularly on the summary of the work undertaken by the CNC working groups on the specifics of implementing IFRS by insurance organisations.

Subsidiaries, joint ventures, and related companies of the consolidation scope are consolidated within the scope in accordance with the provisions of IFRS 10, IFRS 11, and IAS 28.

The Group adopted IFRS for the first time for the preparation of the 2005 financial statements.

In the notes, all amounts are stated in millions of euros unless specified otherwise.

In order to prepare the Group's financial statements in accordance with IFRS, Groupama's management must make assumptions and estimates that have an impact on the amount of assets, liabilities, income, and expenses as well as on the drafting of the related notes.

These estimates and assumptions are reviewed on a regular basis. They are based on past experience and other factors, including future events which can be reasonably expected to occur under the circumstances.

Final future results of operations for which estimates were necessary may prove to be different and may result in an adjustment to the financial statements.

The judgements made by management pursuant to the application of IFRS primarily concern:

- initial valuation and impairment tests performed on intangible assets, particularly goodwill (Notes 3.1.1 and 3.1.2);
- evaluation of technical reserves (Note 3.12);
- estimation of certain fair values on unlisted assets or real estate assets (Notes 3.2.1 and 3.2.2);
- estimation of certain fair values of illiquid listed assets (Note 3.2.1);
- recognition of profit-sharing assets (Note 3.12.2.b) and deferred tax assets (Note 3.13);
- calculation of reserves for contingencies and charges and particularly valuation of employee benefits (Note 3.10).

2.3 Consolidation principles

2.3.1 Scope and methods of consolidation

A company is included in the consolidation scope once its consolidation, or that of the sub-group which it heads, whether on a stand-alone basis or with other consolidated businesses, is material in relation to the consolidated accounts of all companies included in the scope of consolidation.

In accordance with the provisions of IAS 10 and IAS 28, mutual funds and property investment companies are consolidated either through full consolidation or through the equity method. Control is examined for each mutual fund on a case-by-case basis. Non-controlling interests pertaining to mutual funds subject to full consolidation are disclosed separately as a special financial liability item in the IFRS balance sheet. Underlying financial assets appear in the Group's insurance business investments.

(a) Consolidating company

A consolidating company is one that exclusively or jointly controls other companies, regardless of their form, or that has a considerable influence over other companies.

(b) Controlled entities

Controlled entities are fully consolidated. These entities are consolidated once they are controlled. An entity is controlled when the consolidating company holds power over this entity, is exposed or is entitled to variable returns because of its ties with this entity, and when it has the ability to exercise its power over this entity in order to have an influence on the amount of returns that it obtains.

An entity ceases to be fully consolidated once the consolidating company loses control of this entity.

Full integration comprises:

- integrating in the consolidating company's accounts the items in the financial statements of the consolidated entities, after any restatements;
- eliminating transactions and accounts between the fully consolidated company and the other consolidated companies;
- distributing shareholders' equity and net income among the interests of the consolidating company and the interests of the holders of minority interests.

(c) Related companies and joint ventures

Investments in related companies in which the Group has a significant influence and investments in joint ventures are accounted for under the equity method.

When the consolidating company holds, directly or indirectly, 20% or more of the voting rights in an entity, it is assumed to exert significant control, unless it is otherwise demonstrated. Conversely, when the consolidating company directly or indirectly owns less than 20% of the voting rights of the entity, it is assumed not to exert a significant influence, unless it can be demonstrated that such influence exists.

A joint venture is a partnership in which the parties who exercise joint control over the entity have rights to its net assets.

The consolidating company has joint control over a partnership when the decisions concerning the relevant activities of the partnership require the unanimous consent of the parties sharing control.

The equity method consists of replacing the carrying amount of the shares held by the Group, the share of shareholders' equity converted at year end, including the net income for the fiscal year in accordance with consolidation rules.

(d) Deconsolidation

When an entity is in run-off mode (no longer taking new business) and the main aggregates of the balance sheet or the income statement are not significant compared with those of the Group, this entity is deconsolidated.

The securities of such entity are then posted on the basis of their equivalent value, under securities held for sale at the time of deconsolidation. Subsequent changes in values are recorded in accordance with the methodology defined for this type of securities.

2.3.2 Changes in scope of consolidation

Changes in the scope of consolidation are described in Note 48 of the notes to the Financial Statements.

2.3.3 Uniformity of accounting principles

Groupama SA's consolidated accounts are presented consistently across the entity formed by the companies included within the scope of consolidation, taking into account the characteristics inherent in consolidation and the financial reporting objectives required for consolidated accounts (predominance of substance over form, elimination of local tax accounting entries).

Restatements under the principles of consistency are made when they are material.

2.3.4 Conversion of financial statements of foreign companies

Balance sheet items are translated to euros (the functional and presentation currency of the Group's financial statements) at the official exchange rate on the balance sheet date, with the exception of shareholders' equity, excluding net income, which is translated at historic rates. The Group share of the resulting unrealised foreign exchange adjustment is recorded under "Unrealised foreign exchange adjustments" and the remaining balance is included in "Non-controlling interests".

Transactions on the income statements are translated at the average rate. The Group share of the difference between income translated at the average rate and income translated at the closing rate is recorded under "Unrealised foreign exchange adjustments" and the remaining balance is included in "Non-controlling interests".

2.3.5 Internal transactions between companies consolidated by Groupama SA

All transactions within the Group are eliminated.

When these transactions affect consolidated income, the elimination of profits and losses as well as capital gains and losses is done at 100% then divided between the interests of the consolidating company and the non-controlling interests in the company having generated the income. When eliminating losses, the Group ensures that the value of the disposed asset is not changed for the long term. Eliminating the impacts of internal transactions involving assets brings them down to their original value when they entered the consolidated balance sheet (consolidated historical cost).

Intercompany transactions involving the following must be therefore eliminated:

- reciprocal receivables and payables as well as reciprocal income and expenses;
- notes receivable and notes payable are offset but, if the receivable is discounted, the credit facility granted to the Group is substituted for the note payable;
- transactions affecting commitments received and given;
- inward reinsurance, outward reinsurance and retrocessions;
- co-insurance and co-reinsurance operations and pooled management;
- broker and intermediation transactions;
- contractual sharing of premium income of Group policies;
- reserves for the write-down of equity interests funded by the Company holding the securities and, if applicable, reserves for contingencies and charges recognised because of losses suffered by exclusively controlled companies;
- transactions on forward financial instruments;
- capital gains and losses from internal transfer of insurance investments;
- intra-Group dividends.

3 ACCOUNTING PRINCIPLES AND VALUATION METHODS USED

3.1 Intangible assets

3.1.1 Goodwill

Goodwill on first-time consolidation corresponds to the difference between the acquisition cost of the securities of consolidated companies and the Group's share in restated shareholders' equity as at the acquisition date. When not assigned to identifiable items on the balance sheet, goodwill is recorded on the balance sheet in a special asset item as an intangible asset.

Residual goodwill results from a price paid above the Group's share in the fair value of the identifiable assets and liabilities of the acquired company as at the acquisition date, revalued for any intangible assets identified in the acquisition accounting according to revised IFRS 3 (fair value of assets and liabilities acquired). The price paid is the best possible estimate of the price supplements (earn-outs, payment deferrals, etc.).

The residual balance therefore corresponds to the valuation of the share of income expected on future production. This expected performance, which is reflected in the value of future production, results from the combination of intangible items that are not directly measurable. Such assets are assessed based on multiples or forecast future income that served as the valuation base for the price paid on acquisition and are used to establish the value of goodwill stated above.

For combinations prior to 1 January 2010, adjustments of future earn-outs are accounted for as an adjustment cost, and in income for combinations made starting from 1 January 2010.

For business combinations completed on or after 1 January 2010, the costs directly attributable to the acquisition are recorded in expenses as and when they are incurred.

For each acquisition, a decision is made whether to value minority interests at fair value or for their share of the identifiable net assets of the acquired company.

The subsequent acquisition of minority interests does not result in the creation of additional goodwill.

Operations for the acquisition and divestment of minority interests in a controlled company that have no impact on the control exercised over that company are recorded in the Group's shareholders' equity.

Goodwill is allocated to the cash-generating units (CGU) of the acquiring company and/or the acquired company which are expected to take advantage of the business combination. A CGU is defined as the smallest group of assets that produces cash flows independently of other assets or groups of assets. With management units, management tools, geographic regions or major business lines, a CGU is created by combining entities of the same level.

Goodwill resulting from the acquisition of a foreign entity outside the eurozone is recorded in the local currency of the acquired entity and translated to euros at the closing rate. Subsequent foreign exchange fluctuations are posted to foreign exchange translation reserves.

For entities acquired during the fiscal year, the Group has twelve months from the acquisition date to assign a final value to the acquired assets and liabilities.

For a business combination achieved in stages, any previously acquired stake is revalued at fair value and the resulting adjustment recorded through income.

Residual goodwill is not amortised, but is subject to an impairment test at least once a year on the same date. The Group reviews the goodwill's book value in case of an unfavourable event occurring between two annual tests. Impairment is recorded when the recoverable amount of the cash generating unit to which the goodwill is allocated is less than its net book value. Recoverable value is defined as fair value less cost of sales, or value in use, whichever is higher.

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Fair value, less sales costs, is computed as follows, in accordance with the recommendations of IAS 36 (§25 to 27):

- the sales price shown in a final sales agreement;
- the market value less selling costs if there is an active market;
- otherwise, the best possible information, with reference to comparable transactions.

Value in use corresponds to the current expected value of future cash flows to be generated by the cash generation unit.

Goodwill, recorded at the initial business combination, the value of which is not material or requires disproportionate valuation work in relation to its value, is immediately expensed in the year.

An impairment of goodwill recognised during a previous fiscal year may not be subsequently written back.

If the acquirer's interest in the net fair value of the identifiable assets, liabilities and reserves exceeds the acquisition cost of the company's shares, the identification and valuation of the assets, liabilities and reserves and the valuation of the cost of the combination is reassessed. If, after this revaluation, the share acquired remains greater than the acquisition cost, this excess is immediately recognised in income.

If an entity is taken over, a sale option may be granted to minority interests. The option to sell results in the Group's obligation to buy the securities held by the minority holder at a specified strike price and at a future date (or period of time) if the minority holder exercises its right. This obligation is reflected in the financial statements by a debt valued at the strike price of this discounted right.

The offset of this debt, equal to the price of the option (value of the share), is recognised in goodwill for put options granted before 1 January 2010 or as a reduction of minority interests and/or shareholders' equity for put options contracted subsequent to this date.

3.1.2 Other intangible assets

Intangible fixed assets are identifiable assets, controlled by the entity because of past events and from which future economic benefits are expected for the entity.

They primarily include values in force and investment contracts, customer relations values and network values and brands, determined during business combinations, as well as software acquired and developed.

Amortisable intangible insurance assets (specifically including values in force and investment contracts, the value of customer relations and the value of the networks) are depreciated as margins are discharged over the lifetime of the policy portfolios. A recoverability test is performed each year, based on experience and anticipated changes in major assumptions, and may result in impairment.

Software acquired and developed has a finite lifetime and is generally amortised on a straight-line basis over that lifetime.

Other intangible assets that do not have a finite lifetime are not amortised but do routinely undergo an impairment.

Start-up costs are expensed rather than capitalised.

3.2 Insurance business investments

Investments and any impairment thereon are valued in accordance with IFRS based on the asset class of the investments.

3.2.1 Financial assets

(a) Classification

Financial assets are classified in one of the following four categories:

- there are two types of assets at fair value through income:
  - investments held for trading, which are investments for which the management intention is to generate income in the short term. If there have been short-term sales in the past, such assets may also be classified in this category,
  - financial assets designated as optional (held for trading or fair value option), provided they comply with the following criteria:
    - asset/liability matching to avoid any accounting mismatch,
    - hybrid instruments including one or more embedded derivatives,
    - group of financial assets and/or liabilities that are managed and the income of which is valued at fair value;
- assets held to maturity include fixed-term investments that the Company expressly intends, and is able, to hold until maturity. The Group does not use this category, with the exception of certain perfectly backed portfolios that meet the criteria defined above;
- the category of loans and receivables includes assets with a defined payment or a payment that can be defined, which are not listed for trading on an active market;
- available-for-sale assets (stated at fair value *via* shareholders' equity) include by default all other fixed-term financial investments, equities, loans and receivables that are not included in the other categories.

(b) Reclassifications

A financial asset may, under exceptional circumstances, be reclassified outside the category of investments held for trading.

A financial asset classified as available-for-sale may be reclassified outside the assets available-for-sale category, into:

- the category of investments held to maturity when the intent or capacity of the Company changes or when the entity no longer has a reliable assessment of fair value;

- the category of loans and receivables when the financial asset meets the definition of loans and receivables on the date of the reclassification and when the entity has the intent and the capacity to hold the financial asset for the foreseeable future or until its maturity.

A financial asset classified in the category of investments held to maturity may be reclassified exceptionally as available-for-sale if the entity's intent or capacity has changed.

(c) Initial recognition

The Group recognises its financial assets when it becomes party to the contractual provisions of these assets.

Purchases and sales of financial investments are recorded on the transaction date.

Financial assets are initially recorded at fair value plus; for assets not valued at fair value through income, the transaction costs directly chargeable to the acquisition. However, when immaterial the transaction costs are not included in the acquisition cost of the financial assets.

Repurchase transactions are maintained as assets on the balance sheet.

(d) Fair value measurement methods

The fair value of financial assets is the amount for which an asset could be exchanged between well-informed, consenting parties, acting under normal market conditions.

The fair value of a financial instrument corresponds to its listed stock price on an active market. When the market for this financial instrument is not active, its fair value is measured by valuation techniques using observable market data when available or, when not available, by resorting to assumptions that imply some judgment.

Pursuant to the amendment to IFRS 7 issued by the IASB in March 2009 and IFRS 13, financial instruments (assets and liabilities) valued at fair value are classified according to a three-level hierarchy. These levels depend on whether a valuation model is used and the data sources used to populate the valuation models:

- level 1 corresponds to a price listed in an active market to which the entity may have access on the valuation date;
- level 2 corresponds to the fair value determined on the basis of a valuation model using data directly observable on an active market or data that can be determined from prices observed;
- level 3 corresponds to the fair value determined on the basis of a valuation model using data not observable on a market.

Valuation techniques include the use of recent transactions under conditions of normal competition between informed and consenting parties, if available, reference to the current fair value of another instrument identical in substance, analysis of discounted cash flows, and option valuation models.

(e) Valuation rules

The valuation rules and any impairment must be understood as depending on the classification of the financial instrument in one of the four categories given above.

Assets held for trading and those for which the option to include them in this category has been applied are recorded in the income statement at the year-end fair value.

Financial assets held to maturity, unlisted equities for which the fair value cannot be valued reliably, and loans and receivables are recorded at amortised cost or historic cost. The amortised cost is the amount at which the asset was valued at the time of initial recognition, minus repayments of principal, plus or minus the cumulative amortisation of the differences between the initial amount and the amount at maturity (based on the effective interest rate) and corrected for any reserves for impairment.

The differences between the redemption value and the acquisition price are distributed actuarially as expenses (agio) or as income (discount) over the residual life of the securities. When several redemption dates are provided, the residual life is determined on the basis of the final redemption date.

Available-for-sale assets are valued at their fair value, and unrealised capital gains or losses are recorded in a separate line of shareholders' equity.

Investments representing unit-linked policies are valued at fair value through income, as an option.

(f) Reserves for impairment

At each closing date, the Group looks for the existence of objective presumptions of impairment in its investments.

DEBT INSTRUMENTS CLASSIFIED AS AVAILABLE-FOR-SALE ASSETS

For debt instruments classified as available-for-sale assets, a loss of value is recognised through income in the event of a proven counterparty risk.

Impairments recognised on debt instruments are written back through income in the event of reduction or disappearance of the counterparty risk.

EQUITY INSTRUMENTS CLASSIFIED AS AVAILABLE-FOR-SALE ASSET

For equity instruments classified as available-for-sale assets, the Group has taken into account the clarifications made by the IFRS Interpretations Committee (IFRIC) in its July 2009 update on the notion of significant or prolonged decrease in paragraph 61 of IAS 39.

As at 31 December 2014, there is objective evidence of impairment in the following cases:

- the financial investment was already covered by a reserve at the previous published close; or
- a 50% discount is observed as at the closing date; or
- the financial investment has been in a continuous unrealised loss position with respect to its book value over the last 36 months prior to the balance sheet date.

For securities considered strategic securities detailed in the notes, held by the Group for the long term, characterised by the Group's representation on their governance bodies or significant, lasting contractual relations or a significant stake in the capital (in absolute or relative value), without significant influence being exercised, this reference period is 48 months.

Where such objective evidence of impairment is observed then the impairment amount corresponding to the difference between the acquisition cost and the fair value for that fiscal year, less any loss in value previously recognised through income, is automatically booked to income.

These criteria may undergo changes over time, by applying good judgement, in order to take account of changes in the environment in which they were postulated. This should allow for the handling of abnormal circumstances (such as a sharp and abnormal drop in net asset values on the balance sheet date).

In addition, in all other cases in which these thresholds are not reached, the Group identifies securities in its portfolio constantly presenting a significant unrealised capital loss over the last six months based on the volatility of the financial markets. For the thus separated securities the Group then carries out a review, based on its judgement, security by security, and decides whether to post an impairment through income or not.

In the event that the financial management of a line of securities is done in a comprehensive manner at the Group level, even when these securities are held by several entities, the determination of whether objective evidence of impairment exists can be done based on the Group's cost price.

The impairment recorded on a shareholders' equity instrument will only be reversed to income when the asset in question is sold.

INVESTMENTS VALUED AT AMORTISED COST

For investments valued at amortised cost, the amount of the reserve is equal to the difference between the net book value of the assets and the discounted value of the future cash flows expected, determined on the basis of the original effective interest rate of the financial instrument, and corrected for any reserves. The amount of the loss is included in the net income or loss for the fiscal year. The reserve may be written back through income.

(g) Derecognition

Financial assets are derecognised when the contractual risks expire or the Group transfers the financial asset.

The gains or losses on the sale of financial investments are determined using the FIFO method, with the exception of the securities carried by mutual funds. The method used for mutual funds is the weighted average cost method.

The gains and losses from divestment are recorded on the income statement on the date of realisation and represent the difference between the sale price and the net book value of the asset.

3.2.2 Investment property

The Group has chosen to recognise investment property using the cost method. It is valued using the component approach.

(a) Initial recognition

Freehold land and property appear on the balance sheet at their acquisition cost. The value of the property includes significant transaction costs directly attributable to the transaction, except in the specific case of investment property representing unit-linked commitments that may be posted, by discretion, to income at fair value.

When a real estate asset includes a portion held to produce rental income and another part used for production or administrative purposes, the asset is treated as investment property only if the latter is immaterial.

At the time of the initial recognition, property is subdivided by components and recorded separately.

The impairment periods applied by the Group for each component depend on the nature of the property under consideration and are as follows:

- building shell (impairment period between 30 and 120 years);
- wind- and water-tight facilities (impairment period between 30 and 35 years);
- heavy equipment (impairment period between 20 and 25 years);
- secondary equipment, fixtures and fittings (impairment period between 10 and 15 years);
- maintenance (impairment period: 5 years).

(b) Valuation

The cost of the property is the amount at which the property has been recorded at the time of initial recognition, minus cumulative amortisation and corrected for any reserves for impairment. The acquisition cost of the property is dependent either on an outright acquisition, or on the acquisition of a company that owns the property. In the latter case, the cost of the property is equal to its fair value on the date of acquisition of the owner company.

Each component is identified by its duration and depreciation rate.

The residual value of the shell component cannot be valued with sufficient reliability, particularly given the uncertainties about the holding horizon; thus this component is amortised on the basis of the acquisition cost.

Rent payments are recorded using the straight-line method over the term of the lease agreement.

The realisable value of investment property is determined on the basis of the five-year independent appraisal conducted by an expert approved by domestic regulators (in France, the Autorité de Contrôle Prudentiel et de Résolution). During each five-year period, the property is subject to an annual appraisal certified by the expert.

(c) Subsequent expenditure

Subsequent expenditure must be added to the book value of the property:

- if it is probable that these expenses will allow the asset to generate economic benefits;
- during each five-year period, the real estate is subject to an annual appraisal certified by the expert.

(d) Reserves for impairment

On each closing date of its financial statements, the Group determines whether there is evidence of potential loss of value on property recorded at amortised cost. If this is the case, the realisable value of the property is calculated as being the higher of two values: the sale price net of sale costs and the value in use. If the recoverable value is less than the net book value, the Group recognises a loss of value in income for the difference between the two values, and the net book value is discounted to reflect only the recoverable value.

When the value of the property increases at a later time, the reserve for impairment is written back through income.

(e) Derecognition

Gains or losses from the divestment of property investments are booked in the income statement on the date of realisation and represent the difference between the net sale price and the net book value of the asset.

3.3 Derivatives

3.3.1 General information

A derivative is a financial instrument with the following three features:

- its value fluctuates on the basis of the change in a specific variable known as the “underlying asset”;
- it requires a zero or low initial net investment compared with other instruments that react in the same way to market changes;
- it is settled at a future date.

All derivatives are recorded on the balance sheet at their fair value on the original date and during their subsequent revaluation. Changes in fair value are posted to income except for derivatives designated as cash flow hedges and net foreign investments.

3.3.2 Hedging derivatives

The use of hedge accounting is subject to obligations regarding documentation and periodic demonstration of the efficacy of the hedge.

Hedging derivatives are recorded at fair value with changes in the income statement, except for cash flow hedges and hedges of net foreign investments considered as effective, for which the changes in fair value are deferred into equity until the cash flows hedges are recognised in the income statement or when the foreign subsidiary is sold.

For a fair value hedge of an available-for-sale asset, the changes in fair value of the hedged item are recognised in income or loss so that they exactly offset the changes in the hedging derivative.

The ineffective portion of hedges is recognised in the income statement.

3.3.3 Embedded derivatives

Embedded derivatives are components of compound financial instruments that meet the definition of a derivative product.

They are separate from the host contract and recognised as derivatives when the following three conditions are met:

- the economic features and the risks of the embedded derivative are not closely linked to the economic features and risks of the host contract;
- a separate instrument containing the same conditions as the embedded derivative meets the definition of a derivative;
- the hybrid instrument is not valued at fair value with recognition of the changes in the fair value through the income statement.

When one of these conditions is not met, there is no separation.

3.4 Investments in related companies

Investments in related companies are consolidated using the equity method. At the time of acquisition, the investment is recorded at the acquisition cost and its net book value is subsequently raised or reduced to take into account particularly the income or losses as well as the change in fair value of financial assets in proportion to the investor’s stake.

3.5 Non-current assets held for sale and discontinued activities

A non-current asset (or a group intended to be sold) is considered to be held for sale if its book value will be mainly recovered through a sale transaction rather than through continued use. In order for this to be the case, the asset (or the Group intended to be sold) must be available for immediate sale in its current state, and its sale must be highly probable (within the next 12 months).

Non-current assets (or a group intended to be sold) classified as held for sale are valued at the lower value between the net book value and the fair value minus transfer costs. In case of an unrealised capital loss, impairment is recorded in profit or loss. In addition, non-current assets cease to be depreciated once they are reclassified as held-for-sale assets.

A discontinued activity is considered to include any component from which the entity is separated or that is classified as held for sale and is in one of the following situations:

- it constitutes a line of business or a major, separate geographical area; or
- it is part of a single, coordinated plan for divestment of a line of business or a major, separate geographical area; or
- it is a subsidiary acquired exclusively in order to be sold.

The following are presented on a particular line of the income statement:

- net income after taxes from discontinued activities until the transfer date;
- profit or loss after taxes resulting from the divestment and measurement at fair value less the costs of the sale of the assets and liabilities constituting the discontinued activities.

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3.6 Property plant and equipment

The Group has chosen to value operating property using the cost method. This property is presented on a line separate from Investment property as assets. The recognition and valuation method is identical to the method described for investment property.

Property, plant and equipment other than operating property are initially recorded at acquisition cost, which consists of the purchase price, customs duties, discounts and rebates, direct costs necessary for installation and payment discounts.

The depreciation methods reflect the method of economic consumption.

An impairment test is conducted once there is an indication of a loss of value. The loss of value is reversible and corresponds to the surplus between the book value over the realisable value, which is the higher of net fair value of withdrawal costs and the value in use.

3.7 Operating receivables and payables, other assets and other liabilities

Operating receivables and other assets are recorded at face value, taking into account any transaction costs.

Operating payables and other liabilities are recorded at the fair value of the consideration received in exchange at the origin of the contract, net of transaction costs.

Moreover, minority interests in fully consolidated mutual funds are included in other liabilities. Under IAS 32, a financial instrument that gives the holder the right to return it to the issuer in exchange for cash is a financial liability. The change in this liability is recognised through the income statement.

3.8 Cash and cash equivalents

Cash corresponds to available cash.

Cash equivalents are short-term liquid investments, easily convertible into a known amount of cash and subject to an insignificant risk of changes in value.

3.9 Shareholders' equity

3.9.1 Revaluation reserve

The revaluation reserve contains the differences resulting from the revaluation at fair value of balance sheet items, particularly:

- the effects of the revaluation of derivatives assigned to cash flow hedges and net investments in currencies pursuant to IAS 21;
- the effects of the revaluation of financial assets available-for-sale in accordance with the provisions of IAS 39. These are unrealised gains and losses;
- the cumulative impact of the gain or loss from shadow accounting of investment assets available-for-sale;
- the cumulative impact of the deferred tax gain or loss generated by the transactions described above.

3.9.2 Other reserves

Other reserves consist of the following items:

- retained earnings;
- Group consolidation reserves;
- other regulated reserves;
- the impact of changes in accounting methods;
- equity instruments akin to TSS (deeply subordinated instruments) whose features allow recognition in shareholders' equity. Compensation for these instruments is treated like a dividend drawn from shareholders' equity.

3.9.3 Foreign exchange adjustments

Foreign exchange adjustments result from the consolidation process owing to the translation of statutory financial statements of foreign subsidiaries prepared in a currency other than the euro.

3.9.4 Non-controlling interests

Non-controlling interests represent the share in the net assets and net income of a fully consolidated Group company. This share represents the interests that are not held directly by the parent company or indirectly through subsidiaries (concerning non-controlling interests relating to consolidated mutual funds and the purchase of non-controlling interests, refer to § 3.7 and 3.11).

3.10 Reserves for contingencies and charges

Reserves for contingencies and charges are liabilities for which the due date or the amount is uncertain. A reserve must be recognised if the following three conditions are met:

- the Company has a current legal or implicit obligation that is the result of a past event;
- it is probable that an outflow of resources representing economic benefits will be necessary to discharge the obligation;
- it is possible to obtain a reliable estimate of the amount of the reserve.

When the impact of the time value of the money is substantial, the amount of the reserves is discounted to the present value of the expected expenditures, which the company believes necessary to discharge the obligation.

3.10.1 Personnel benefits

(a) Pension commitments

The Group's companies have different retirement schemes. The schemes are generally financed by contributions paid to insurance companies or other funds, which are administered and valued on the basis of periodic actuarial calculations. The Group has defined-benefit

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schemes and defined-contribution schemes. A defined-contribution scheme is a retirement scheme under which the Group pays fixed contributions to an independent entity. In this case, the Group is not bound by any legal or implied obligation forcing it to top up the scheme in the event that the assets are not sufficient to pay, to all employees, the benefits due for services rendered during the current fiscal year and previous fiscal years. Pension schemes that are not defined contribution schemes are defined benefit schemes. This is the case, for example, for a scheme that defines the amount of the pension benefit that will be collected by an employee at retirement, which is generally a function of one or more factors, such as age, seniority and salary.

The liabilities recorded in the balance sheet for defined-benefit schemes and similar schemes correspond to the discounted value of the obligation linked to the defined-benefit schemes at closing, after deducting the closing fair value of the scheme assets.

The actuarial gains and losses resulting from experience-based adjustments and modifications in the actuarial assumptions are recognised directly in equity.

The costs of past services are immediately recognised in income, regardless of whether the rights are ultimately acquired in the event of a change of pension scheme.

With regard to defined-contribution schemes, the Group pays contributions to retirement insurance schemes and is not bound by any other payment commitment. The contributions are booked as expenses related to personnel benefits when they are due. The contributions paid in advance are recorded as assets to the extent that the advance payment results in a reduction of future payments or a cash reimbursement.

3.11 Financing debt

Financial debt includes subordinated liabilities, financial debt represented by securities, and financial debt to banking institutions.

In the absence of a specific IFRIC interpretation, commitments to purchase minority interests are recorded in financing debt at current fair value (strike price of the option). The cross-entry of these debts is recognised either in goodwill for put options granted before 1 January 2010 or as a reduction in shareholders' equity for put options contracted subsequent to this date.

3.11.1 Initial recognition

Financial debt is recognised when the Group becomes party to the contractual provisions of this debt. The amount of the financial debt is then equal to the fair value, adjusted if necessary for the transaction costs directly chargeable to the acquisition or issue of such debt.

3.11.2 Valuation rules

Financing debt is subsequently valued at amortised cost using the effective interest rate method.

3.11.3 Derecognition

Financial debt is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

3.12 Technical operations

3.12.1 Classification and method of recognition

There are two categories of contract issued by the Group's insurance companies:

- insurance policies and financial contracts with discretionary profit-sharing, which are governed by IFRS 4;
- financial contracts without discretionary profit-sharing, which are governed by IAS 39.

(a) Insurance policies

An insurance policy is a contract under which one party (the insurer) accepts a significant insurance risk of another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. An insurance risk is a risk, other than a financial risk, transferred from the policyholder to the issuer. This risk is significant when an insured event may require an insurer to pay significant additional benefits whatever the scenario, with the exception of scenarios that lack business significance.

The existing accounting practices for insurance policies subject to IFRS 4 continue to be maintained, with the exception of the equalisation reserves as defined by IFRS 4 which have been annulled, provided that the reserves thus established meet the solvency tests stipulated by international standards (see § 3.12.2.c).

(b) Financial contracts

Contracts that do not meet the definition of insurance policy as described above are classified as financial contracts. Financial contracts are broken down into two categories: financial contracts with or without discretionary profit sharing.

A discretionary profit-sharing clause is defined as the contractual right held by a subscriber to receive an additional payment or another benefit, the amount or maturity of which is fully or partially at the discretion of the insurer and the valuation of which is based either on the performance of a set of contracts or a determined contract, either on the income or loss of the insurer, a fund, or any other entities having issued the contract or on realised and/or unrealised investment returns of a portfolio of specified assets held by the issuer.

The accounting methods for financial contracts with discretionary profit sharing are identical to the methods for insurance policies described above. Financial contracts without discretionary profit sharing are treated using the valuation procedures described in § 3.12.3.

3.12.2 Insurance policies under IFRS 4

(a) Non-life insurance policies

PREMIUMS

Written premiums represent the gross premiums, before reinsurance and tax, net of cancellations, reductions, rebates, of the change in premiums still to be written and of the change in premiums to be cancelled.

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Premiums written and adjusted for the change in reserves for unearned premiums (which are defined below) constitute earned premiums.

INSURANCE POLICY SERVICING EXPENSES

Non-life insurance policy servicing expenses mainly include benefits and expenses paid and the change in reserves for claims and other technical reserves.

Benefits and expenses paid relate to the claims settled net of claims receivable collected for the fiscal year and the periodic payment of annuities. They also include the fees and commissions for the management of claims and payment for services.

TECHNICAL LIABILITIES RELATED TO NON-LIFE INSURANCE POLICIES

Reserves for unearned premiums

The technical reserves for unearned premiums represent the portion of premiums for the period between the inventory date and the next contract payment date. They are calculated on a pro rata basis.

Reserves for unexpired risks

The reserves for unexpired risks are intended to cover the portion of the cost of claims and the related management fees that exceeds the fraction of deferred premiums net of deferred acquisition costs.

Outstanding claims reserves

The outstanding claims reserves represent the estimate, net of claims receivable, of the cost of all unpaid claims at the end of the fiscal year, both declared and undeclared. They include a charge for management fees that is determined on the basis of actual expense rates.

For construction risks, in addition to the outstanding claims reserves (declared or not yet declared), separate claims reserves that have not yet appeared are also funded for the ten-year civil liability coverage and the ten-year coverage against structural damage.

Reserves are assessed on the basis of the type of specific risks covered, particularly agricultural and climate risks and risks that are highly seasonal in nature.

Other technical reserves

Actuarial reserves for annuities

The actuarial reserves for annuities represent the present value of the Company's payables for annuities and annuity expenses.

Reserve for increasing risks

This reserve is set aside for periodic premium health and disability insurance policies, for which the risk grows with the age of the policyholders.

DEFERRED ACQUISITION COSTS

In non-life insurance, acquisition costs related to unearned premiums are deferred and recorded in assets on the balance sheet.

(b) Life insurance policies and financial contracts with discretionary profit sharing

PREMIUMS

Written premiums represent the gross premiums, before reinsurance and tax, net of cancellations, reductions, rebates, of the change in premiums still to be written and of the change in premiums to be cancelled.

INSURANCE POLICY SERVICING EXPENSES

Servicing expenses for life insurance policies and financial contracts with discretionary profit sharing means:

- all claims once they have been paid to the beneficiary;
- technical interest and profit sharing that may be included in those claims;
- all costs incurred by the insurance company for the management and payment of claims.

They also include the profit sharing and the change in life insurance reserves and other technical reserves.

TECHNICAL LIABILITIES RELATED TO LIFE INSURANCE POLICIES AND FINANCIAL CONTRACTS WITH DISCRETIONARY PROFIT SHARING

Actuarial reserves

Actuarial reserves represent the difference between the present values of the commitments made by the insurer and the policyholders respectively, taking into account the probability that these commitments will be realised. Actuarial reserves are recognised as liabilities on the balance sheet at their gross underwriting value, before reinsurance and deferred acquisition costs.

No reserve for financial contingencies is recorded when the actuarial reserves have been funded on the basis of discount rates at most equal to the forecast yield rates, prudently estimated, of the assets assigned to represent them.

Profit-sharing reserve

The profit-sharing reserve consists of a reserve for profit-sharing payable and potentially as a reserve for deferred profit sharing.

The reserve for payable profit sharing includes the identifiable amounts, from regulatory or contractual obligations, intended for the policyholders or beneficiaries of contracts in the form of profit sharing and rebates, to the extent that these amounts have not been credited to the policyholder's account or included in "Life technical reserves".

The reserve for deferred profit sharing includes:

- the reserve for unconditional profit sharing, which is recognised when a difference is recorded between the bases for calculating future rights in the individual company accounts and the consolidated accounts;
- the reserve for conditional profit-sharing, which relates to the difference in liabilities between the individual company and the consolidated accounts, the payment of which depends on a management decision or the occurrence of an event.

In the particular case of restatement in the consolidated accounts of the capitalisation reserve, a reserve for deferred profit-sharing is determined when the Asset/Liability Management assumptions demonstrate a probable permanent write-back of the total capitalisation reserve. The Group recognised no deferred profit sharing on the restatement of the capitalisation reserve.

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Application of shadow accounting

For participatory contracts, the Group has decided to apply shadow accounting, which is intended to pass on to the value of insurance liabilities, deferred acquisition costs and the intangible assets related to insurance policies, the effects of taking into account the unrealised gains and losses on financial assets valued at fair value. Deferred profit-sharing is recognised through the revaluation reserve or the income statement, depending on whether these gains and losses have been recognised in the reserve or in the income statement.

Shadow accounting is applied on the basis of a profit-sharing rate that is estimated and applied to unrealised gains and losses. This rate is obtained by applying the regulatory and contractual conditions for calculating profit sharing observed in the past three years.

In case of an overall unrealised capital loss of the entity's asset portfolio, the Group records a deferred profit-sharing asset limited to the fraction of deferred profit sharing actually recoverable. A recoverability test based on the projected future performance of insurance portfolios is carried out. This test specifically includes unrealised capital gains on assets posted at amortised cost.

Other technical reserves

Overall management expenses reserve

The management expenses reserve is established for all future contract management expenses not covered by mark-ups on premiums or by deductions on investment income provided for by them. This approach is carried out according to the grid of departmental categories.

Deferred acquisition costs

Variable costs directly attributable to the acquisition of life insurance policies are recorded in assets in the consolidated accounts. These amounts may not under any circumstances be greater than the present value of future income from the policies.

These costs are amortised over the average life of the policies based on the rate of emergence of future margins for each generation of policies; future margins are determined using economic assumptions (profit-sharing rate, future rate of return on assets and lapse rate). Since these acquisition costs are capitalised, the actuarial reserves appearing on the balance sheet are presented as non-zillmerised.

Every year the expected present value of future margins by homogeneous product family is compared with the total of the deferred acquisition costs net of amortisation already recognised in the past. If this value is lower, an extraordinary impairment charge is recognised on the income statement.

The Group applies shadow accounting for deferred acquisition costs.

(c) Liabilities adequacy test

An adequacy test is performed at each balance sheet date for liabilities under IFRS 4, intended to ensure that insurance liabilities are sufficient with regard to current estimates of future cash flows generated by insurance policies. Future cash flows resulting from policies take into account their related cover and options. If necessary, and for the purposes of this test, the insurance liabilities are reduced by the deferred acquisition costs and the values of business in force recorded at the time of business combinations or transfers of the related policies.

In case of inadequacy, the potential losses are recognised in full through income.

This test is performed at each balance sheet date and for each consolidated entity.

(d) Unit-linked policies under IFRS 4

Unit-linked policies under IFRS 4 are either insurance policies containing a significant insurance risk, such as a death risk, or financial contracts with discretionary profit sharing, for which the financial risk is assumed by the policyholder.

The technical reserves for unit-linked policies are valued at the market value of the unit of account at the inventory date.

(e) Embedded derivatives in insurance policies and financial contracts with discretionary profit sharing

Embedded derivatives are components of insurance policies that meet the definition of a derivative product.

If the same contract contains a financial component and an insurance component, the financial component is valued separately at fair value when it is not closely tied to the host contract or when the accounting standards do not require recognising all of the rights and obligations associated with the deposit component, in application of the provisions of IFRS 4. In other cases, the entire contract is treated as an insurance policy.

3.12.3 Financial contracts under IAS 39

Liabilities related to financial contracts without discretionary profit sharing must be recognised on the basis of the principle of deposit accounting. Thus the premiums collected and the benefits are booked on the balance sheet. Management charges and expenses for the contracts are recorded in income. Unearned income is deferred over the estimated life of the contract.

This category primarily includes unit-linked policies and indexed policies that do not meet the definition of insurance policies and financial contracts with discretionary profit sharing. Commitments under these policies are valued at the unit-linked fair value in inventory.

The additional costs directly related to management of the investments of a contract are booked as assets if they can be identified separately and reliably valued, and if it is probable that they will be recovered. This asset, which corresponds to the contractual right acquired by the Group on income resulting from the management of investments, is amortised over the duration of this management and symmetrically with recognition of the corresponding income.

3.12.4 Reinsurance operations

(a) Inward reinsurance

Inward reinsurance is booked treaty by treaty without difference on the basis of an assessment of the business accepted. These operations are classified according to the same rules as those described for

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insurance policies or financial contracts in § 3.12.1. In the absence of sufficient information from the outward reinsurer, estimates are made.

An asset deposit is recorded for the amount of the counterparty given to the ceding and retroceding companies.

Securities used as hedges are recorded in the statement of commitments given and received.

(b) Outward reinsurance

Outward reinsurance is recognised in accordance with the terms of the various treaties and according to the same rules as described in Note 3.12.1 on insurance policies and financial contracts. A liabilities deposit is recorded for the amount of the corresponding asset received from outward reinsurers and retrocessionaires.

Securities from reinsurers (outward reinsurers and retrocessionaires) remitted as collateral are recorded in the statement of commitments given and received.

3.13 Taxes

Corporate income tax includes all current and deferred taxes. When a tax is payable or receivable and payment is not subject to the execution of future transactions, such tax is classified as current, even if the payment is spread over several fiscal years. It appears as an asset or liability on the balance sheet as applicable.

Operations carried out by the Group may have positive or negative tax consequences other than those taken into consideration for calculating the payable tax. The result is tax assets or liabilities classified as deferred.

This is particularly the case when, because of completed transactions that are posted in either the individual company statements or only in the consolidated accounts as restatements and eliminations of intercompany income or losses, differences will appear in the future between the tax income and the accounting income of the Company, or between the tax value and the book value of an asset or liability, for example when transactions performed during a fiscal year are taxable only in the following fiscal year. These differences are classified as timing differences.

All deferred tax liabilities must be recognised; however, deferred tax assets are only recognised if it is likely that taxable income (against which these deductible timing differences can be charged) will be available.

All deferred tax liabilities are recognised. Deferred tax assets are recognised when their recovery is considered as “more probable than improbable”, *i.e.*, if it is likely that sufficient taxable income will be available in the future to offset the deductible timing differences. In general, a 3-year horizon is considered to be a reasonable period to assess whether the entity can recover the capitalised deferred tax. However, an impairment charge is booked against the deferred tax assets if their recoverability appears doubtful.

Deferred tax assets and liabilities are computed on the basis of tax rates (and tax regulations), which have been adopted as at the balance sheet date.

Deferred tax assets and liabilities are not discounted to present value.

3.14 Segment reporting

A business segment is a component of an entity whose operating profits are regularly examined by the Group’s principal operational decision-makers in order to assess the segment’s performance and decide on the resources to allocate to it.

The Group is organised into three operational segments: insurance in France, insurance abroad, and banking and financial businesses. The banking and financial activity segment, which is also the subject of specific notes (Notes 9.1, 9.2, and 33.3), has been grouped with the insurance segment in France in order to create an overall operational segment entitled France.

The various activities of each segment are as follows:

Life and health insurance.

The life and health insurance business covers the traditional life insurance business as well as personal injury (largely health risks, disability and long-term care);

Property and casualty insurance.

Property and casualty insurance covers, by default, all the Group’s other insurance businesses.

Banking and finance business.

The banking and finance business relates to distribution of banking products, including fund management activities, real estate management, private equity and employee savings.

Holding company activity.

This mainly comprises income and expenses arising from managing the Group and holding the shares of the companies included in the Groupama SA scope of consolidation.

3.15 Costs by category

Management fees and commissions related to insurance business are classified according to their purpose, by applying allocation keys defined based on the structure and organisation of each of the insurance entities.

Expenses are classified into the following six purposes:

- acquisition costs;
- administrative costs;
- claims settlement costs;
- investment expenses;
- other technical expenses;
- non-technical expenses.

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4 NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 SEGMENT REPORTING

Note 1.1 - Segment reporting by operating segment

Note 1.1.1 - Segment reporting by operating segment - Balance sheet

	31.12.2014			31.12.2013		
(in millions of euros)	France	International	Total	France	International	Total
Intangible assets	807	1,647	2,454	847	1,664	2,510
Insurance business investments	70,419	6,727	77,146	63,461	6,168	69,629
Funds used in banking sector activities and investments of other activities	3,639		3,639	3,265		3,265
Investments in related companies	860	178	1,038	877	176	1,053
Share of outward reinsurers and retrocessionaires in liabilities relating to insurance policies and financial contracts	8,282	209	8,491	8,418	265	8,683
Other assets	3,986	925	4,911	4,498	943	5,441
Assets held for sale and discontinued business activities						
Cash and cash equivalents	636	461	1,097	431	384	815
CONSOLIDATED TOTAL ASSETS	**88,629**	**10,147**	**98,777**	**81,796**	**9,601**	**91,397**
Reserves for contingencies and charges	330	91	421	329	87	417
Financing debt	821		821	1,921		1,921
Technical liabilities relating to insurance policies	46,520	5,140	51,660	44,805	5,080	49,886
Technical liabilities relating to financial contracts	15,896	1,570	17,466	17,447	1,314	18,761
Deferred profit-sharing liabilities	4,722	170	4,892	281	47	328
Resources from banking sector activities	3,304		3,304	2,861		2,861
Other liabilities	14,898	380	15,278	12,966	388	13,354
Liabilities of business activities to be sold or discontinued						
TOTAL CONSOLIDATED LIABILITIES EXCLUDING SHAREHOLDERS' EQUITY	**86,491**	**7,350**	**93,841**	**80,610**	**6,917**	**87,527**

Note 1.1.2 - Segment reporting by operating segment - Income statement

	31.12.2014			31.12.2013		
(in millions of euros)	France	International	Total	France	International	Total
Earned premiums	7,268	2,628	9,896	7,667	2,534	10,201
Net banking income, net of cost of risk	188		188	202		202
Investment income	2,059	258	2,317	2,068	267	2,335
Investment expenses	(613)	(41)	(654)	(555)	(47)	(603)
Capital gains or losses from divestment of investments net of impairment and depreciation write-backs	472	64	536	1,047	29	1,076
Change in fair value of financial instruments recorded at fair value through income	95	40	135	355	28	383
Change in impairment on investments	(4)	(7)	(11)	(8)	(11)	(19)
Total income from ordinary business activities	**9,466**	**2,941**	**12,407**	**10,775**	**2,799**	**13,574**
Insurance policy servicing expenses	(7,286)	(2,125)	(9,411)	(8,288)	(1,963)	(10,251)
Income from outward reinsurance	599	49	648	1,041	202	1,244
Expenses from outward reinsurance	(850)	(124)	(974)	(1,287)	(276)	(1,563)
Banking operating expenses	(184)		(184)	(200)		(200)
Policy acquisition costs	(794)	(411)	(1,205)	(882)	(418)	(1,300)
Administrative costs	(382)	(161)	(543)	(430)	(164)	(595)
Other current operating income and expenses	(557)	(53)	(610)	(550)	(59)	(609)
CURRENT OPERATING INCOME	**12**	**117**	**129**	**179**	**121**	**300**
Other operating income and expenses	(38)	(23)	(62)	(39)	(111)	(150)
OPERATING INCOME	**(27)**	**93**	**67**	**140**	**9**	**149**
Financing expenses	(84)		(84)	(93)		(93)
Share in income of related companies	3	(6)	(3)	(2)	(8)	(10)
Corporate income tax	60	(23)	37	108	(16)	91
NET INCOME FROM CONTINUING ACTIVITIES	**(47)**	**64**	**17**	**153**	**(15)**	**138**
Net income from discontinued business activities						
OVERALL NET INCOME	**(47)**	**64**	**17**	**153**	**(15)**	**138**
Of which, non-controlling interests	2		2	3		3
OF WHICH, NET INCOME (GROUP SHARE)	**(49)**	**64**	**15**	**150**	**(15)**	**135**

Note 1.2 - Segment reporting by business

Note 1.2.1 - Segment reporting by business - Balance sheet

(in millions of euros)	31.12.2014				31.12.2013			
	Insurance	Banking	Intersegment eliminations	Total	Insurance	Banking	Intersegment eliminations	Total
Goodwill	2,164	20		2,184	2,162	20		2,182
Other intangible assets	264	6		270	320	9		329
Insurance business investments	79,640	9	(2,503)	77,146	71,565	8	(1,944)	69,629
Funds used in banking sector activities and investments of other activities		3,676	(37)	3,639		3,287	(22)	3,265
Investments in related companies	1,038			1,038	1,053			1,053
Share of outward reinsurers and retrocessionaires in liabilities relating to insurance policies and financial contracts	8,690		(199)	8,491	8,854		(171)	8,683
Other assets	5,019	217	(325)	4,911	5,658	127	(344)	5,441
Assets held for sale and discontinued business activities								
Cash and cash equivalents	1,097	4	(4)	1,097	815	6	(6)	815
CONSOLIDATED TOTAL ASSETS	**97,913**	**3,932**	**(3,068)**	**98,777**	**90,427**	**3,457**	**(2,487)**	**91,397**
Reserves for contingencies and charges	400	20		420	396	21		417
Financing debt	2,704	27	(1,910)	821	3,213	27	(1,320)	1,920
Technical liabilities relating to insurance policies	51,863		(203)	51,660	50,057		(171)	49,886
Technical liabilities relating to financial contracts	17,466			17,466	18,761			18,761
Deferred profit-sharing liabilities	4,892			4,892	328			328
Resources from banking sector activities		3,330	(26)	3,304		2,885	(24)	2,861
Other liabilities	16,022	185	(929)	15,278	14,175	151	(972)	13,354
Liabilities of business activities to be sold or discontinued								
TOTAL CONSOLIDATED LIABILITIES EXCLUDING SHAREHOLDERS' EQUITY	**93,347**	**3,562**	**(3,068)**	**93,841**	**86,930**	**3,084**	**(2,487)**	**87,527**

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Note 1.2.2 - Segment reporting by business - Income statement

	31.12.2014									
	France					International				Total
(in millions of euros)	Property and casualty insurance	Life and health insurance	Banking	Holding	Total	Property and casualty insurance	Life and health insurance	Holding	Total	
Earned premiums	**3,275**	**3,993**			**7,268**	**1,693**	**936**		**2,628**	**9,896**
Net banking income, net of cost of risk			**188**		**188**					**188**
Investment income	114	1,943		2	2,059	113	142	3	258	2,317
Investment expenses	(72)	(575)		33	(613)	(27)	(12)	(1)	(41)	(654)
Capital gains or losses from divestment of investments net of impairment and depreciation write-backs	48	424			472	50	14		64	536
Change in fair value of financial instruments recorded at fair value through income	8	168		(81)	95	7	32		40	135
Change in impairment on investments	2	(5)		(1)	(4)	(4)	(3)		(7)	(11)
TOTAL INCOME FROM ORDINARY BUSINESS ACTIVITIES	**3,375**	**5,950**	**188**	**(47)**	**9,466**	**1,831**	**1,109**	**1**	**2,941**	**12,407**
Insurance policy servicing expenses	(2,289)	(4,997)			(7,286)	(1,197)	(928)		(2,125)	(9,411)
Income from outward reinsurance	199	400			599	44	5		49	648
Expenses from outward reinsurance	(433)	(417)			(850)	(117)	(6)		(124)	(974)
Banking operating expenses			(184)		(184)					(184)
Policy acquisition costs	(451)	(343)			(794)	(318)	(93)		(411)	(1,205)
Administrative costs	(262)	(120)			(382)	(106)	(55)		(161)	(543)
Other current operating income and expenses	(135)	(325)	2	(99)	(557)	(43)	(7)	(3)	(53)	(610)
CURRENT OPERATING INCOME	**3**	**148**	**7**	**(146)**	**12**	**94**	**24**	**(1)**	**117**	**129**
Other operating income and expenses	(18)	(16)		(5)	(38)	(20)	(4)		(23)	(62)
OPERATING INCOME	**(15)**	**132**	**7**	**(151)**	**(27)**	**74**	**20**	**(1)**	**93**	**67**
Financing expenses		(1)		(83)	(84)					(84)
Share in income of related companies	(5)	8			3	(6)			(6)	(3)
Corporate income tax	1	(39)	(3)	102	60	(15)	(8)		(23)	37
NET INCOME FROM CONTINUING ACTIVITIES	**(19)**	**101**	**4**	**(132)**	**(47)**	**53**	**12**	**(1)**	**64**	**17**
Net income from discontinued business activities										
TOTAL NET INCOME	**(19)**	**101**	**4**	**(132)**	**(47)**	**53**	**12**	**(1)**	**64**	**17**
Of which, non-controlling interests		2			2					2
OF WHICH, NET INCOME (GROUP SHARE)	**(20)**	**99**	**4**	**(132)**	**(49)**	**53**	**12**	**(1)**	**64**	**15**

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(in millions of euros)	31.12.2013									
	France					**International**				**Total**
	Property and casualty insurance	**Life and health insurance**	**Banking**	**Holding**	**Total**	**Property and casualty insurance**	**Life and health insurance**	**Holding**	**Total**	
Earned premiums	**3,227**	**4,441**			**7,667**	**1,785**	**749**		**2,534**	**10,201**
Net banking income, net of cost of risk			**202**		**202**					**202**
Investment income	115	1,948		5	2,068	118	146	2	267	2,335
Investment expenses	(67)	(531)		43	(555)	(32)	(15)		(47)	(603)
Capital gains or losses from divestment of investments net of impairment and depreciation write-backs	68	974		6	1,047	33	(4)		29	1,076
Change in fair value of financial instruments recorded at fair value through income	14	378		(37)	355		28		28	383
Change in impairment on investments	(1)	(2)		(6)	(8)	(7)	(4)		(11)	(19)
TOTAL INCOME FROM ORDINARY BUSINESS ACTIVITIES	**3,355**	**7,207**	**202**	**10**	**10,775**	**1,898**	**900**	**2**	**2,799**	**13,574**
Insurance policy servicing expenses	(2,281)	(6,007)			(8,288)	(1,235)	(728)		(1,963)	(10,251)
Income from outward reinsurance	514	527			1,041	194	8		202	1,244
Expenses from outward reinsurance	(739)	(548)			(1,287)	(269)	(7)		(276)	(1,563)
Banking operating expenses			(200)		(200)					(200)
Policy acquisition costs	(457)	(425)			(882)	(325)	(93)		(418)	(1,300)
Administrative costs	(276)	(154)			(430)	(108)	(57)		(164)	(595)
Other current operating income and expenses	(84)	(355)	3	(115)	(550)	(48)	(8)	(3)	(59)	(609)
CURRENT OPERATING INCOME	**32**	**246**	**6**	**(104)**	**179**	**107**	**15**	**(2)**	**121**	**300**
Other operating income and expenses	(9)	(23)		(7)	(39)	(104)	(7)		(111)	(150)
OPERATING INCOME	**22**	**223**	**6**	**(111)**	**140**	**3**	**8**	**(2)**	**9**	**149**
Financing expenses	(1)	(1)		(91)	(93)					(93)
Share in income of related companies	(7)	5			(2)	(8)			(8)	(10)
Corporate income tax	(7)	32	(3)	86	108	(21)	5		(16)	91
NET INCOME FROM CONTINUING ACTIVITIES	**9**	**259**	**2**	**(117)**	**153**	**(26)**	**13**	**(2)**	**(15)**	**138**
Net income from discontinued business activities										
OVERALL NET INCOME	**9**	**259**	**2**	**(117)**	**153**	**(26)**	**13**	**(2)**	**(15)**	**138**
Of which, non-controlling interests		2			3					3
OF WHICH, NET INCOME (GROUP SHARE)	**9**	**256**	**2**	**(117)**	**150**	**(26)**	**13**	**(2)**	**(15)**	**135**

NOTE 2 GOODWILL

(in millions of euros)	31.12.2014 Gross value	Impairment	Foreign exchange adjustment	Net value	31.12.2013 Net value
OPENING VALUE	**3,040**	**(581)**	**(278)**	**2,182**	**2,234**
Newly consolidated entities					
Eliminations from the scope of consolidation					
Central and Eastern European countries			(12)	(12)	(4)
Turkey			8	8	(46)
United Kingdom			6	6	(2)
Other changes during the fiscal year			**2**	**2**	**(52)**
CLOSING VALUE	**3,040**	**(581)**	**(275)**	**2,184**	**2,182**

The grouping within a single cash-generating unit for all countries of Central and Eastern Europe is explained by common tools and a common platform as well as centralised management bancassurance agreements.

Changes during the fiscal year

The changes that affected goodwill on the balance sheet correspond to exchange-rate differences.

Impairment test

Goodwill is tested for impairment at least once a year. This test is carried out at the level of the cash-generating unit.

As for those insurance entities acquired during the fiscal year where no index on loss in value exists, no impairment test is carried out. Nevertheless, an internal audit is conducted on a simplified basis so as to link in to the purchase price.

Each cash-generating unit provides its underwriting income forecasts calculated based on an estimated increase in premium income and a target combined ratio for the plan period. These assumptions are adapted on the basis of past experience and external constraints imposed by the local market (competition, regulation, market shares, etc.). Financial assumptions (discount rate and yield rate) are fixed by the Group and used to determine the financial income forecasts and discounted cash flows.

The benchmark value in use applied to justify impairment tests corresponds to the current value of future cash flows to be generated by this cash-generating unit.

As a general rule, the flows used correspond to:

- an explicit period based on the Group's operational strategic planning in the early years. This is subject to an iterative discussion process between local management and the Group;
- beyond the explicit horizon, the cash flow column is completed by a terminal value. This terminal value is based on long-term growth assumptions applied to an updated projection of normative cash flows.

In mature countries, the explicit life insurance period is generally 10 years, and 6 years for non-life insurance. It may be extended over a longer period (which may be 10 or 15 years) for emerging countries. In effect, this period is necessary for the market to attain a sufficient level of maturity for the normative cash flow to be representative of recurring long-term performance.

The discount rates are set based on risk-free rates for each country, plus a risk premium specific to the insurance business itself.

The rate thus applied in the major countries of Western and Southern Europe, excluding Greece, is 8%. Despite the decline in long-term interest rates, the Group retained a cautious approach by maintaining the same discount rate as in 2013 in this region.

For emerging countries, the yield curve used takes into account a higher explicit risk premium and then incorporates future changes in the country's macroeconomic situation and the expected higher level of maturity in these economies. This is particularly the case for the "new countries" of the European Union, which are assumed to have a strong possibility of joining the eurozone.

With regard to Hungary, the yield curve used corresponds to an average rate of 12.6% from 2015 to 2017, converging in the medium term towards 9%.

Regarding Romania, the yield curve used is decreasing, from 16.9% in 2015 to 13.5% in 2019, converging in the medium term towards 12.5%.

For Turkey, the yield curve is between 13% and 15% from 2015 to 2017 with a medium-term convergence towards 12%.

Regarding Greece, despite good performance indicators of the subsidiary (results, level of activity) and a more favourable general environment, the discount rate of modelled cash flows was maintained at 14% for all projections. The rate of return on assets was also adjusted to take into account the accrued risk premium.

The growth rate applied for valuation after the explicit period depends on market maturity. It is based on indicators resulting from strategic studies. The rates used for Western and Southern European mature markets are within the 1% to 3% bracket. In the emerging markets with a low insurance penetration level this rate may be up to 5%.

Applying these impairment tests did not result in any additional devaluation of goodwill as at 31 December 2014.

Subsequent comparative analyses between the business plan data and the actual data on the principal income statement totals (combined ratio, underwriting income, etc.) were carried out and did not call the impairment tests into question.

Sensitivity tests have been carried out on the value in use applied, with the following change assumptions:

- rise of 100 basis points in the discount rate; and
- decline of 50 basis points in the long-term rate of growth.

For the goodwill of the CGU in countries of Central and Eastern Europe, a combined increase of 100 basis points in the discount rate and yield rate would lead to a decrease in the excess hedging of €31 million (while a lowering by 100 basis points would result in an additional excess hedging of €46 million).

On this same CGU, the sensitivity test on the long-term growth rate would result in a decrease in excess hedging of €16 million if it fell by 50 basis points (the excess would €22 million higher with an increase of 50 basis points).

For the goodwill of the CGU of the Greek subsidiary, Groupama Phoenix, an increase of 100 basis points in the discount rate would lead to a loss in value of -€7 million (while a lowering of the discount rate by 100 basis points would result in a surplus of €17 million). The sensitivity test on a decrease in the long-term growth rate of 100 basis points would result in a hedging shortfall of -€2 million.

The simultaneous occurrence of all adverse or favourable scenarios would have an impact nearly identical to the accumulation of impacts taken in isolation.

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Note 2.1 - Goodwill - Broken down by cash-generating unit

	31.12.2014			
(in millions of euros)	Gross value	Impairment	Foreign exchange adjustment	Net value
Countries of Central and Eastern Europe	1,026	(502)	(177)	347
Italy	781			781
Turkey	262		(73)	189
United Kingdom	142	(31)	(27)	84
Greece	131	(48)		83
Total International	**2,342**	**(581)**	**(276)**	**1,484**
Groupama Gan Vie	470			470
Gan Assurances	196			196
Financial businesses, property businesses, and other insurance companies	32			32
Total France and Overseas	**698**			**698**
CLOSING VALUE	**3,040**	**(581)**	**(276)**	**2,183**

	31.12.2013			
(in millions of euros)	Gross value	Impairment	Foreign exchange adjustment	Net value
Countries of Central and Eastern Europe	1,026	(502)	(164)	360
Italy	781			781
Turkey	262		(81)	181
United Kingdom	142	(31)	(33)	78
Greece	131	(48)		83
Total International	**2,342**	**(581)**	**(278)**	**1,483**
Groupama Gan Vie	470			470
Gan Assurances	196			196
Financial businesses, property businesses, and other insurance companies	32			32
Total France and Overseas	**698**			**698**
CLOSING VALUE	**3,040**	**(581)**	**(278)**	**2,182**

It should be recalled that in fiscal years 2009 to 2012, the Group devalued goodwill by €581 million for the following cash-generating units:

- countries of Eastern and Central Europe for a total of €502 million, including: €113 million in 2009 corresponding to start-up risk in the emerging countries of Eastern Europe where the OTP Bank group is active, €79 million in 2010, €51 million in 2011 and €260 million in 2012;
- Greece: €39 million in 2011 and €9 million in 2012;
- United Kingdom: €30 million for the brokerage firm Bollington in 2012.

NOTE 3 OTHER INTANGIBLE ASSETS

(in millions of euros)	31.12.2014 Intangible assets related to insurance business	31.12.2014 Other intangible assets	31.12.2014 Total	31.12.2013 Intangible assets related to insurance business	31.12.2013 Other intangible assets	31.12.2013 Total
Opening gross value	**507**	**1,082**	**1,589**	**531**	**1,033**	**1,564**
Increase		49	49	5	64	69
Decrease	(1)	(7)	(8)	(5)	(16)	(21)
Foreign exchange adjustments	2	(2)	0	(24)	(2)	(26)
Change in scope of consolidation					3	3
Closing gross value	**508**	**1,122**	**1,630**	**507**	**1,082**	**1,589**
Opening cumulative amortisation & impairment	**(234)**	**(898)**	**(1,132)**	**(222)**	**(795)**	**(1,017)**
Increase	(17)	(84)	(100)	(31)	(109)	(140)
Decrease		3	3		7	7
Foreign exchange adjustments	(1)	1	0	19	1	20
Change in scope of consolidation					(2)	(2)
Closing cumulative amortisation & impairment	**(252)**	**(978)**	**(1,229)**	**(234)**	**(898)**	**(1,132)**
Opening cumulative long-term impairment	**(129)**		**(129)**	**(61)**		**(61)**
Long-term impairment recognised				(72)		(72)
Long-term impairment write-backs						
Foreign exchange adjustments	(1)		(1)	4		4
Change in scope of consolidation						
Closing cumulative long-term impairment	**(130)**		**(130)**	**(129)**		**(129)**
OPENING NET VALUE	**144**	**184**	**328**	**248**	**238**	**486**
CLOSING NET VALUE	**126**	**144**	**270**	**144**	**184**	**328**

The Group's intangible assets can be split into two groups:

- intangible assets related to insurance business;
- other intangible assets.

Recall that the elimination of the automatic renewal system in Italy as well as the continuation of the tax on insurance activities in Hungary led to a revision of the assumptions originally made in order to recognise these portfolio values, which resulted in an additional impairment of these assets at 31 December 2013.

Intangible assets related to insurance business

Intangible assets related to insurance business primarily correspond to values in force, values of the distribution networks, values of customer relationships and brands.

Other intangible assets

Other intangible assets consist primarily of software acquired and developed internally.

Note that the termination compensation provided for in Article 26 of the law of 9 November 2010 on pension reform has been completely amortised.

Note 3.1 - Other intangible assets – by operating segment

	31.12.2014						31.12.2013	
	Intangible assets related to insurance business		Other intangible assets		Total		Total	
(in millions of euros)	France	International	France	International	France	International	France	International
Closing gross value	1	507	955	166	956	673	929	660
Closing cumulative amortisation & impairment		(252)	(848)	(130)	(848)	(382)	(780)	(351)
Closing cumulative long-term impairment	(1)	(129)			(1)	(129)	(1)	(128)
Amortisation and reserves	(1)	(381)	(848)	(130)	(849)	(511)	(781)	(479)
NET BOOK VALUE	0	126	107	36	107	162	148	181

NOTE 4 INVESTMENT PROPERTY EXCLUDING UNIT-LINKED INVESTMENTS

	31.12.2014			31.12.2013		
(in millions of euros)	Property	SCI units	Total	Property	SCI units	Total
Opening gross value	1,238	85	1,323	1,264	87	1,351
Acquisitions	1	3	4	23	2	25
Change in scope of consolidation						
Subsequent expenditure						
Assets capitalised in the year	38		38	7		7
Transfer from/to unit-linked property						
Transfer from/to operating property	(4)		(4)	8		8
Foreign exchange adjustments				(1)		(1)
Divestments	(40)	(1)	(41)	(63)	(4)	(67)
Other						
Closing gross value	1,233	87	1,320	1,238	85	1,323
Opening cumulative amortisation & impairment	(258)		(258)	(248)		(248)
Increase	(21)		(21)	(21)		(21)
Change in scope of consolidation						
Transfer from/to unit-linked property						
Transfer from/to operating property						
Decrease	14		14	11		11
Other						
Closing cumulative amortisation & impairment	(265)		(265)	(258)		(258)
Opening cumulative long-term impairment	(10)		(10)	(6)		(6)
Long-term impairment recognised				(4)		(4)
Change in scope of consolidation						
Long-term impairment write-backs						
Closing cumulative long-term impairment	(10)		(10)	(10)		(10)
Opening net value	970	85	1,055	1,010	87	1,097
Closing net value	958	87	1,045	970	85	1,055
Closing fair value of investment properties	2,346	175	2,521	2,316	174	2,490
UNREALISED CAPITAL GAINS	1,388	88	1,476	1,346	89	1,435

The realisation of unrealised capital gains on property representing life insurance commitments would give rise to rights in favour of policy beneficiaries as well as taxation.

Unrealised gains accruing to the Group, including property operating activities (see Note 5), amounted to €407 million as at 31 December 2014 (net of profit sharing and tax), compared with €382 million as at 31 December 2013.

The table also shows property under leasing contracts for an amount at the net book value of €36 million as at 31 December 2014, compared to €37 million as at 31 December 2013. The fair value of this property is estimated at €62 million (*i.e.*, unrealised capital gains of €26 million as at 31 December 2014, compared with €14 million as at 31 December 2013).

Assets capitalised in the year include the acquisition of a property complex before its completion for €20 million.

As per the fair value hierarchy established in IFRS 13, the fair value of investment property is ranked as Level 2 for an amount of €2,438 million, and Level 3 for an amount of €83 million. The Level 2 investment property comprises mainly property located in Paris, or the Greater Paris region, whose fair value is based on observable data.

Note 4.1 - Investment property - by operating segment

	31.12.2014						31.12.2013					
	Property			SCI units			Property			SCI units		
(in millions of euros)	France	International	Total	France	International	Total	France	International	Total	France	International	Total
Gross value	**1,182**	**51**	**1,233**	**87**		**87**	**1,181**	**57**	**1,238**	**85**		**85**
Cumulative amortisation & impairment	(249)	(16)	(265)				(241)	(17)	(257)			
Long-term impairment	(2)	(8)	(10)				(2)	(8)	(10)			
Closing net value	**931**	**27**	**958**	**87**		**87**	**938**	**32**	**970**	**85**		**85**
Closing fair value of investment properties	**2,296**	**50**	**2,346**	**175**		**175**	**2,260**	**56**	**2,316**	**174**		**174**
UNREALISED CAPITAL GAINS	**1,365**	**24**	**1,388**	**88**		**88**	**1,322**	**24**	**1,346**	**89**		**89**

Note 4.2 - Investment property by business

Note 4.2.1 - Investment property by business - France

	31.12.2014					
	Property			SCI units		
(in millions of euros)	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total
Gross value	**923**	**259**	**1,182**	**65**	**22**	**87**
Cumulative amortisation & impairment	(192)	(57)	(249)			
Long-term impairment	(2)	(1)	(2)			
Closing net value	**730**	**201**	**931**	**65**	**22**	**87**
Closing fair value of investment properties	**1,843**	**453**	**2,296**	**110**	**66**	**175**
UNREALISED CAPITAL GAINS	**1,113**	**252**	**1,365**	**44**	**44**	**88**

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	31.12.2013					
	Property			SCI units		
(in millions of euros)	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total
Gross value	**930**	**251**	**1,181**	**63**	**22**	**85**
Cumulative amortisation & impairment	(188)	(53)	(241)			
Long-term impairment	(1)	(1)	(2)			
Closing net value	**741**	**197**	**938**	**63**	**22**	**85**
Closing fair value of investment properties	**1,811**	**449**	**2,260**	**110**	**64**	**174**
UNREALISED CAPITAL GAINS	**1,070**	**252**	**1,322**	**47**	**42**	**89**

Note 4.2.2 - Investment property by business - International

	31.12.2014					
	Property			SCI units		
(in millions of euros)	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total
Gross value	**29**	**22**	**51**			
Cumulative amortisation & impairment	(10)	(6)	(16)			
Long-term impairment	(5)	(3)	(8)			
Closing net value	**14**	**13**	**27**			
Closing fair value of investment properties	**26**	**24**	**50**			
UNREALISED CAPITAL GAINS	**12**	**11**	**24**			

	31.12.2013					
	Property			SCI units		
(in millions of euros)	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total
Gross value	**33**	**23**	**57**			
Cumulative amortisation & impairment	(11)	(5)	(17)			
Long-term impairment	(5)	(3)	(8)			
Closing net value	**18**	**15**	**32**			
Closing fair value of investment properties	**29**	**27**	**56**			
UNREALISED CAPITAL GAINS	**12**	**12**	**24**			

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NOTE 5 OPERATING PROPERTY

	31.12.2014			31.12.2013		
(in millions of euros)	Property	SCI units	Total	Property	SCI units	Total
Opening gross value	**727**	**11**	**738**	**680**	**12**	**692**
Acquisitions	2		2	58		58
Change in scope of consolidation						
Assets capitalised in the year	2		2	1		1
Transfer from/to investment properties	4		4	(9)		(9)
Foreign exchange adjustments	(1)		(1)	(1)		(1)
Divestments	(3)		(3)	(2)	(1)	(3)
Other						
Closing gross value	**731**	**11**	**742**	**727**	**11**	**738**
Opening cumulative amortisation & impairment	**(93)**		**(93)**	**(78)**		**(78)**
Increase	(19)		(19)	(16)		(16)
Change in scope of consolidation						
Transfer from/to investment properties						
Decrease	4		4	1		1
Other						
Closing cumulative amortisation & impairment	**(108)**		**(108)**	**(93)**		**(93)**
Opening cumulative long-term impairment						
Long-term impairment recognised	(14)		(14)			
Change in scope of consolidation						
Long-term impairment write-backs						
Closing cumulative long-term impairment	**(14)**		**(14)**			
Opening net value	**634**	**11**	**645**	**602**	**12**	**614**
Closing net value	**609**	**11**	**620**	**634**	**11**	**645**
Closing fair value of operating property	**813**	**17**	**830**	**817**	**17**	**834**
UNREALISED CAPITAL GAINS	**204**	**6**	**210**	**183**	**6**	**189**

A reserve for impairment was recognised in the 2014 financial statements for €14 million. This impairment pertains to a building in the Paris suburbs.

Note 5.1 - Operating property - by operating segment

	31.12.2014						31.12.2013					
	Property			SCI units			Property			SCI units		
(in millions of euros)	France	International	Total	France	International	Total	France	International	Total	France	International	Total
Gross value	**612**	**119**	**731**	**11**		**11**	**612**	**114**	**727**	**11**		**11**
Cumulative amortisation & impairment	(98)	(10)	(108)				(84)	(8)	(93)			
Long-term impairment	(14)		(14)									
Closing net value	**501**	**108**	**609**	**11**		**11**	**528**	**106**	**634**	**11**		**11**
Closing fair value of operating property	**707**	**106**	**813**	**17**		**17**	**712**	**105**	**817**	**17**		**17**
UNREALISED CAPITAL GAINS	**206**	**(2)**	**204**	**6**		**6**	**184**	**(1)**	**183**	**6**		**6**

Note 5.2 - Operating property by business

Note 5.2.1 - Operating property by business - France

	31.12.2014					
	Property			SCI units		
(in millions of euros)	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total
Gross value	519	93	612	6	5	11
Cumulative amortisation & impairment	(80)	(17)	(98)			
Long-term impairment	(3)	(11)	(14)			
Closing net value	**436**	**65**	**501**	**6**	**5**	**11**
Closing fair value of operating property	**519**	**188**	**707**	**9**	**8**	**17**
UNREALISED CAPITAL GAINS	**83**	**124**	**206**	**3**	**3**	**6**

	31.12.2013					
	Property			SCI units		
(in millions of euros)	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total
Gross value	519	93	612	6	5	11
Cumulative amortisation & impairment	(70)	(14)	(84)			
Long-term impairment						
Closing net value	**449**	**79**	**528**	**6**	**5**	**11**
Closing fair value of operating property	**532**	**179**	**712**	**9**	**8**	**17**
UNREALISED CAPITAL GAINS	**83**	**100**	**184**	**3**	**3**	**6**

Note 5.2.2 - Operating property by business - International

	31.12.2014					
	Property			SCI units		
(in millions of euros)	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total
Gross value	53	66	119			
Cumulative amortisation & impairment	(4)	(6)	(10)			
Long-term impairment						
Closing net value	**49**	**60**	**108**			
Closing fair value of operating property	**48**	**59**	**106**			
UNREALISED CAPITAL GAINS	**(1)**	**(1)**	**(2)**			

	31.12.2013					
	Property			SCI units		
(in millions of euros)	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total
Gross value	49	66	114			
Cumulative amortisation & impairment	(3)	(5)	(8)			
Long-term impairment						
Closing net value	**45**	**60**	**106**			
Closing fair value of operating property	**46**	**59**	**105**			
UNREALISED CAPITAL GAINS	**1**	**(1)**	**(1)**			

NOTE 6 FINANCIAL INVESTMENTS (EXCLUDING UNIT-LINKED ITEMS)

	31.12.2014	31.12.2013
(in millions of euros)	Net value	Net value
Assets valued at fair value	68,111	61,167
Assets valued at amortised cost	1,159	1,166
TOTAL FINANCIAL INVESTMENTS EXCLUDING UNIT-LINKED ITEMS	**69,270**	**62,333**

Total financial investments (excluding real estate, unit-linked items, and derivatives) as at 31 December 2014 were €69,270 million, marking an increase of €6,937 million versus 31 December 2013.

The bond security repurchase agreement activity was €4,115 million versus €1,775 million at 31 December 2013. The cash from these repurchase agreements is invested in specific funds held directly.

Note 6.1 - Investments valued at fair value - by operating segment

	31.12.2014								
	Net amortised cost			Fair value (1)			Gross unrealised capital gains (losses)		
(in millions of euros)	France	International	Total	France	International	Total	France	International	Total
Available-for-sale assets									
Equities and other variable-income investments	2,544	247	2,791	3,053	270	3,323	509	23	532
Bonds and other fixed-income investments	42,220	4,317	46,537	48,991	4,866	53,857	6,771	549	7,320
Other investments	1		1	1		1			
Total available-for-sale assets	**44,765**	**4,564**	**49,329**	**52,045**	**5,136**	**57,181**	**7,280**	**572**	**7,852**
Trading assets									
Equities and other variable-income investments classified as "trading"	9		9	9		9			
Equities and other variable-income investments classified as "held for trading"	516	181	697	516	181	697			
Bonds and other fixed-income investments classified as "trading"	89		89	89		89			
Bonds and other fixed-income investments classified as "held for trading"	1,997	54	2,051	1,997	54	2,051			
Cash mutual funds classified as "trading"	5,730	201	5,931	5,730	201	5,931			
Cash mutual funds classified as "held for trading"	2,084	70	2,154	2,084	70	2,154			
Other investments classified as "trading"									
Other investments classified as "held for trading"									
Total trading assets	**10,425**	**506**	**10,931**	**10,425**	**506**	**10,931**			
TOTAL INVESTMENTS VALUED AT FAIR VALUE	**55,190**	**5,070**	**60,260**	**62,470**	**5,642**	**68,111**	**7,280**	**572**	**7,852**

(1) For investments valued at fair value, the net value on the balance sheet corresponds to the fair value.

As at 31 December 2014, capital gains that were unrealised but recognised for accounting purposes through equity (revaluation reserves) as available-for-sale investment assets and through income as trading assets were €7,852 million and €277 million, respectively, compared with €2,315 million and €153 million as at 31 December 2013.

	31.12.2013								
	Net amortised cost			Fair value (1)			Gross unrealised capital gains (losses)		
(in millions of euros)	France	International	Total	France	International	Total	France	International	Total
Available-for-sale assets									
Equities and other variable-income investments	3,163	198	3,361	3,642	252	3,894	479	54	533
Bonds and other fixed-income investments	40,965	4,254	45,219	42,536	4,465	47,001	1,571	211	1,782
Other investments	5		5	5		5			
Total available-for-sale assets	**44,133**	**4,452**	**48,585**	**46,183**	**4,717**	**50,900**	**2,050**	**265**	**2,315**
Trading assets									
Equities and other variable-income investments classified as “trading”	6		6	6		6			
Equities and other variable-income investments classified as “held for trading”	625	140	765	625	140	765			
Bonds and other fixed-income investments classified as “trading”	176		176	176		176			
Bonds and other fixed-income investments classified as “held for trading”	1,908	55	1,963	1,908	55	1,963			
Cash mutual funds classified as “trading”	6,265	24	6,289	6,265	24	6,289			
Cash mutual funds classified as “held for trading”	916	150	1,066	916	150	1,066			
Other investments classified as “trading”									
Other investments classified as “held for trading”	2		2	2		2			
Total trading assets	**9,898**	**369**	**10,267**	**9,898**	**369**	**10,267**			
TOTAL INVESTMENTS VALUED AT FAIR VALUE	**54,031**	**4,821**	**58,852**	**56,081**	**5,086**	**61,167**	**2,050**	**265**	**2,315**

(1) For investments valued at fair value, the net value on the balance sheet corresponds to the fair value.

Note 6.2 - Investments valued at fair value by business

Note 6.2.1 - Investments valued at fair value - by business- France

(in millions of euros)	31.12.2014								
	Net amortised cost			Fair value [1]			Gross unrealised capital gains (losses)		
	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total
Available-for-sale assets									
Equities and other variable-income investments	2,337	207	2,544	2,741	312	3,053	404	105	509
Bonds and other fixed-income investments	39,636	2,584	42,220	46,161	2,830	48,991	6,525	246	6,771
Other investments		1	1		1	1			
Total available-for-sale assets	**41,973**	**2,792**	**44,765**	**48,902**	**3,143**	**52,045**	**6,929**	**351**	**7,280**
Trading assets									
Equities and other variable-income investments classified as “trading”		9	9		9	9			
Equities and other variable-income investments classified as “held for trading”	428	88	516	428	88	516			
Bonds and other fixed-income investments classified as “trading”	89		89	89		89			
Bonds and other fixed-income investments classified as “held for trading”	1,740	257	1,997	1,740	257	1,997			
Cash mutual funds classified as “trading”	5,119	611	5,730	5,119	611	5,730			
Cash mutual funds classified as “held for trading”	2,084		2,084	2,084		2,084			
Other investments classified as “trading”									
Other investments classified as “held for trading”									
Total trading assets	**9,460**	**965**	**10,425**	**9,460**	**966**	**10,425**			
TOTAL INVESTMENTS VALUED AT FAIR VALUE	**51,433**	**3,757**	**55,190**	**58,362**	**4,108**	**62,470**	**6,929**	**351**	**7,280**

(1) For investments valued at fair value, the net value on the balance sheet corresponds to the fair value.

	31.12.2013								
	Net amortised cost			Fair value [1]			Gross unrealised capital gains (losses)		
(in millions of euros)	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total
Available-for-sale assets									
Equities and other variable-income investments	2,814	349	3,163	3,165	477	3,642	352	127	479
Bonds and other fixed-income investments	38,956	2,009	40,965	40,440	2,096	42,536	1,484	88	1,571
Other investments		5	5		5	5			
Total available-for-sale assets	**41,769**	**2,364**	**44,133**	**43,605**	**2,578**	**46,183**	**1,836**	**214**	**2,050**
Trading assets									
Equities and other variable-income investments classified as “trading”		6	6		6	6			
Equities and other variable-income investments classified as “held for trading”	539	86	625	539	86	625			
Bonds and other fixed-income investments classified as “trading”	164	12	176	164	12	176			
Bonds and other fixed-income investments classified as “held for trading”	1,583	325	1,908	1,583	325	1,908			
Cash mutual funds classified as “trading”	5,228	1,037	6,265	5,228	1,037	6,265			
Cash mutual funds classified as “held for trading”	916		916	916		916			
Other investments classified as “trading”									
Other investments classified as “held for trading”	1	1	2	1	1	2			
Total trading assets	**8,431**	**1,467**	**9,898**	**8,431**	**1,467**	**9,898**			
TOTAL INVESTMENTS VALUED AT FAIR VALUE	**50,200**	**3,831**	**54,031**	**52,036**	**4,045**	**56,081**	**1,836**	**214**	**2,050**

(1) For investments valued at fair value, the net value on the balance sheet corresponds to the fair value.

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Note 6.2.2 - Investments valued at fair value - by business- International

	31.12.2014								
	Net amortised cost			Fair value [1]			Gross unrealised capital gains (losses)		
(in millions of euros)	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total
Available-for-sale assets									
Equities and other variable-income investments	143	104	247	152	118	270	9	14	23
Bonds and other fixed-income investments	2,373	1,944	4,317	2,697	2,169	4,866	324	225	549
Other investments									
Total available-for-sale assets	**2,516**	**2,048**	**4,564**	**2,849**	**2,287**	**5,136**	**333**	**239**	**572**
Trading assets									
Equities and other variable-income investments classified as “trading”									
Equities and other variable-income investments classified as “held for trading”	95	86	181	95	86	181			
Bonds and other fixed-income investments classified as “trading”									
Bonds and other fixed-income investments classified as “held for trading”	31	23	54	31	23	54			
Cash mutual funds classified as “trading”	138	63	201	138	63	201			
Cash mutual funds classified as “held for trading”	37	33	70	37	33	70			
Other investments classified as “trading”									
Other investments classified as “held for trading”									
Total trading assets	**301**	**205**	**506**	**301**	**205**	**506**			
TOTAL INVESTMENTS VALUED AT FAIR VALUE	**2,817**	**2,253**	**5,070**	**3,150**	**2,492**	**5,642**	**333**	**239**	**572**

(1) For investments valued at fair value, the net value on the balance sheet corresponds to the fair value.

	31.12.2013								
	Net amortised cost			Fair value [1]			Gross unrealised capital gains (losses)		
(in millions of euros)	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total
Available-for-sale assets									
Equities and other variable-income investments	94	104	198	136	116	252	42	12	54
Bonds and other fixed-income investments	2,277	1,977	4,254	2,396	2,069	4,465	119	92	211
Other investments									
Total available-for-sale assets	**2,371**	**2,081**	**4,452**	**2,532**	**2,185**	**4,717**	**161**	**104**	**265**
Trading assets									
Equities and other variable-income investments classified as "trading"									
Equities and other variable-income investments classified as "held for trading"	69	71	140	69	71	140			
Bonds and other fixed-income investments classified as "trading"									
Bonds and other fixed-income investments classified as "held for trading"	31	24	55	31	24	55			
Cash mutual funds classified as "trading"	23	1	24	23	1	24			
Cash mutual funds classified as "held for trading"	89	61	150	89	61	150			
Other investments classified as "trading"									
Other investments classified as "held for trading"									
Total trading assets	**212**	**157**	**369**	**212**	**157**	**369**			
TOTAL INVESTMENTS VALUED AT FAIR VALUE	**2,583**	**2,238**	**4,821**	**2,744**	**2,342**	**5,086**	**161**	**104**	**265**

(1) For investments valued at fair value, the net value on the balance sheet corresponds to the fair value.

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Note 6.3 - Investments valued at fair value by type

	31.12.2014								
	Net amortised cost			Fair value (1)			Gross unrealised capital gains (losses)		
(in millions of euros)	France	International	Total	France	International	Total	France	International	Total
Equities and other variable-income investments									
Available-for-sale assets	2,544	247	2,791	3,053	270	3,323	509	23	532
Assets classified as “trading”	9		9	9		9			
Assets classified as “held for trading”	516	181	697	516	181	697			
Total equities and other variable-income investments	**3,069**	**428**	**3,497**	**3,578**	**451**	**4,029**	**509**	**23**	**532**
Bonds and other fixed-income investments									
Available-for-sale assets	42,220	4,317	46,537	48,991	4,866	53,857	6,771	549	7,320
Assets classified as “trading”	89		89	89		89			
Assets classified as “held for trading”	1,997	54	2,051	1,997	54	2,051			
Total bonds and other fixed-income investments	**44,306**	**4,371**	**48,677**	**51,077**	**4,920**	**55,997**	**6,771**	**549**	**7,320**
Cash mutual funds									
Assets classified as “trading”	5,730	201	5,931	5,730	201	5,931			
Assets classified as “held for trading”	2,084	70	2,154	2,084	70	2,154			
Total cash mutual funds	**7,814**	**271**	**8,085**	**7,814**	**271**	**8,085**			
Other investments									
Available-for-sale assets	1		1	1		1			
Assets classified as “trading”									
Assets classified as “held for trading”									
Total other investments	**1**		**1**	**1**		**1**			
TOTAL INVESTMENTS VALUED AT FAIR VALUE	**55,190**	**5,070**	**60,260**	**62,470**	**5,642**	**68,112**	**7,280**	**572**	**7,852**

(1) For investments valued at fair value, the net value on the balance sheet corresponds to the fair value.

(in millions of euros)	31.12.2013								
	Net amortised cost			Fair value [1]			Gross unrealised capital gains (losses)		
	France	International	Total	France	International	Total	France	International	Total
Equities and other variable-income investments									
Available-for-sale assets	3,163	198	3,361	3,642	252	3,894	479	54	533
Assets classified as "trading"	6		6	6		6			
Assets classified as "held for trading"	625	140	765	625	140	765			
Total equities and other variable-income investments	**3,794**	**338**	**4,132**	**4,273**	**392**	**4,665**	**479**	**54**	**533**
Bonds and other fixed-income investments									
Available-for-sale assets	40,965	4,254	45,219	42,536	4,465	47,001	1,571	211	1,782
Assets classified as "trading"	176		176	176		176			
Assets classified as "held for trading"	1,908	55	1,963	1,908	55	1,963			
Total bonds and other fixed-income investments	**43,049**	**4,309**	**47,358**	**44,620**	**4,520**	**49,140**	**1,571**	**211**	**1,782**
Cash mutual funds									
Assets classified as "trading"	6,265	24	6,289	6,265	24	6,289			
Assets classified as "held for trading"	916	150	1,066	916	150	1,066			
Total cash mutual funds	**7,181**	**174**	**7,355**	**7,181**	**174**	**7,355**			
Other investments									
Available-for-sale assets	5		5	5		5			
Assets classified as "trading"									
Assets classified as "held for trading"	2		2	2		2			
Total other investments	**7**		**7**	**7**		**7**			
TOTAL INVESTMENTS VALUED AT FAIR VALUE	**54,031**	**4,821**	**58,852**	**56,081**	**5,086**	**61,167**	**2,050**	**265**	**2,315**

(1) For investments valued at fair value, the net value on the balance sheet corresponds to the fair value.

Note 6.4 - Investments valued at amortised cost in net value

(in millions of euros)	31.12.2014			31.12.2013		
	France	International	Total	France	International	Total
Loans	97	67	164	107	67	174
Deposits	852	28	880	708	30	738
Other	115		115	254		254
TOTAL ASSETS VALUED AT AMORTISED COST	**1,064**	**95**	**1,159**	**1,069**	**97**	**1,166**

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Note 6.5 - Reserves for impairment of investments

	31.12.2014			31.12.2013		
(in millions of euros)	Gross	Reserves	Net	Gross	Reserves	Net
Available-for-sale assets						
Equities and other variable-income investments	3,934	(1,143)	2,791	4,551	(1,190)	3,361
Bonds and other fixed-income investments	46,541	(4)	46,537	45,223	(4)	45,219
Other investments	1		1	5		5
TOTAL AVAILABLE-FOR-SALE ASSETS	**50,476**	**(1,147)**	**49,329**	**49,779**	**(1,194)**	**48,585**
Financial investments valued at amortised cost	1,162	(3)	1,159	1,170	(4)	1,166
FINANCIAL INVESTMENTS VALUED AT AMORTISED COST	**1,162**	**(3)**	**1,159**	**1,170**	**(4)**	**1,166**

As at 31 December 2014, total impairment reserves for investments valued at fair value were €1,147 million, compared with €1,194 million as at 31 December 2013. In total, the impairment reserves for available-for-sale financial assets represent 2.3% of their gross amortised cost.

The change in reserves is mainly due to write-backs of reserves on sold securities for €41 million.

Regarding equities, the reserve for impairment includes an impairment of strategic securities for nearly €1 billion.

The amount of reserves for long-term impairment on investments valued at amortised cost is €3 million compared with €4 million at 31 December 2013.

Reserves were determined in accordance with the rules set out in paragraph 3.2.1 of the accounting principles.

Note 6.6 - Financial investments - by currency

	31.12.2014					
(in millions of euros)	Euro	Dollar	Pound	Yen	Other	Total
Available-for-sale assets						
Equities and other variable-income investments	2,504	441	65		313	3,323
Bonds and other fixed-income investments	53,032	41	283		501	53,857
Other investments	1					1
Total available-for-sale assets	**55,537**	**482**	**347**		**814**	**57,181**
Trading assets						
Equities and other variable-income investments classified as "trading"	9					9
Equities and other variable-income investments classified as "held for trading"	695	1				696
Bonds and other fixed-income investments classified as "trading"	89					89
Bonds and other fixed-income investments classified as "held for trading"	2,023				28	2,051
Cash mutual funds classified as "trading"	5,932					5,932
Cash mutual funds classified as "held for trading"	2,153					2,153
Other investments classified as "trading"						
Other investments classified as "held for trading"						
Total trading assets	**10,901**	**1**			**28**	**10,930**
Assets valued at amortised cost						
Loans	163				1	164
Deposits	852				27	880
Other investments	115					115
Total assets valued at amortised cost	**1,130**				**28**	**1,159**
TOTAL FINANCIAL INVESTMENTS (NET OF DERIVATIVES AND UNIT-LINKED ITEMS)	**67,569**	**483**	**347**		**871**	**69,270**

The above figures do not include the hedging for foreign exchange risk established in 2013 and 2014 (currency swaps).

(in millions of euros)	31.12.2013 Euro	Dollar	Pound	Yen	Other	Total
Available-for-sale assets						
Equities and other variable-income investments	2,969	532	16		377	3,894
Bonds and other fixed-income investments	46,246		268	12	475	47,002
Other investments	5					5
Total available-for-sale assets	**49,220**	**532**	**284**	**12**	**852**	**50,900**
Trading assets						
Equities and other variable-income investments classified as "trading"	6					6
Equities and other variable-income investments classified as "held for trading"	765	1				766
Bonds and other fixed-income investments classified as "trading"	176					176
Bonds and other fixed-income investments classified as "held for trading"	1,935				27	1,962
Cash mutual funds classified as "trading"	6,288					6,288
Cash mutual funds classified as "held for trading"	1,065					1,065
Other investments classified as "trading"						
Other investments classified as "held for trading"	3					3
Total trading assets	**10,238**	**1**			**27**	**10,266**
Assets valued at amortised cost						
Loans	173				1	174
Deposits	714				24	738
Other investments	254					254
Total assets valued at amortised cost	**1,141**				**25**	**1,166**
TOTAL FINANCIAL INVESTMENTS (NET OF DERIVATIVES AND UNIT-LINKED ITEMS)	**60,599**	**533**	**284**	**12**	**904**	**62,333**

The above figures do not include the hedging for foreign exchange risk established in 2013 (forward currency sales or currency swaps).

Note 6.7 - Breakdown of listed investments

(in millions of euros)	31.12.2014	31.12.2013
Equities	1,919	2,563
Shares in fixed-income mutual funds	2,930	2,991
Shares in other mutual funds	1,922	1,895
Cash mutual funds	8,085	7,353
Bonds and other fixed-income securities	52,898	46,000
TOTAL LISTED INVESTMENTS	**67,754**	**60,802**

The above table meets the disclosure requirements of IFRS 12 on non-consolidated mutual funds. As at 31 December 2014, the fair value of these assets totalled €12,937 million compared with €12,239 million as at 31 December 2013.

As at 31 December 2014, impairment on listed investments valued at fair value totalled €1,075 million, compared with €1,112 million as at 31 December 2013.

Note 6.8 - Breakdown of unlisted investments

(in millions of euros)	31.12.2014	31.12.2013
Equities at fair value	187	207
Bonds and other fixed-income securities at fair value	168	149
Other investments at fair value	1	8
Loans at amortised cost	163	174
Other investments at amortised cost	995	993
TOTAL UNLISTED INVESTMENTS	**1,516**	**1,531**

As at 31 December 2014, impairment on unlisted investments valued at fair value totalled €72 million, compared with €82 million as at 31 December 2013.

Note 6.9 - Significant investments in non-consolidated companies

	31.12.2014				31.12.2013			
(in millions of euros)	% interest	Acquisition cost net of reserves	Fair value	Revaluation reserve (before profit sharing and tax) (1)	% interest	Acquisition cost net of reserves	Fair value	Revaluation reserve (before profit sharing and tax) (1)
Veolia Environnement	5.15%	252	432	180	5.15%	241	332	91
Saint Gobain					1.82%	440	405	(35)
French companies		**252**	**432**	**180**		**681**	**737**	**56**
Mediobanca	4.91%	147	291	144	4.93%	147	269	122
OTP Bank	8.30%	261	279	42	8.30%	261	317	79
Foreign companies		**408**	**570**	**186**		**408**	**586**	**201**
TOTAL SIGNIFICANT INVESTMENTS IN NON-CONSOLIDATED COMPANIES		**660**	**1,002**	**366**		**1,089**	**1,323**	**257**

(1) The revaluation reserve takes account of the effects of hedging instruments.

The securities presented in this note correspond exclusively to securities considered “strategic securities”, the treatment of which with regard to impairment is indicated in point 3.2.1 of the accounting principles.

As recalled in point 3.2.1, strategic securities are held by the Group for the long term. They are characterised by the Group’s representation on their governance bodies or significant, lasting contractual relations or a significant stake in the capital (in absolute or relative value), without significant influence being exercised.

Changes during the fiscal year

Like in 2013, the Group pursued its equity derisking policy with the divestment of its Saint Gobain securities.

The reserves for impairment on strategic securities thus amounted to nearly €1 billion as at 31 December 2014.

Note 6.10 - Breakdown of the bond portfolio

At the end of December 2014, bond instruments accounted for 81% of total financial investments excluding unit-linked items, 78% of which were classified as “available-for-sale assets” and 3% as “assets held for trading”.

The presentations below pertain to only bond investments held directly or through consolidated mutual funds and do not take into account other investments with similar features (bond mutual funds, rate mutual funds, bond funds, etc.).

Note 6.10.1 - Bond portfolio – by rate

The table below shows the Group's exposure to interest rate risks at the close of each fiscal year.

(in millions of euros)	31.12.2014 Fixed rate	31.12.2014 Variable rate	31.12.2014 Total	31.12.2013 Fixed rate	31.12.2013 Variable rate	31.12.2013 Total
Listed bonds						
Available-for-sale	51,315	1,123	52,439	44,336	1,350	45,687
Classified as "trading"				13		13
Classified as "held for trading"	406	53	459	257	44	300
Total listed bonds	**51,721**	**1,176**	**52,898**	**44,606**	**1,394**	**46,000**
Unlisted bonds						
Available-for-sale	100	39	139	82	41	123
Classified as "trading"						
Classified as "held for trading"	6	23	29	6	20	27
Total unlisted bonds	**107**	**62**	**168**	**88**	**61**	**149**
TOTAL BOND PORTFOLIO	**51,827**	**1,237**	**53,067**	**44,693**	**1,455**	**46,149**

Note 6.10.2 - Bond portfolio – by maturity

The annual maturities of the bond portfolios, including consolidated mutual funds, are as follows:

(in millions of euros)	31.12.2014 <1 year	31.12.2014 1 to 5 years	31.12.2014 >5 years	31.12.2014 Total	31.12.2013 <1 year	31.12.2013 1 to 5 years	31.12.2013 >5 years	31.12.2013 Total
Listed bonds								
Available-for-sale	1,898	10,234	40,307	52,439	1,715	8,974	34,998	45,687
Classified as "trading"						3	10	13
Classified as "held for trading"	115	52	292	459	89	31	180	300
Total listed bonds	**2,013**	**10,286**	**40,599**	**52,898**	**1,805**	**9,007**	**35,188**	**46,000**
Unlisted bonds								
Available-for-sale	43		96	139	4	25	93	123
Classified as "trading"								
Classified as "held for trading"	17	1	10	29	1	2	24	27
Total unlisted bonds	**60**	**1**	**107**	**168**	**5**	**27**	**117**	**149**
TOTAL BOND PORTFOLIO	**2,073**	**10,288**	**40,706**	**53,067**	**1,810**	**9,035**	**35,305**	**46,149**

The distribution of the bond portfolio thus shows that the types of investments favoured by the Group are primarily long-term bonds (over 5 years) with fixed rates.

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Note 6.10.3 - Bond portfolio – by rating

The rating indicated is an average of the ratings published at year-end 2014 by the three main agencies (S&P, Moody's and Fitch Ratings) for Group bonds.

	31.12.2014						
(in millions of euros)	AAA	AA	A	BBB	<BBB	Not rated	Total
Listed bonds							
Available-for-sale	3,268	24,659	5,860	16,894	973	786	52,440
Classified as "trading"							
Classified as "held for trading"	33	5	92	74	22	232	458
Total listed bonds	**3,301**	**24,664**	**5,952**	**16,968**	**995**	**1,018**	**52,898**
Unlisted bonds							
Available-for-sale		36	96	5		2	139
Classified as "trading"							
Classified as "held for trading"		6	6	6	6	6	30
Total unlisted bonds		**42**	**102**	**11**	**6**	**8**	**169**
TOTAL BOND PORTFOLIO	**3,301**	**24,706**	**6,054**	**16,979**	**1,001**	**1,026**	**53,067**

	31.12.2013						
(in millions of euros)	AAA	AA	A	BBB	<BBB	Not rated	Total
Listed bonds							
Available-for-sale	4,162	20,193	5,142	14,434	932	823	45,687
Classified as "trading"					3	10	13
Classified as "held for trading"	24	9	106	26	20	115	300
Total listed bonds	**4,186**	**20,202**	**5,248**	**14,460**	**955**	**948**	**46,000**
Unlisted bonds							
Available-for-sale		38	78	3	4		123
Classified as "trading"							
Classified as "held for trading"		5	10		6	5	27
Total unlisted bonds		**43**	**88**	**3**	**10**	**5**	**149**
TOTAL BOND PORTFOLIO	**4,186**	**20,245**	**5,336**	**14,463**	**965**	**953**	**46,149**

Note 6.10.4 - Bond portfolio – by type of issuer

(in millions of euros)	31.12.2014	31.12.2013
Bonds issued by EU Member States	34,323	29,144
Bonds issued by States outside the EU	266	157
Bonds from public and semi-public sectors	3,596	3,456
Corporate bonds	14,865	12,875
Other bonds	18	517
TOTAL BOND PORTFOLIO	**53,067**	**46,149**

Note 6.11 - Debt securities of peripheral countries of the eurozone

Note 6.11.1 - Sovereign debt securities of peripheral countries of the eurozone

	31.12.2014					
(in millions of euros)	Gross discounted cost price	Reserves for impairment	Net discounted cost price	Fair value	Gross unrealised capital gains (losses)	Unrealised capital gains (losses) net of taxes and profit-sharing
Spain	2,555		2,555	3,242	687	55
Greece						
Ireland	22		22	26	4	1
Italy	7,492		7,492	9,157	1,665	217
Portugal	252		252	286	34	3
TOTAL	**10,321**		**10,321**	**12,711**	**2,390**	**276**

	31.12.2013					
(in millions of euros)	Gross discounted cost price	Reserves for impairment	Net discounted cost price	Fair value	Gross unrealised capital gains (losses)	Unrealised capital gains (losses) net of taxes and profit-sharing
Spain	2,670		2,670	2,645	(25)	
Greece						
Ireland	18		18	20	2	
Italy	7,529		7,529	7,658	129	39
Portugal	443		443	383	(60)	(9)
TOTAL	**10,660**		**10,660**	**10,706**	**46**	**30**

Exposure to sovereign debt securities of peripheral eurozone countries included directly-owned securities and look-through reporting which is required on consolidated mutual funds. Unrealised capital gains on these securities totalled €276 million (net of taxes and profit sharing).

All sovereign debt securities of peripheral eurozone countries are classed as Level 1 using the fair value hierarchy established by IFRS 7; these securities are listed on an active market and their prices can be easily and regularly obtained.

Recall that the Group sold its entire exposure to Greek sovereign debt during the 2012 fiscal year.

In addition, the exposure level on Hungary is approximately €267 million, mainly held by the Hungarian subsidiary.

The sovereign debt securities of the peripheral eurozone countries have the following maturities:

	31.12.2014				
(in millions of euros)	< 3 years	3 to 7 years	7 to 10 years	>10 years	Total
Spain	228	24	108	2,882	3,242
Greece					
Ireland	3	18	1	4	26
Italy	408	1,261	1,324	6,164	9,157
Portugal	3	21	120	142	286
TOTAL	**642**	**1,324**	**1,553**	**9,192**	**12,711**

The table below shows the change in sovereign debt securities of peripheral countries of the eurozone at fair value held directly.

	31.12.2014					
(in millions of euros)	Spain	Greece	Ireland	Italy	Portugal	Total
Opening sovereign debt securities	**2,638**		**20**	**7,356**	**383**	**10,398**
Change in unrealised capital gains or losses	712		1	1,528	84	2,325
Change in scope of consolidation						
Acquisitions	12			402		414
Divestments/Redemptions	(138)			(459)	(184)	(781)
Foreign exchange adjustments						
CLOSING SOVEREIGN DEBT SECURITIES	**3,224**		**21**	**8,827**	**283**	**12,356**

To date, the consolidated mutual funds hold €355 million in sovereign debt securities of peripheral eurozone countries, including €18 million in Spanish sovereign debt and €329 million in Italian sovereign debt.

Note 6.11.2 - Non-sovereign debt securities of peripheral countries of the eurozone

	31.12.2014					
(in millions of euros)	Gross discounted cost price	Reserves for impairment	Net discounted cost price	Fair value	Gross unrealised capital gains (losses)	Unrealised capital gains (losses) net of taxes and profit-sharing
Spain	597		597	706	109	10
Greece						
Ireland	9		9	10	1	
Italy	646		646	709	63	15
Portugal	19		19	20	1	
TOTAL	**1,271**		**1,271**	**1,445**	**174**	**25**

	31.12.2013					
(in millions of euros)	Gross discounted cost price	Reserves for impairment	Net discounted cost price	Fair value	Gross unrealised capital gains (losses)	Unrealised capital gains (losses) net of taxes and profit-sharing
Spain	597		597	643	46	5
Greece						
Ireland	30		30	29	(1)	
Italy	855		855	886	31	6
Portugal	28		28	29	1	
TOTAL	**1,510**		**1,510**	**1,587**	**77**	**11**

The balance sheet value of the Group's investments in bonds issued by companies, banks, local authorities and para-governmental organisations located in peripheral countries of the eurozone (mainly Spain and Italy) was €1,445 million as at 31 December 2014. These securities present an unrealised capital gain net of taxes and profit sharing of €25 million.

Exposure to non-sovereign debt securities of peripheral eurozone countries included directly-owned securities and look-through reporting which is required on consolidated mutual funds only.

Note 6.12 - Fair value hierarchy

Pursuant to the amendment to IFRS 7 issued by the IASB in March 2009, financial instruments (assets and liabilities) valued at fair value are classified according to a three-level hierarchy. These levels depend on whether a valuation model is used and the data sources used to populate the valuation models:

- level 1 corresponds to a price listed in an active market to which the entity may have access on the valuation date;
- level 2 corresponds to the fair value determined on the basis of a valuation model using data directly observable on an active market or data that can be determined from prices observed;

1 2 3 4 5 6 7

- level 3 corresponds to the fair value determined on the basis of a valuation model using data not observable on a market.

A financial instrument is considered to be listed on an active market if prices are easily and regularly available from a stock exchange, broker, trader, business sector, or price valuation service and if these prices represent real transactions properly carried out on the market under conditions of normal competition.

Determination of whether a market is active is particularly based on indicators such as the significant decrease in the volume of transactions and the level of activity on the market, high dispersion of prices available over time and between the various market participants, or the fact that the prices no longer correspond to sufficiently recent transactions.

	31.12.2014				31.12.2013			
(in millions of euros)	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Available-for-sale assets								
Equities and other variable-income investments	3,044	59	219	3,322	3,645	53	196	3,894
Bonds and other fixed-income investments	53,052	555	251	53,858	46,112	697	192	47,001
Other investments			1	1	4		1	5
Total available-for-sale assets	**56,096**	**614**	**471**	**57,181**	**49,761**	**750**	**389**	**50,900**
Trading assets								
Equities and other variable-income investments classified as “trading” or “held for trading”	256		449	705	238		534	772
Bonds and other fixed-income investments classified as “trading” or “held for trading”	1,784	41	315	2,140	2,013	31	95	2,139
Cash mutual funds classified as “trading” or “held for trading”	8,085			8,085	7,353			7,353
Other investments							2	2
Total trading assets	**10,125**	**41**	**764**	**10,930**	**9,604**	**31**	**631**	**10,266**
SUB-TOTAL OF FINANCIAL INVESTMENTS (EXCLUDING UNIT-LINKED ITEMS)	**66,221**	**655**	**1,235**	**68,111**	**59,365**	**781**	**1,020**	**61,166**
Investments in unit-linked policies	4,381	111	1,596	6,088	3,479	106	1,731	5,316
Derivative assets and liabilities		(689)		(689)		(262)	(1)	(263)
TOTAL FINANCIAL ASSETS AND LIABILITIES VALUED AT FAIR VALUE	**70,602**	**77**	**2,831**	**73,510**	**62,844**	**625**	**2,750**	**66,219**

As these are investments in unit-linked policies, the risk is borne by policyholders.

Derivative instruments posted to assets totalled €122 million and derivative instruments posted to liabilities on the balance sheet totalled €812 million as at 31 December 2014. These instruments are mainly Level 2.

The Level 3 investments comprise:

- for equities, these largely involve shares of private equity funds and unlisted equities. The private equity fund units are valued based on the latest net asset values. Unlisted equities are valued using several methods, such as discounted cash flow or the restated net asset method;
- for bonds, securities valued based on a model using extrapolated data;
- for investments in unit-linked policies in level 3, structured products not listed on an active market, the remuneration of which is indexed to indices, baskets of equities, or rates.

Beyond the financial assets and liabilities described in the table, the Group recorded fair-value financial contracts without discretionary profit sharing in its technical liabilities. This amount totalled €60 million as at 31 December 2014, compared with €51 million as at 31 December 2013.

	31.12.2014								
	Available-for-sale assets			Trading assets					
(in millions of euros)	Equities	Bonds	Other investments	Equities	Bonds	Cash mutual funds	Other investments	Investments in unit-linked policies	Derivative assets and liabilities
Level 3 opening amount	**196**	**192**	**1**	**534**	**95**		**2**	**1,731**	**(1)**
Change in unrealised capital gains or losses recognised in:									
▪ income				(12)	144			(62)	1
▪ gains and losses recognised directly in shareholders' equity	(15)	6							
Transfer to level 3		53			93				
Transfer outside of level 3	(2)				(18)				
Reclassification to loans and receivables									
Change in scope of consolidation									
Acquisitions	49			9	1				
Divestments/Redemptions	(9)			(82)			(2)	(50)	
Foreign exchange adjustments								(23)	
LEVEL 3 CLOSING AMOUNT	**219**	**251**	**1**	**449**	**315**		**0**	**1,596**	**0**

NOTE 7 INVESTMENTS REPRESENTING UNIT-LINKED COMMITMENTS

	31.12.2014			31.12.2013		
(in millions of euros)	France	International	Total	France	International	Total
Variable-income securities and related securities		4	4		3	3
Bonds	1,478	638	2,116	1,174	648	1,822
Equity mutual fund units	3,551	71	3,622	3,120	69	3,190
Bond and other mutual fund units	99	74	174	71	51	123
Other investments		67	67		74	74
Subtotal of unit-linked financial investments	**5,129**	**854**	**5,983**	**4,366**	**846**	**5,212**
Unit-linked investment property	106		106	104		104
Subtotal of unit-linked investment property	**106**		**106**	**104**		**104**
TOTAL	**5,235**	**854**	**6,089**	**4,470**	**846**	**5,316**

The unit-linked investments are solely connected to the Life and Health Insurance business.

NOTE 8 ASSET AND LIABILITY DERIVATIVE INSTRUMENTS AND SEPARATE EMBEDDED DERIVATIVES

	31.12.2014					
	France		International		Total	
(in millions of euros)	Positive fair value	Negative fair value	Positive fair value	Negative fair value	Positive fair value	Negative fair value
Swaps	51	(798)			51	(798)
Options	69	(7)	2		71	(7)
Foreign currency futures		(7)				(7)
Other						
TOTAL	**120**	**(812)**	**2**		**122**	**(812)**

	31.12.2013					
	France		International		Total	
(in millions of euros)	Positive fair value	Negative fair value	Positive fair value	Negative fair value	Positive fair value	Negative fair value
Swaps	136	(530)			136	(530)
Options	137	(13)	1		138	(13)
Foreign currency futures	6				6	
Other						
TOTAL	**279**	**(543)**	**1**		**280**	**(543)**

As at 31 December 2014, the following derivative instruments were available to the Group:

- variable interest rate swap contracts, mainly for providing macro protection for the bond portfolio against rising interest rates;
- currency or inflation-indexed swaps. The economic aim of this strategy is to invest in fixed-rate euro bonds;
- currency risk hedging;
- synthetic exposure to the credit risk of private issuers through option strategies;
- equity risk hedges through purchases of index call options.

These derivatives are not recorded as hedging transactions in the sense of IAS 39. As per the principles described in section 3.3, they are recognised at fair value on the balance sheet through income.

The counterparty credit risk was taken into account when determining the fair value of the financial instruments, as per IFRS 13, but this had no significant impact on the fair value of the derivative instruments thanks to the “collateralisation” system put in place by the Group.

NOTE 9 USES AND SOURCES OF FUNDS FOR BANKING SECTOR OPERATIONS

Note 9.1 - Uses of funds for banking sector activities

(in millions of euros)	31.12.2014 Gross value	31.12.2014 Reserves	31.12.2014 Net value	31.12.2013 Gross value	31.12.2013 Reserves	31.12.2013 Net value
Petty cash, central banks and postal accounts	18		18	275		275
Financial assets at fair value through income	134		134	73		73
Hedging derivatives	11		11			
Available-for-sale financial assets	651		651	400		400
Loans and receivables from credit institutions	412		412	228		228
Loans and receivables on customers	1,703	(25)	1,678	1,640	(26)	1,613
Revaluation difference of interest rate hedged portfolios	3		3	5		5
Held-to-maturity financial assets	733		733	670		670
Investment property						
TOTAL	**3,664**	**(25)**	**3,939**	**3,291**	**(26)**	**3,265**

Note 9.2 - Sources of funds for banking sector activities

(in millions of euros)	31.12.2014	31.12.2013
Central banks, postal accounts		
Financial liabilities at fair value through income	20	5
Hedging derivatives	18	5
Debts to credit institutions	266	128
Debts to customers	2,866	2,307
Debts represented by securities	134	415
Revaluation difference of interest rate hedged portfolios		
TOTAL	**3,304**	**2,861**

The structure of uses and resources of banking activities was specifically changed by a combination of several elements:

- during 2014, the success of the Elancio campaign with customers explains the increase in “Debts to customers”. This increase in resources, without credit increasing in the same proportions (Loans and receivables on customers), made it possible to reduce the securities issued by the bank (decrease in Debts represented by securities);
- the decrease in the return on deposits with the ECB led the Group to revise its investment strategy by focusing on available-for-sale financial assets and financial assets at fair value at the expense of cash flow.

NOTE 10 INVESTMENTS IN RELATED COMPANIES

(in millions of euros)	31.12.2014		31.12.2013	
	Equivalent value	Share of income	Equivalent value	Share of income
Bollington	1			(1)
Günes Sigorta	27	2	31	(13)
Cegid	74	6	71	3
La Banque Postale IARD	78	(5)	74	(7)
STAR	85	3	76	2
Groupama - AVIC Property Insurance Co.	64	(12)	70	5
Holdco	708	3	731	1
TOTAL	**1,038**	**(2)**	**1,053**	**(10)**

Note 10.1 - Significant data pursuant to IFRS 12

(in millions of euros)	2014					2013				
	Premium income	Net income	Technical reserves	Total assets	Shareholders' equity	Premium income	Net income	Technical reserves	Total assets	Shareholders' equity
Bollington	18	1		36	(1)	17	(1)		36	0
Günes Sigorta (1)	417	2	226	440	115	389	(27)	211	410	114
Cegid (1)	267	19		371	201	268	17		366	189
La Banque Postale IARD	207	(15)	204	347	34	131	(19)	136	278	25
STAR (3)	128	10	239	395	119	121	9	226	364	111
Groupama - AVIC Property Insurance Co.	186	(17)	125	316	129	184	5	95	275	139
Holdco (real estate company) (2)	1,760	11		11,062	2,841	1,593	5		11,516	2,934

nc: Not provided.
(1) Premium income: actual figures; other figures are estimates.
(2) Estimated data for total assets.
(3) Based on forecast data.

The Group holds several stakes in insurance companies:

- Günes Sigorta in Turkey, whose principal activity is non-life insurance;
- La Banque Postale IARD in France in the form of a partnership;
- STAR in Tunisia, a leader in the insurance market in Tunisia, jointly owned with the Tunisian government.

In addition, Groupama AVIC Property Insurance Co is the result of the joint venture between Groupama and the AVIC group. This company sells non-life insurance products in the People's Republic of China.

Holdco is a holding company 24.93% owned by Groupama, the remainder being owned by Caisse des Depots et Consignations. It holds mainly securities of the listed investment company Icade, which is the leading office property and business park company in the Greater Paris region, the leading healthcare property company, and a major partner of French large metropolises in property development.

In addition, the Group holds a stake in the capital of Cegid, the leading French publisher of management solutions.

The main key figures of these different companies are provided in the above table.

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NOTE 11 SHARE OF OUTWARD REINSURERS AND RETROCESSIONAIRES IN LIABILITIES RELATED TO INSURANCE POLICIES AND FINANCIAL CONTRACTS

	31.12.2014			31.12.2013		
(in millions of euros)	France	International	Total	France	International	Total
Share of reinsurers in non-life insurance reserves						
Reserves for unearned premiums	11	31	42	22	30	52
Outstanding claims reserves	909	171	1,081	1,138	224	1,363
Other technical reserves	288		288	184	4	188
Total	**1,208**	**203**	**1,411**	**1,344**	**258**	**1,602**
Share of reinsurers in life insurance reserves						
Life insurance reserves	6,924	2	6,926	6,941	3	6,944
Outstanding claims reserves	131	4	135	114	4	118
Profit-sharing reserves	19		19	19		19
Other technical reserves						
Total	**7,074**	**6**	**7,080**	**7,074**	**7**	**7,081**
Share of reinsurers in financial contract reserves						
TOTAL	**8,282**	**209**	**8,491**	**8,418**	**265**	**8,683**

Note 11.1 - Change in the share of outward reinsurers and retrocessionaires in claims reserves for non-life claims split by operating segment

	31.12.2014			31.12.2013		
(in millions of euros)	France	International	Total	France	International	Total
SHARE OF REINSURERS IN OPENING RESERVES FOR CLAIMS	**1,138**	**224**	**1,363**	**1,181**	**215**	**1,396**
Portfolio transfers and changes in scope of consolidation				(1)	1	
Share of reinsurers in total claims expense	138	57	195	495	132	627
Share of reinsurers in total payments	(367)	(111)	(478)	(536)	(118)	(654)
Foreign exchange variation	1	1	2		(7)	(7)
SHARE OF REINSURERS IN CLOSING RESERVES FOR CLAIMS	**909**	**171**	**1,081**	**1,138**	**224**	**1,363**

NOTE 12 OTHER PROPERTY PLANT AND EQUIPMENT

Note 12.1 - Change in other property, plant and equipment

(in millions of euros)	31.12.2014			31.12.2013		
	Other property, plant and equipment	Other long-term operating assets	Total	Other property, plant and equipment	Other long term operating assets	Total
Opening gross value	410	50	460	441	51	492
Acquisitions	27	1	28	25	1	26
Change in scope of consolidation	1		1	2		2
Assets capitalised in the year				1		1
Foreign exchange adjustments				(3)		(3)
Divestments	(26)	(3)	(29)	(56)	(2)	(58)
Closing gross value	**412**	**48**	**460**	**410**	**50**	**460**
Opening cumulative amortisation & impairment	**(291)**		**(291)**	**(300)**		**(300)**
Increase	(38)		(38)	(36)		(36)
Change in scope of consolidation	(1)		(1)	(2)		(2)
Foreign exchange adjustments				3		3
Decrease	24		24	44		44
Closing cumulative amortisation & impairment	**(306)**		**(306)**	**(291)**		**(291)**
Opening cumulative long-term impairment	**(1)**	**(1)**	**(2)**	**(1)**	**(2)**	**(3)**
Long-term impairment recognised						
Change in scope of consolidation						
Foreign exchange adjustments						
Long-term impairment write-backs					1	1
Closing cumulative long-term impairment	**(1)**	**(1)**	**(2)**	**(1)**	**(1)**	**(2)**
Opening net value	**118**	**49**	**167**	**140**	**49**	**189**
Closing net value	**105**	**47**	**152**	**118**	**49**	**167**
Closing fair value of other property plant and equipment	**105**	**79**	**183**	**118**	**73**	**191**
UNREALISED CAPITAL GAINS	**0**	**32**	**32**	**0**	**24**	**24**

Unrealised capital gains on long-term operating assets primarily include biological assets booked in accordance with IAS 41. These are largely forests.

Note 12.2 - Other property plant and equipment - by operating segment

	31.12.2014						31.12.2013					
	Other property, plant and equipment			Other long-term operating assets			Other property, plant and equipment			Other long-term operating assets		
(in millions of euros)	France	International	Total	France	International	Total	France	International	Total	France	International	Total
Gross value	**303**	**109**	**412**	**48**		**48**	**301**	**109**	**410**	**50**		**50**
Cumulative amortisation & impairment	(217)	(89)	(306)				(204)	(86)	(291)			
Long-term impairment	(1)		(1)	(1)		(1)	(1)		(1)	(1)		(1)
Closing net value	**85**	**20**	**105**	**47**		**47**	**96**	**23**	**118**	**48**		**48**
Closing fair value of investment properties	**85**	**20**	**105**	**79**		**79**	**96**	**23**	**119**	**73**		**73**
UNREALISED CAPITAL GAINS/ LOSSES	**0**	**1**	**0**	**32**		**32**	**0**	**0**	**0**	**25**		**25**

NOTE 13 DEFERRED ACQUISITION COSTS

	31.12.2014			31.12.2013		
(in millions of euros)	Gross	Deferred profit-sharing	Net	Gross	Deferred profit-sharing	Net
Non-life insurance policies	76		76	77		77
Life insurance policies and financial contracts with discretionary profit sharing	54	(1)	53	74	(3)	71
France	**130**	**(1)**	**129**	**150**	**(3)**	**148**
Non-life insurance policies	62		62	59		59
Life insurance policies and financial contracts with discretionary profit sharing	26	(3)	24	19	(2)	17
International	**88**	**(3)**	**86**	**78**	**(2)**	**76**
TOTAL DEFERRED ACQUISITION COSTS	**218**	**(4)**	**215**	**228**	**(4)**	**224**

NOTE 14 DEFERRED PROFIT SHARING

Note 14.1 - Deferred profit sharing liabilities

	31.12.2014			31.12.2013		
(in millions of euros)	France	International	Total	France	International	Total
Reserve for deferred profit sharing of insurance policies	4,722	15	4,737	281	47	328
Reserve for deferred profit sharing of financial contracts		155	155			
TOTAL	**4,722**	**170**	**4,892**	**281**	**47**	**328**

The rate of deferred profit sharing is determined entity by entity (based on regulatory requirements). It is based on the real rate of sharing of investment income between policyholders and shareholders and corresponds to the average real rates over the past three years. This average prevents the inclusion of non-recurring, atypical factors in the calculation.

In the particular case of France, a prospective analysis of the profit-sharing rates was performed based on three-year business plans, which confirmed the rate used in the financial statements.

The deferred profit-sharing rates used in France as at 31 December 2014 fall within a bracket of between 78.34% and 90.35%, with 90.35% for Groupama Gan Vie.

NOTE 15 DEFERRED TAXES

Note 15.1 - Deferred tax assets - by operating segment

	31.12.2014			31.12.2013
(in millions of euros)	France	International	Total	Total
Deferred tax assets	196	17	212	365
TOTAL	**196**	**17**	**212**	**365**

Note 15.2 - Deferred tax liabilities - by operating segment

	31.12.2014			31.12.2013
(in millions of euros)	France	International	Total	Total
Deferred tax liabilities	318	44	362	311
TOTAL	**318**	**44**	**362**	**311**

Note 15.3 - Analysis of the major components of deferred taxes

(in millions of euros)	31.12.2014	31.12.2013
Deferred taxes resulting from timing differences		
Restatements on AFS & Trading financial instruments (net of deferred profit sharing)	(395)	(200)
Life acquisition costs and overall management expenses reserve	(52)	(49)
Consolidation restatements on technical reserves	(178)	(232)
Other differences on consolidation restatements	122	121
Deferred non-life acquisition costs	(25)	(23)
Tax differences on technical reserves and other Reserves for contingencies and charges	419	416
Tax-deferred capital gains		
Valuation difference on mutual funds	4	7
Foreign exchange hedge	4	10
Other temporary tax differences	(22)	5
Subtotal of deferred taxes resulting from timing differences	**(123)**	**55**
Deferred taxes on ordinary losses	**(27)**	**(2)**
Deferred taxes recorded on the balance sheet	**(150)**	**54**
of which, assets	212	365
of which, liabilities	(362)	(311)

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The Group's consolidated accounts show an overall deferred tax liability of €150 million. This deferred tax liability may be broken down as follows:

- a deferred tax asset of €212 million as at 31 December 2014 compared with €365 million as at 31 December 2013, or a decrease of €153 million;
- a deferred tax liability of €362 million as at 31 December 2014 compared with €311 million as at 31 December 2013, or an increase of €51 million.

Total deferred taxes were not corrected for the exceptional 10.7% contribution that applies to taxable income for companies with revenue of more than €250 million (see 2014 amending Finance law).

As at 31 December 2014, unrecognised deferred net tax assets totalled €87 million compared with €101 million as at 31 December 2013.

NOTE 16 RECEIVABLES FROM INSURANCE OR INWARD REINSURANCE TRANSACTIONS

Note 16.1 - Receivables from insurance or inward reinsurance transactions - by operating segment

	31.12.2014							31.12.2013
	France			International			Total	Total
(in millions of euros)	Gross value	Reserves	Net value	Gross value	Reserves	Net value		
Earned unwritten premiums	516		516	12		12	528	722
Policyholders, intermediaries, and other third parties	713	(17)	696	453	(72)	381	1,078	1,179
Current accounts – co-insurers and other third parties	63	(1)	62	45	(26)	19	81	81
Current accounts – ceding and retroceding companies	206		206	6	(1)	5	211	301
TOTAL	**1,498**	**(17)**	**1,481**	**516**	**(99)**	**418**	**1,898**	**2,282**

Note 16.2 - Receivables from insurance or inward reinsurance transactions - by maturity

	31.12.2014				31.12.2013			
(in millions of euros)	<1 year	1 to 5 years	>5 years	Total	<1 year	1 to 5 years	>5 years	Total
Earned unwritten premiums	528			528	722			722
Policyholders, intermediaries, and other third parties	1,073	5		1,078	1,171	8		1,179
Current accounts – co-insurers and other third parties	70	11		81	70	11		81
Current accounts – ceding and retroceding companies	164	47		211	182	78	41	301
TOTAL	**1,835**	**63**		**1,898**	**2,143**	**98**	**41**	**2,282**

NOTE 17 RECEIVABLES FROM OUTWARD REINSURANCE TRANSACTIONS

	31.12.2014			31.12.2013
(in millions of euros)	Gross value	Reserves	Net value	Net value
Outward reinsurer and retrocessionaire current accounts	88	(6)	82	68
Other receivables from reinsurance transactions	172	(7)	165	167
TOTAL	**260**	**(12)**	**247**	**235**

Note 17.1 - Receivables from outward reinsurance transactions - by maturity

	31.12.2014				31.12.2013			
(in millions of euros)	<1 year	1 to 5 years	>5 years	Total	<1 year	1 to 5 years	>5 years	Total
Outward reinsurer and retrocessionaire current accounts	61	21	1	82	49	19		68
Other receivables from reinsurance transactions	165			165	165	1	1	167
TOTAL	**225**	**21**	**1**	**247**	**214**	**20**	**1**	**235**

NOTE 18 CURRENT TAX RECEIVABLES AND OTHER TAX RECEIVABLES

Note 18.1 - Current tax receivables and other tax receivables - by maturity

	31.12.2014				31.12.2013			
(in millions of euros)	<1 year	1 to 5 years	>5 years	Total	<1 year	1 to 5 years	>5 years	Total
Current tax receivables and other tax receivables	262			262	280	11		290

"Current tax receivables and other tax receivables" amounted to €262 million as at 31 December 2014 compared with €290 million as at 31 December 2013. It includes corporate tax as well as other government and public authority receivables.

Current tax receivables totalled €86 million as at 31 December 2014, including €48 million for international subsidiaries, versus €96 million at 31 December 2013.

Other current tax receivables totalled €176 million as at 31 December 2014, including €60 million for international subsidiaries, versus €194 million at 31 December 2013.

Note 18.2 - Current tax receivables and other tax receivables - by operating segment

	31.12.2014			31.12.2013		
(in millions of euros)	France	International	Total	France	International	Total
Current tax receivables and other tax receivables	154	108	262	185	105	290

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NOTE 19 OTHER RECEIVABLES

	31.12.2014			31.12.2013
(in millions of euros)	Gross values	Reserves	Total	Total
Accrued interest not yet due	748		748	746
Due from employees	8		8	26
Social agencies	19		19	19
Other debtors	1,004	(124)	880	815
Other receivables	269		269	271
TOTAL	**2,049**	**(124)**	**1,925**	**1,877**

Note 19.1 - Other receivables - by maturity

	31.12.2014				31.12.2013			
(in millions of euros)	<1 year	1 to 5 years	>5 years	Total	<1 year	1 to 5 years	>5 years	Total
Accrued interest not yet due	748			748	746			746
Due from employees	8			8	26			26
Social agencies	19			19	19			19
Other debtors	830	32	18	880	767	36	11	814
Other receivables	269			269	271			271
TOTAL	**1,875**	**32**	**18**	**1,925**	**1,830**	**36**	**11**	**1,877**

Note 19.2 - Other receivables - by operating segment

	31.12.2014			31.12.2013		
(in millions of euros)	France	International	Total	France	International	Total
Accrued interest not yet due	671	77	748	665	82	746
Due from employees	7	1	8	25	1	26
Social agencies	19		19	19		19
Other debtors	829	51	880	757	57	814
Other receivables	246	23	269	247	24	271
TOTAL	**1,772**	**153**	**1,925**	**1,712**	**165**	**1,877**

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NOTE 20 CASH AND CASH EQUIVALENTS

Note 20.1 - Cash and cash equivalents applied to balance sheet assets

(in millions of euros)	31.12.2014	31.12.2013
France	636	431
International	461	384
TOTAL	**1,097**	**815**

Cash and cash equivalents primarily represent the balances in the bank accounts of the Group's entities.

Note 20.2 - Cash applied to balance sheet liabilities

	31.12.2014				31.12.2013			
(in millions of euros)	<1 year	1 to 5 years	>5 years	Total	<1 year	1 to 5 years	>5 years	Total
Operating debts to banking sector companies	19			19	103			103
TOTAL	**19**			**19**	**103**			**103**

	31.12.2014			
	Currencies		Rate	
(in millions of euros)	Eurozone	Non eurozone	Fixed rate	Variable rate
Operating debts to banking sector companies	19		19	
TOTAL	**19**		**19**	

NOTE 21 SHAREHOLDERS' EQUITY, MINORITY INTERESTS

Note 21.1 - Share capital limits for insurance companies

Insurance business operations are governed by regulatory constraints that define minimum share capital in particular. In France, in accordance with the European Directive and by virtue of articles R. 322-5 of the French Insurance Code, French companies subject to State control and incorporated in the form of a "Société Anonyme" must have a share capital at least equal to €480,000 or €800,000 depending on the branches operated.

In addition, in order to ensure the financial stability of insurance companies and protect policyholders, there is a prudential reserve in France under Article R. 334-1 of the French Insurance Code. It requires insurance companies to respect a minimum solvency margin on an ongoing basis relative to their activities (life and non-life). This obligation also exists abroad, according to similar mechanisms. This entire mechanism is reinforced at the level of the consolidated accounts through the establishment of "adjusted" solvency by taking into account, where applicable, the banking activities engaged in by the insurance group, according to the French accounting and regulatory framework.

Note 21.2 - Impact of transactions with shareholders

Change in shareholders' equity during the 2014 fiscal year

In May 2014, Groupama SA exchanged at par a portion of its perpetual debt issued in 2007 (super-subordinated bonds), recognised as an equity instrument, for a nominal amount of €551 million and a portion of its perpetual subordinated debt (subordinated perpetual bonds), recognised in financing debts, issued in 2005 for a nominal

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amount of €449 million and issued, in exchange, a new perpetual subordinated debt for an equivalent nominal amount. This exchange was supplemented by an issue of the same instrument to new investors for a nominal amount of €100 million.

In November and December 2014, Groupama SA redeemed part of its perpetual debt issued in (super-subordinated bonds) on the market for a nominal amount of €20 million.

Following these transactions, loans classified as shareholders' equity are as follows:

- a subordinated perpetual bond, issued in May 2014, at the fixed interest rate of 6,375% for a nominal value of €1,100 million; and
- a super-subordinated bond, issued in 2007, at the fixed interest rate of 6,298% for a remaining nominal value of €429 million.

Accounting treatment of subordinated instruments classified as shareholders' equity

These loans have special characteristics, such as:

- unlimited term;
- the ability to defer or cancel any interest payment to unitholders in a discretionary manner;
- an interest "step-up" clause that kicks in following the tenth year of the bond.

Given their characteristics and pursuant to IAS 32 §16 and 17, these loans are considered equity instruments and not financial liabilities. They are therefore recognised under shareholders' equity. Interest costs net of tax are charged directly against shareholders' equity in accordance with IAS 32 § 35 (rather than as an expense in the income statement).

Note 21.3 - Reserves related to changes in fair value recorded in shareholders' equity

The reconciliation between unrealised capital gains and losses on available-for-sale financial assets and the corresponding reserve in shareholders' equity is broken down as follows:

(in millions of euros)	31.12.2014	31.12.2013
Gross unrealised capital gains (losses) on available-for-sale assets	7,852	2,315
of which, unrealised gross capital gains (losses) on AFS assets allocated to life and health insurance	7,262	1,997
of which, unrealised gross capital gains (losses) on AFS assets allocated to property and casualty insurance	590	318
Shadow accounting	(6,304)	(1,602)
Cash flow hedge and other changes	(60)	(60)
Deferred taxes	(333)	(92)
Share of non-controlling interests	(4)	(2)
REVALUATION RESERVE - GROUP SHARE	**1,150**	**558**

The deferred tax amount shown in the table above corresponds to the application of first, a short-term and long-term tax rate on the unrealised gains on financial instruments classified as "available-for-sale assets"; and second, a short-term tax rate on deferred profit sharing ("shadow accounting"). Under the new rules for long-term capital gains (losses) applicable as at 1 January 2006, the unrealised capital gains on "strategic" equity interests are exempt for the calculation of the deferred tax up to a maximum percentage of costs and expenses (*i.e.*, an effective rate of 4.13%).

The item "Cash flow hedge and other changes" for -€60 million is broken down as follows:

- €42 million for the revaluation reserve of the cash flow hedge, which corresponds to the effective portion of the cash flow hedges applied by the Group, which will be recognised in income upon the elimination of the hedged underlying assets;
- €18 million for the net investment hedge revaluation reserve, which will be recognised in income upon the divestment of the foreign subsidiary.

Pursuant to IFRS 10, the wording "minority interests" has been changed to "non-controlling interests".

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NOTE 22 RESERVES FOR CONTINGENCIES AND CHARGES

	31.12.2014						
	France			International			Total
(in millions of euros)	Reserves for pensions and similar obligations	Other Reserves for contingencies and charges (1)	Total	Reserves for pensions and similar obligations	Other Reserves for contingencies and charges (1)	Total	
OPENING BALANCE	**201**	**128**	**329**	**44**	**44**	**88**	**417**
Changes in scope of consolidation, changes in accounting methods, and transfers							
Increases for the year	70	39	109	5	21	26	135
Write-backs for the year	(34)	(74)	(108)	(9)	(14)	(23)	(131)
Foreign exchange variation							
CLOSING BALANCE	**237**	**93**	**330**	**40**	**51**	**91**	**421**

(1) Details are not provided for this line item because this information could seriously prejudice the Group in view of ongoing litigation proceedings.

	31.12.2013						
	France			International			Total
(in millions of euros)	Reserves for pensions and similar obligations	Other Reserves for contingencies and charges (1)	Total	Reserves for pensions and similar obligations	Other Reserves for contingencies and charges (1)	Total	
OPENING BALANCE	**205**	**149**	**354**	**44**	**50**	**94**	**447**
Changes in scope of consolidation, changes in accounting methods, and transfers					(3)	(3)	(3)
Increases for the year	44	44	88	5	24	29	117
Write-backs for the year	(48)	(65)	(113)	(4)	(26)	(30)	(143)
Foreign exchange variation				(1)	(1)	(2)	(2)
CLOSING BALANCE	**201**	**128**	**329**	**44**	**44**	**88**	**417**

(1) Details are not provided for this line item because this information could seriously prejudice the Group in view of ongoing litigation proceedings.

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NOTE 23 INFORMATION PERTAINING TO PERSONNEL BENEFITS - DEFINED-BENEFIT PLANS

Note 23.1 - Closing pensions reserve

	31.12.2014			31.12.2013		
(in millions of euros)	Post-employment benefits	Other long-term benefits	Total	Post-employment benefits	Other long-term benefits	Total
Actuarial debt	598	38	636	536	36	572
Fair value of hedging assets	358		358	327		327
NET ACTUARIAL DEBT	**240**	**38**	**278**	**209**	**36**	**245**

Note 23.1.1 - Pensions reserve - change in actuarial value of the debt

	31.12.2014			31.12.2013		
(in millions of euros)	Post-employment benefits	Other long-term benefits	Total	Post-employment benefits	Other long-term benefits	Total
OPENING ACTUARIAL DEBT	**536**	**36**	**572**	**528**	**36**	**563**
Cost of past services	10	3	13	9	2	11
Interest expense	18	1	19	17	1	18
Revaluations of actuarial debt						
Actuarial differences resulting from changes in demographic assumptions	4		4	(4)		(4)
Actuarial differences resulting from changes in financial assumptions	42	2	44	11	(1)	10
Experience-related adjustments	(7)	(2)	(9)	(7)	(1)	(8)
Benefits paid directly by the employer	(8)	(2)	(10)	(7)	(2)	(9)
Benefits paid by hedging assets	(21)		(21)	(13)		(13)
Cost of past services and profit/loss on liquidation						
Change in scope of consolidation						
Change in exchange rates	24		24	(7)		(7)
Other				9		9
CLOSING ACTUARIAL DEBT	**598**	**38**	**636**	**536**	**36**	**572**

Note 23.1.2 - Reserve for pensions – Change in the fair value of hedging assets

(in millions of euros)	31.12.2014 Post-employment benefits	31.12.2014 Other long-term benefits	31.12.2014 Total	31.12.2013 Post-employment benefits	31.12.2013 Other long-term benefits	31.12.2013 Total
OPENING FAIR VALUE OF HEDGING ASSETS	**327**		**327**	**315**		**315**
Interest income	14		14	13		13
Revaluations of hedging assets						
Portion of yield on hedging assets in excess of the discount rate	18		18	16		16
Change in effect of asset cap						
Benefits paid	(21)		(21)	(13)		(13)
Employer contributions	5		5	4		4
Employee contributions						
Change in scope of consolidation						
Change in exchange rates	21		21	(6)		(6)
Other	(6)		(6)	(2)		(2)
CLOSING FAIR VALUE OF HEDGING ASSETS	**358**		**358**	**327**		**327**

Note 23.2 - Change in post-employment benefits recognised through net income and profits/losses recognised directly through shareholders' equity

(in millions of euros)	31.12.2014	31.12.2013
Cost of services:		
Cost of past services	(10)	(9)
Cost of past services and profit/loss on liquidation		
Net interest on net actuarial debt	(4)	(4)
Other		
COMPONENT OF THE EXPENSE RECOGNISED ON THE INCOME STATEMENT	**(14)**	**(13)**
Revaluation of net actuarial debt:		
Portion of return on hedging assets not recognised in the income statement	18	16
Actuarial differences resulting from changes in demographic assumptions	(4)	4
Actuarial differences resulting from changes in financial assumptions	(42)	(11)
Experience-related adjustments	7	7
Change in effect of asset cap		
COMPONENT OF THE EXPENSE RECOGNISED THROUGH PROFIT/LOSSES POSTED DIRECTLY AS SHAREHOLDERS' EQUITY	**(21)**	**16**

Note 23.3 - Information pertaining to personnel benefits - distribution of hedging assets

(in millions of euros)	31.12.2014	31.12.2013
Equities	153	168
Bonds	41	131
General euro funds	164	27
Other		
CLOSING FAIR VALUE OF ASSETS	**358**	**326**

Note 23.4 - Principal actuarial assumptions

	31.12.2014				31.12.2013			
(in millions of euros)	France	United Kingdom	Other	Total	France	United Kingdom	Other	Total
Actuarial debt	214	377	45	636	203	325	44	572
Fair value of hedging assets	10	347	1	358	26	300	1	327
Net actuarial debt	**204**	**30**	**44**	**278**	**177**	**25**	**43**	**245**
Principal actuarial assumptions								
Financial assumptions								
Discount rate	1.80%	3.60%	3.50%		3.00%	4.40%	3.50%	
Yield expected from plan assets	1.80%	3.60%	3.25%		3.00%	4.40%		
Expected salary/pension increase	1.81%	3.00%	3.25%		1.85%	3.30%	5.50%	
Turn-over								
■ 18 to 34 years	4.83%	NA	NS		4.47%	NA	NS	
■ 35 to 44 years	3.13%	NA	NS		2.94%	NA	NS	
■ 45 to 54 years	1.84%	NA	NS		1.85%	NA	NS	
■ 55 and older	0.00%	NA	NS		0.00%	NA	NS	

The English pension fund operates autonomously and is managed by a Trustee Board. Its role is to act in the best interests of the beneficiaries by determining in particular the policy for investing and managing the hedging assets.

Only staff turnover rates for France are material in the context of the consolidated financial statements.

As in 2013, the discount rate used at 31 December 2014 to assess actuarial commitments is the interest rate on high-quality corporate bonds.

The sensitivity to an increase of 50 basis points in this discount rate is -6.3% on the gross actuarial debt total for France and -9.1% for the United Kingdom.

Sensitivity to social commitments in relation to illness cover: as at 31 December 2014, actuarial debt for illness cover amounted to €10.8 million. The sensitivity of this debt to an increase of 50 basis points in the discount rate is -5.4%.

A 0.5% change in the increase in medical costs would not have a material impact on the Group's consolidated accounts.

NOTE 24 FINANCING DEBT

Note 24.1 - Financing debt - by maturity

(in millions of euros)	31.12.2014				31.12.2013			
	<1 year	1 to 5 years	>5 years	Total	<1 year	1 to 5 years	>5 years	Total
Subordinated debt			791	791			1,238	1,238
of which subordinated debt of insurance companies			791	791			1,238	1,238
of which subordinated debt of banking companies								
Financing debt represented by securities								
Financing debt with banking-sector companies		4	26	30	651	4	28	683
TOTAL		**4**	**817**	**821**	**651**	**4**	**1,266**	**1,921**

The Group's external debt decreased by €1,100 million at 31 December 2014 compared with 31 December 2013 in connection with the at-par exchange in May 2014, on a portion of the subordinated debt issued in 2005 and the repayment of the credit line for €650 million.

Note 24.2 - Financing debt - by currency and rate

(in millions of euros)	31.12.2014			
	Currencies		Rate	
	Eurozone	Non eurozone	Fixed rate	Variable rate
Subordinated debt	791		791	
Financing debt represented by securities				
Financing debt with banking-sector companies	30		30	
TOTAL	**821**		**821**	

The "Subordinated debt" line comprises several issues of bond loans as follows:

- a fixed-rate perpetual subordinated bond (TSDI) issued by Groupama SA in July 2005 with a balance of €41 million.

  This bond includes a clause that allows the issuer to redeem the bond early as from the tenth year.

  Groupama SA has the option of deferring interest payments if the Group's solvency is below 150%.

  At 31 December 2014, this issue was quoted at 99.5% compared with 92.2% at 31 December 2013. This quotation is the result of valuation of a counterparty as the liquidity of this security is very low;
- a fixed interest loan in the form of subordinated redeemable securities (TSR) issued in October 2009 by Groupama SA for an amount of €750 million.

  The key terms of this bond are as follows:
  - the term of the bond is 30 years,
  - an early redemption option available to Groupama SA that it may exercise as from the tenth year,
  - a clause entitling Groupama SA to defer interest payments as follows, the deferred interest remaining is due to the holders of the securities;

  Groupama SA has the option of deferring interest payments if the Group's solvency margin is below 100%.

  At 31 December 2014, this issue was quoted at 111.5% compared with 104.3% at 31 December 2013.

In view of the specific terms and conditions of each issue pursuant to IAS 32 §16 and 17, these bonds are considered as financial liabilities rather than equity instruments. They are therefore recognised under financing debt. Interest costs net of tax are recognised in the income statement.

The item "Financing debts to banking sector companies" amounts to €30 million and corresponds to a leasing debt.

NOTE 25 TECHNICAL LIABILITIES RELATED TO INSURANCE POLICIES

Note 25.1 - Technical liabilities related to insurance policies - by operating segment

	31.12.2014			31.12.2013		
(in millions of euros)	France	International	Total	France	International	Total
Gross technical reinsurance reserves						
Life insurance reserves	30,265	1,162	31,427	30,372	1,247	31,619
Outstanding claims reserves	654	68	722	582	61	643
Reserves for profit-sharing	915	28	943	939	21	960
Other technical reserves	7	27	34	7	26	34
Total Life insurance	**31,841**	**1,286**	**33,127**	**31,899**	**1,356**	**33,255**
Reserves for unearned premiums	673	693	1,367	663	677	1,340
Outstanding claims reserves	5,409	2,285	7,693	5,909	2,174	8,083
Other technical reserves	2,460	47	2,507	1,907	46	1,953
Total Non-life insurance	**8,542**	**3,025**	**11,567**	**8,479**	**2,897**	**11,376**
Life insurance reserves for unit-linked policies	**6,137**	**829**	**6,966**	**4,427**	**827**	**5,254**
TOTAL	**46,520**	**5,140**	**51,660**	**44,805**	**5,080**	**49,885**

The item “Other technical reserves in non-life insurance” includes a reclassification of €524 million in actuarial reserves for annuities that appeared in “Outstanding claims reserve” at 31 December 2013.

The adequacy tests carried out on liabilities as at 31 December 2014 were found to be satisfactory and did not result in the recognition of any additional technical expense.

For several months, the ACPR has conducted a number of controls with market players pertaining to the management by life insurers of compliance with Article L. 132-9-3 of the French Insurance Code. Groupama Gan Vie attaches great importance to compliance with these provisions and has established operational measures to ensure compliance of its practices with the regulations. The presentation of these measures to the ACPR, as part of the controls mentioned above, is still the subject of ongoing discussions.

Note 25.2 - Technical liabilities related to insurance policies - by business

Note 25.2.1 - Technical liabilities related to insurance policies - by business- France

(in millions of euros)	31.12.2014 Life and health insurance	31.12.2014 Property and casualty insurance	31.12.2014 Total	31.12.2013 Life and health insurance	31.12.2013 Property and casualty insurance	31.12.2013 Total
Gross technical reinsurance reserves						
Life insurance reserves	30,265		30,265	30,371		30,371
Outstanding claims reserves	654		654	582		582
Reserves for profit-sharing	915		915	939		939
Other technical reserves	7		7	7		7
Total Life insurance	**31,841**		**31,841**	**31,899**		**31,899**
Reserves for unearned premiums	38	636	673	45	618	663
Outstanding claims reserves	673	4,735	5,409	851	5,058	5,909
Other technical reserves	1,712	748	2,460	1,537	371	1,908
Total Non-life insurance	**2,423**	**6,119**	**8,542**	**2,433**	**6,047**	**8,479**
Life insurance reserves for unit-linked policies	**6,137**		**6,137**	**4,427**		**4,427**
TOTAL GROSS TECHNICAL RESERVES RELATING TO INSURANCE POLICIES	**40,401**	**6,119**	**46,520**	**38,759**	**6,047**	**44,805**

As previously indicated, the item "Other technical reserves in non-life insurance" includes a reclassification of €524 million in actuarial reserves for annuities that appeared in "Outstanding claims reserve" at 31 December 2013.

Note 25.2.2 - Technical liabilities related to insurance policies - by business- France

(in millions of euros)	31.12.2014 Life and health insurance	31.12.2014 Property and casualty insurance	31.12.2014 Total	31.12.2013 Life and health insurance	31.12.2013 Property and casualty insurance	31.12.2013 Total
Gross technical reinsurance reserves						
Life insurance reserves	1,162		1,162	1,247		1,247
Outstanding claims reserves	68		68	61		61
Reserves for profit-sharing	29		29	21		21
Other technical reserves	27		27	26		26
Total Life insurance	**1,286**		**1,286**	**1,355**		**1,355**
Reserves for unearned premiums	66	628	693	61	616	677
Outstanding claims reserves	82	2,202	2,285	86	2,088	2,174
Other technical reserves	10	37	47	9	37	46
Total Non-life insurance	**158**	**2,867**	**3,025**	**156**	**2,741**	**2,897**
Life insurance reserves for unit-linked policies	**829**		**829**	**827**		**827**
TOTAL GROSS TECHNICAL RESERVES RELATING TO INSURANCE POLICIES	**2,273**	**2,867**	**5,140**	**2,339**	**2,741**	**5,080**

Note 25.3 - Breakdown of technical reserves for insurance policies - by main categories

(in millions of euros)	31.12.2014			31.12.2013		
	Gross life insurance reserves	Gross outstanding claims reserves	Total	Gross life insurance reserves	Gross outstanding claims reserves	Total
Single-premium policies						
Capitalisation	121	24	145	308	25	333
Individual insurance	11,314	190	11,504	10,198	208	10,406
Group policies	199	4	203	193	5	198
Other	2,389		2,389	2,831		2,831
Total reserves for single-premium contracts	**14,023**	**218**	**14,241**	**13,530**	**237**	**13,767**
Periodic-premium contracts						
Capitalisation	314	11	325	348	11	358
Individual insurance	6,730	169	6,898	7,359	125	7,484
Group policies	7,220	295	7,515	7,183	240	7,423
Other	596	4	600	698	4	702
Total reserves for periodic-premium contracts	**14,860**	**478**	**15,338**	**15,588**	**379**	**15,968**
Inward reinsurance	**2,544**	**26**	**2,570**	**2,500**	**26**	**2,527**
TOTAL	**31,427**	**722**	**32,149**	**31,619**	**643**	**32,262**

(in millions of euros)	31.12.2014			31.12.2013		
	Reserves for unearned premiums	Outstanding claims reserves	Total	Reserves for unearned premiums	Outstanding claims reserves	Total
Non-life insurance						
Motor insurance	584	2,382	2,967	582	2,299	2,881
Bodily injury	87	455	542	88	474	561
Property damage	288	631	919	273	598	870
General third party liability	50	459	509	49	436	485
Marine, aviation, transport	9	206	215	7	258	266
Other risks	181	686	867	164	691	855
Inward reinsurance	**168**	**2,873**	**3,041**	**176**	**3,329**	**3,505**
TOTAL NON-LIFE INSURANCE RESERVES	**1,367**	**7,693**	**9,060**	**1,340**	**8,083**	**9,423**

Note 25.4 - Change in reserves for non-life claims payable

(in millions of euros)	31.12.2014 France	31.12.2014 International	31.12.2014 Total	31.12.2013 France	31.12.2013 International	31.12.2013 Total
OPENING RESERVES FOR NON-LIFE CLAIMS	**5,909**	**2,174**	**8,083**	**5,866**	**2,109**	**7,975**
Portfolio transfers				**(25)**	**25**	**0**
Claims expense for the current year	3,325	1,321	4,645	3,553	1,301	4,854
Claims expense for previous years	29	(5)	24	(61)	41	(20)
Other*	(524)		(524)			
Total claims expense	**2,829**	**1,315**	**4,145**	**3,492**	**1,342**	**4,834**
Claims payments for the current year	(1,504)	(581)	(2,085)	(1,716)	(601)	(2,317)
Claims payments for previous years	(1,827)	(630)	(2,457)	(1,707)	(654)	(2,361)
Total payments	**(3,331)**	**(1,212)**	**(4,543)**	**(3,423)**	**(1,255)**	**(4,678)**
Foreign exchange variation	**1**	**7**	**8**	**(1)**	**(47)**	**(49)**
CLOSING RESERVES FOR NON-LIFE CLAIMS	**5,409**	**2,285**	**7,693**	**5,909**	**2,174**	**8,083**

* *Corresponds to the reclassification of actuarial reserves of annuities that appeared in "Outstanding claims reserve" at 31 December 2013.*

Note 25.5 - Impact of gross claims

(in millions of euros)	2010	2011	2012	2013	2014
Estimate of the claims expense					
End N	4,675	4,509	4,835	4,831	4,649
End N+1	4,798	4,961	4,934	4,863	
End N+2	4,891	4,874	4,923		
End N+3	4,860	4,860			
End N+4	4,860				
Claims expense	**4,860**	**4,860**	**4,923**	**4,863**	**4,649**
Cumulative claims payments	**4,388**	**4,257**	**4,157**	**3,752**	**2,088**
Outstanding claims reserves	**472**	**603**	**766**	**1,111**	**2,561**
Earned premiums	**6,061**	**6,430**	**6,729**	**6,615**	**6,525**
CLAIMS RATIO	**80.2%**	**75.6%**	**73.2%**	**73.5%**	**71.2%**

The statement of claim trends shows changes in estimates of the gross claims expense per year of occurrence covering the years 2010 to 2014, *i.e.*, changes in the initial estimates and discounted expense as at the balance sheet date.

The reserve per year of occurrence is calculated as the difference between the estimated claim expense (revalued as at the balance sheet date) and the cumulative payments made.

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Note 25.6 - Impact of the discount in actuarial reserves for Non-Life annuities by operating segment

Gross value

	31.12.2014			31.12.2013		
(in millions of euros)	France	International	Total	France	International	Total
Closing non-life annuity actuarial reserves (net of recoveries)	**1,959**	**23**	**1,982**	**1,914**	**24**	**1,939**
Closing non-life annuity actuarial reserves (net of recoveries) before change in discount rate	1,913	23	1,936	1,850	24	1,874
Closing non-life annuity actuarial reserves (net of recoveries) excluding technical interest	2,270	23	2,292	2,272	24	2,296
Technical interest	(356)		(356)	(421)		(421)
Impact of change in discount rate	46		46	64		64

Proportion ceded

	31.12.2014			31.12.2013		
(in millions of euros)	France	International	Total	France	International	Total
Share of reinsurers in non-life annuity actuarial reserves carried forward (net of recoveries)	**194**		**194**	**128**	**(5)**	**123**
Share of reinsurers in non-life annuity actuarial reserves carried forward (net of recoveries) before change in discount rate	191		191	123	(5)	118
Share of reinsurers in non-life annuity actuarial reserves carried forward (net of recoveries) excluding technical interest	217		217	154	(5)	149
Technical interest	(26)		(26)	(31)		(31)
Impact of change in discount rate	3		3	5		5

NOTE 26 TECHNICAL LIABILITIES RELATED TO FINANCIAL CONTRACTS

(in millions of euros)	31.12.2014	31.12.2013
Reserves on financial contracts with discretionary profit sharing		
Life technical reserves	17,195	18,480
Reserves for unit-linked contracts	86	91
Outstanding claims reserves	78	93
Reserves for profit-sharing	38	39
Other technical reserves	1	0
Total	**17,398**	**18,703**
Reserves for financial contracts without discretionary profit sharing		
Life technical reserve	7	7
Reserves for unit-linked contracts	60	51
Outstanding claims reserves		
Reserves for profit-sharing		
Other technical reserves		
Total	**68**	**58**
TOTAL	**17,466**	**18,761**

Note 26.1 - Liabilities related to financial contracts (excluding unit-linked items) - by operating segment

	31.12.2014			31.12.2013		
(in millions of euros)	France	International	Total	France	International	Total
Reserves on financial contracts - Life	15,684	1,518	17,202	17,211	1,277	18,487
Outstanding claims reserves	68	10	78	88	5	93
Profit-sharing reserves	35	3	38	36	3	39
Other technical reserves	1		1			
TOTAL	**15,789**	**1,530**	**17,319**	**17,335**	**1,285**	**18,619**

Note 26.2 - Breakdown of liabilities related to financial contracts - by major category

(in millions of euros)	31.12.2014 Life financial contract reserves	31.12.2014 Gross outstanding claims reserves	31.12.2014 Total	31.12.2013 Reserves on financial contracts - Life	31.12.2013 Gross outstanding claims reserves	31.12.2013 Total
Single-premium policies						
Capitalisation	276	5	281	273	6	279
Individual insurance	16,061	15	16,076	17,468	10	17,478
Group policies	86		86	89		89
Other						
Total reserves for single-premium contracts	**16,423**	**20**	**16,443**	**17,830**	**16**	**17,845**
Periodic-premium contracts						
Capitalisation	116	1	117	119	1	120
Individual insurance	329	51	379	199	70	269
Group policies	331	6	337	336	5	342
Other	3	1	4	3	1	4
Total reserves for periodic-premium contracts	**779**	**58**	**837**	**658**	**77**	**735**
Inward reinsurance						
TOTAL NON-LIFE INSURANCE RESERVES	**17,202**	**78**	**17,280**	**18,487**	**93**	**18,580**

NOTE 27 CHANGE IN ACTUARIAL RESERVES FOR LIFE INSURANCE POLICIES AND FINANCIAL CONTRACTS - BY OPERATING SEGMENT

(in millions of euros)	31.12.2014 France	31.12.2014 International	31.12.2014 Total	31.12.2013 France	31.12.2013 International	31.12.2013 Total
OPENING ACTUARIAL RESERVES	**47,582**	**2,524**	**50,106**	**48,685**	**2,514**	**51,199**
Premiums for the year	1,875	490	2,365	2,231	309	2,541
Portfolio transfer/changes in scope of consolidation						
Interest credited	235	64	299	237	70	307
Profit sharing	1,095	22	1,118	896	14	910
Policies at term	(332)	(176)	(507)	(302)	(127)	(429)
Redemptions	(1,853)	(220)	(2,073)	(2,143)	(220)	(2,362)
Annuity arrears	(513)	(3)	(515)	(521)	(3)	(523)
Death benefits	(912)	(14)	(926)	(976)	(10)	(986)
Other changes	(1,229)	(8)	(1,237)	(526)	(24)	(550)
CLOSING ACTUARIAL RESERVES	**45,949**	**2,680**	**48,629**	**47,583**	**2,523**	**50,106**

Other changes are due largely to the arbitrage of euro contracts for unit-linked contracts.

NOTE 28 DEBTS TO UNIT HOLDERS OF CONSOLIDATED MUTUAL FUNDS

	31.12.2014			31.12.2013		
(in millions of euros)	Insurance	Banking	Total	Insurance	Banking	Total
Debts to unit holders of consolidated mutual funds	250		250	641		641
TOTAL	**250**		**250**	**641**		**641**

NOTE 29 DEBTS ARISING FROM INSURANCE OR INWARD REINSURANCE TRANSACTIONS

	31.12.2014				31.12.2013			
(in millions of euros)	<1 year	1 to 5 years	>5 years	Total	<1 year	1 to 5 years	>5 years	Total
Policyholders, intermediaries, and other third parties	523	1		525	482	4		486
Co-insurers	44	1		45	74			74
Current accounts – ceding and retroceding companies	45	30		75	39	32		71
TOTAL	**612**	**33**		**645**	**594**	**36**		**630**

NOTE 30 DEBTS ARISING FROM OUTWARD REINSURANCE TRANSACTIONS

	31.12.2014				31.12.2013			
(in millions of euros)	<1 year	1 to 5 years	>5 years	Total	<1 year	1 to 5 years	>5 years	Total
Outward reinsurer and retrocessionaire current accounts (1)	7,295	18	5	7,318	7,343	22		7,365
Other liabilities from reinsurance activities	69			69	123	3		127
TOTAL	**7,364**	**18**	**5**	**7,387**	**7,466**	**25**		**7,491**

(1) Including cash deposits received from reinsurers.

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NOTE 31 CURRENT TAXES PAYABLE AND OTHER TAX LIABILITIES

	31.12.2014				31.12.2013			
(in millions of euros)	<1 year	1 to 5 years	>5 years	Total	<1 year	1 to 5 years	>5 years	Total
Current taxes payable and other tax liabilities	188	3		191	217	16		233
TOTAL	**188**	**3**		**191**	**217**	**16**		**233**

"Current taxes payable and other tax liabilities" amounted to €191 million as at 31 December 2014 compared with €233 million as at 31 December 2013. It includes corporate income taxes due in France and abroad as well as other government and public authority liabilities.

Current tax payables totalled €77 million as at 31 December 2014, versus €101 million as at 31 December 2013, broken down as follows:

- €18 million for companies within the tax consolidation scope;
- €59 million for foreign companies.

Other tax liabilities totalled €114 million as at 31 December 2014, including €38 million for foreign companies, versus €132 million as at 31 December 2013.

NOTE 32 OTHER DEBT

Note 32.1 - Other debt - by operating segment

	31.12.2014			31.12.2013		
(in millions of euros)	France	International	Total	France	International	Total
Employee creditors	161	8	168	167	6	173
Social agencies	115	7	123	121	8	130
Other loans, deposits, and guarantees received	4,227	6	4,233	1,872	11	1,883
Miscellaneous creditors	621	55	676	655	43	698
Other debts	376	36	412	484	34	518
TOTAL	**5,500**	**111**	**5,611**	**3,300**	**102**	**3,402**

The "Other loans, deposits and guarantees received" line item amounted to €4,233 million as at 31 December 2014, compared with €1,883 million as at 31 December 2013, an increase of €2,350 million. The increase mainly comes from debt resulting from the bond repurchase agreement, which amounted to €4,096 million as at 31 December 2014 compared with €1,757 million as at 31 December 2013, an increase of €2,339 million, mainly from Groupama Gan Vie.

Note 32.2 - Other debt - by maturity

(in millions of euros)	31.12.2014 <1 year	31.12.2014 1 to 5 years	31.12.2014 >5 years	31.12.2014 Total	31.12.2013 <1 year	31.12.2013 1 to 5 years	31.12.2013 >5 years	31.12.2013 Total
Employee creditors	155		13	168	160		13	173
Social agencies	123			123	130			130
Other loans, deposits, and guarantees received	4,159	13	61	4,233	1,797	14	72	1,883
Miscellaneous creditors	676			676	698			698
Other debts	412			412	518			518
TOTAL	**5,524**	**13**	**74**	**5,611**	**3,303**	**14**	**85**	**3,402**

Note 32.3 - Other debt - by currency and rate

(in millions of euros)	31.12.2014 Currencies Eurozone	31.12.2014 Currencies Non eurozone	31.12.2014 Rate Fixed rate	31.12.2014 Rate Variable rate
Employee creditors	166	2	168	
Social agencies	122	1	123	
Other loans, deposits, and guarantees received	4,218	14	4,222	11
Miscellaneous creditors	652	24	676	
Other debts	412		412	
TOTAL	**5,570**	**41**	**5,601**	**11**

NOTE 33 ANALYSIS OF PREMIUM INCOME

Note 33.1 - Analysis of insurance premium income - by major category

	31.12.2014			31.12.2013		
(in millions of euros)	France	International	Total	France	International	Total
Individual retirement savings	1,764	628	2,392	1,946	434	2,380
Individual protection insurance	424	114	538	441	112	553
Individual health insurance	437	65	502	562	64	626
Other	132		132	125		125
Individual life and health insurance	**2,756**	**808**	**3,564**	**3,074**	**611**	**3,685**
Group retirement savings	165	45	210	210	49	259
Group protection scheme	492	67	559	521	67	588
Group health	431	24	455	463	22	485
Other	141		141	172		172
Group life and health insurance	**1,228**	**137**	**1,365**	**1,366**	**138**	**1,504**
LIFE AND HEALTH INSURANCE	**3,984**	**945**	**4,929**	**4,440**	**749**	**5,189**
Motor insurance	892	1,161	2,053	898	1,238	2,136
Other vehicles	51		51	54		54
Home insurance	588	178	766	533	177	710
Retail and professional property and casualty	309	13	322	298	13	311
Construction	93		93	96		96
Private and professional	**1,932**	**1,352**	**3,284**	**1,879**	**1,428**	**3,307**
Fleets	243	11	254	240	8	248
Business and local authorities property	255	190	445	284	187	471
Businesses and local authorities	**499**	**201**	**699**	**524**	**195**	**719**
Agricultural risks	247	112	359	231	102	333
Climate risks	187		187	170		170
Tractors and agricultural equipment	100		100	96		96
Agricultural business segments	**534**	**112**	**646**	**497**	**102**	**599**
Other business segments	284	79	363	273	68	341
PROPERTY AND CASUALTY INSURANCE	**3,249**	**1,743**	**4,992**	**3,173**	**1,793**	**4,966**
TOTAL INSURANCE	**7,233**	**2,688**	**9,921**	**7,613**	**2,541**	**10,154**

Note 33.2 - Analysis of premium income - by business

	31.12.2014					31.12.2013				
(in millions of euros)	L&H	P&C	Financial businesses	Total	% share	L&H	P&C	Financial businesses	Total	% share
France	3,984	3,249	282	7,515	74%	4,440	3,173	268	7,881	76%
Southern Europe	747	1,460		2,207	22%	552	1,502		2,054	20%
CEEC	198	284		482	5%	196	291		487	5%
TOTAL	**4,929**	**4,992**	**282**	**10,203**	**100%**	**5,189**	**4,966**	**268**	**10,423**	**100%**

The geographic areas are broken down as follows:

- France;
- Southern Europe: Portugal, Italy, Greece and Turkey;
- Central and Eastern European Countries (CEEC): Bulgaria, Hungary and Romania.

Note 33.3 - Analysis of banking items contributing to premium income

	31.12.2014			31.12.2013		
(in millions of euros)	Groupama Banque	Other companies	Total	Groupama Banque	Other companies	Total
Interest and related income	53		53	71		71
Commissions (income)	59	124	184	60	125	185
Gains on financial instruments at fair value through income	20	1	21	10		10
Gains on available-for-sale financial assets and their hedges	21		22		1	1
Income from other activities		3	3		1	1
TOTAL	**154**	**128**	**282**	**142**	**127**	**268**

Banking premium income shown in the consolidated accounts corresponds to banking income before taking into account refinancing costs.

NOTE 34 INVESTMENT INCOME NET OF MANAGEMENT EXPENSES

Note 34.1 - Investment income net of management expenses - by operating segment

	31.12.2014			31.12.2013		
(in millions of euros)	France	International	Total	France	International	Total
Interest on deposits and financial investments income	1,765	244	2,010	1,836	243	2,080
Gains on foreign exchange transactions	78	9	88	21	18	39
Income from differences in redemption prices to be received (premium-discount)	102	3	105	107	4	111
Income from property	114	1	115	104	1	105
Other investment income						
Income from investments	**2,059**	**258**	**2,317**	**2,068**	**267**	**2,335**
Interest received from reinsurers	(2)		(3)	(2)		(2)
Losses on foreign exchange transactions	(21)	(9)	(31)	(24)	(15)	(39)
Amortisation of differences in redemption prices (premium-discount)	(224)	(18)	(242)	(185)	(17)	(202)
Impairment and reserves on property	(47)	(2)	(49)	(34)	(4)	(38)
Management expenses	(319)	(11)	(330)	(311)	(11)	(321)
Investment expenses	**(613)**	**(41)**	**(654)**	**(555)**	**(47)**	**(603)**
Held for trading	42	5	46	219	(18)	201
Available-for-sale	422	54	476	803	40	843
Held to maturity						
Other	9	5	14	25	7	32
Capital gains (losses) from sales of investments, net of impairment reversals and write-backs	**472**	**64**	**536**	**1,047**	**29**	**1,076**
Held for trading	52	13	65	32	3	35
Derivatives	(395)		(395)	16		16
Adjustments on unit-linked policies	438	27	464	307	25	332
Change in fair value of financial instruments recorded at fair value by income	**95**	**40**	**135**	**355**	**28**	**383**
Available-for-sale	(8)	(7)	(14)	(5)	(11)	(16)
Held to maturity						
Receivables and loans	4		4	(4)		(4)
Change in impairment losses on financial instruments	**(4)**	**(7)**	**(11)**	**(8)**	**(11)**	**(19)**
TOTAL	**2,010**	**314**	**2,323**	**2,906**	**265**	**3,171**

Note 34.2 - Investment income net of management expenses - by business

Note 34.2.1 - Investment income net of management expenses by business - France

	31.12.2014				31.12.2013			
(in millions of euros)	P&C	L&H	Holding	Total	P&C	L&H	Holding	Total
Interest on deposits and financial investments income	90	1,673	2	1,765	88	1,744	5	1,836
Gains on foreign exchange transactions	3	75		78	5	16		21
Income from differences in redemption prices to be received (premium-discount)	2	100		102	1	106		107
Income from property	19	95		114	21	82		104
Other investment income								
Income from investments	**114**	**1,943**	**2**	**2,059**	**115**	**1,948**	**5**	**2,068**
Interest received from reinsurers	(2)			(2)	(2)			(2)
Losses on foreign exchange transactions	(3)	(18)	(1)	(21)	(7)	(15)	(3)	(24)
Amortisation of differences in redemption prices (premium-discount)	(14)	(210)		(224)	(10)	(175)		(185)
Impairment and reserves on property	(18)	(29)		(47)	(7)	(26)		(34)
Management expenses	(35)	(317)	33	(319)	(42)	(314)	45	(311)
Investment expenses	**(72)**	**(575)**	**33**	**(613)**	**(67)**	**(531)**	**43**	**(555)**
Held for trading	(1)	41	1	42	1	219	(1)	219
Available-for-sale	48	374	(1)	422	55	742	6	803
Held to maturity								
Other		9		9	13	12		25
Capital gains (losses) from sales of investments, net of impairment reversals and write-backs	**48**	**424**	**0**	**472**	**68**	**974**	**6**	**1,047**
Held for trading	11	110	(69)	52	12	57	(37)	32
Derivatives	(3)	(380)	(11)	(395)	1	15		16
Adjustments on unit-linked policies		438		438		307		307
Change in fair value of financial instruments recorded at fair value by income	**8**	**168**	**(81)**	**95**	**14**	**378**	**(37)**	**355**
Available-for-sale	(1)	(6)	(1)	(8)		(4)	(1)	(5)
Held to maturity								
Receivables and loans	3	1		4		2	(5)	(4)
Change in impairment losses on financial instruments	**2**	**(5)**	**(1)**	**(4)**	**(1)**	**(2)**	**(6)**	**(8)**
TOTAL INVESTMENT INCOME NET OF MANAGEMENT EXPENSES	**100**	**1,956**	**(47)**	**2,010**	**129**	**2,767**	**10**	**2,906**

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Note 34.2.2 - Investment income net of management expenses by business - International

(in millions of euros)	31.12.2014 P&C	31.12.2014 L&H	31.12.2014 Holding	31.12.2014 Total	31.12.2013 P&C	31.12.2013 L&H	31.12.2013 Holding	31.12.2013 Total
Interest on deposits and financial investments income	103	139	3	244	99	143	2	243
Gains on foreign exchange transactions	9	1		9	17	1		18
Income from differences in redemption prices to be received (premium-discount)	1	2		3	1	2		4
Income from property	1			1	1			1
Other investment income								
Income from investments	**113**	**142**	**3**	**258**	**118**	**146**	**2**	**267**
Interest received from reinsurers								
Losses on foreign exchange transactions	(8)	(1)		(9)	(14)	(1)		(15)
Amortisation of differences in redemption prices (premium-discount)	(10)	(8)		(18)	(8)	(9)		(17)
Impairment and reserves on property	(2)			(2)	(4)			(4)
Management expenses	(6)	(4)	(1)	(11)	(6)	(5)		(11)
Investment expenses	**(27)**	**(12)**	**(1)**	**(41)**	**(32)**	**(15)**		**(47)**
Held for trading		5		5		(18)		(18)
Available-for-sale	48	6		54	27	13		40
Held to maturity								
Other	2	4		5	6	1		7
Capital gains (losses) from sales of investments, net of impairment reversals and write-backs	**50**	**14**		**64**	**33**	**(4)**		**29**
Held for trading	7	6		13		3		3
Derivatives								
Adjustments on unit-linked policies		27		27		25		25
Change in fair value of financial instruments recorded at fair value by income	**7**	**32**		**40**		**28**		**28**
Available-for-sale	(4)	(3)		(7)	(7)	(4)		(11)
Held to maturity								
Receivables and loans								
Change in impairment losses on financial instruments	**(4)**	**(3)**		**(7)**	**(7)**	**(4)**		**(11)**
TOTAL INVESTMENT INCOME NET OF MANAGEMENT EXPENSES	**139**	**173**	**1**	**313**	**113**	**150**	**2**	**265**

Note 34.3 - Investment income net of management expenses (income breakdown by type of asset)

(in millions of euros)	31.12.2014 Income and expenses	31.12.2014 Proceeds from divestment*	31.12.2014 Change in fair value	31.12.2014 Change in reserves	31.12.2014 Total	31.12.2013 *Pro forma* Income and expenses	31.12.2013 *Pro forma* Proceeds from divestment*	31.12.2013 *Pro forma* Change in fair value	31.12.2013 *Pro forma* Change in reserves	31.12.2013 *Pro forma* Total
Property	65	14			79	66	32			98
Equities	84	169		(13)	240	121	251		(16)	356
Bonds	1,535	229	37		1,801	1,642	255	13		1,910
Equity mutual funds	36	89	66	(2)	189	26	260	64		350
Mutual funds: Cash and cash equivalents (repurchase transactions)		5			5		6			6
Other cash mutual funds		9	1	1	11		9	1		10
Fixed-income mutual funds	66	12	34		112	57	(13)	(7)		37
Derivatives		(6)	(395)		(401)		253	16		269
Other investment income	239	16	(73)	4	186	182	22	(35)	(3)	166
Investment income	**2,025**	**536**	**(330)**	**(10)**	**2,222**	**2,094**	**1,075**	**52**	**(19)**	**3,202**
Internal and external management expenses and other investment expenses	(322)				(322)	(292)				(292)
Other investment expenses	(41)				(41)	(71)				(71)
Investment expenses	**(363)**				**(363)**	**(363)**				**(363)**
Investment income net of expenses	**1,662**	**536**	**(330)**	**(10)**	**1,859**	**1,731**	**1,075**	**52**	**(19)**	**2,839**
Capital gains on securities representing unit-linked policies			589		589			543		543
Capital losses on securities representing unit-linked policies			(125)		(125)			(211)		(211)
TOTAL INVESTMENT INCOME NET OF MANAGEMENT EXPENSES	**1,662**	**536**	**134**	**(10)**	**2,323**	**1,731**	**1,075**	**384**	**(19)**	**3,171**

* *Net of write-back of impairment and amortisation.*

In 2014, the accounts of allocations and write-backs of reserves on securities were broken down by asset type (equities, bonds, equity mutual funds, fixed-income mutual funds, etc.) unlike previous closes. As such, the pro forma information is presented for 2013.

Investment income net of management expenses decreased by €848 million. This change is explained mainly by:

- the €69 million decrease in income net of expenses is mainly due to a €27 million decrease in income on equities and equity mutual funds and a €98 million decrease in bonds and fixed-income mutual funds and the €57 million increase in other income and expenses (primarily made up of €60 million in changes in foreign exchange profits from the underlyings of consolidated mutual funds). Also note the recognition of a reserve for property impairment of €14 million in income and expenses on properties;
- the decrease in realised capital gains net of impairment write-backs for €539 million, including €253 million on equities and equity mutual funds, €18 million on properties, and €259 million on long-term financial instruments;
- the decrease in the change in fair value of €250 million including a negative change in fair value of derivatives for €411 million mainly due to ALM asset swaps and an increase in the change in fair value of unit-linked investments of €133 million.

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Note 34.3.1 - Investment income net of management expenses (income breakdown by type of asset) - France

	31.12.2014					31.12.2013 *Pro forma*				
(in millions of euros)	Income and expenses	Proceeds from divestment*	Change in fair value	Change in reserves	Total	Income and expenses	Proceeds from divestment*	Change in fair value	Change in reserves	Total
Property	67	9			76	70	25			95
Equities	82	167		(6)	243	118	266		(5)	379
Bonds	1,326	186	33		1,545	1,432	244	12		1,688
Equity mutual funds	33	80	56	(2)	167	24	257	64		345
Mutual funds: Cash and cash equivalents (repurchase transactions)		5			5		6			6
Other cash mutual funds		9	1	1	11		9	1		10
Bond mutual funds	57	11	34		102	50	(13)	(7)		30
Derivatives		(6)	(395)		(401)		253	16		269
Other investment income	223	11	(72)	4	166	156	(2)	(37)	(3)	114
Investment income	**1,788**	**472**	**(343)**	**(3)**	**1,914**	**1,850**	**1,045**	**49**	**(8)**	**2,936**
Internal and external management expenses and other investment expenses	(313)				(313)	(284)				(284)
Other investment expenses	(29)				(29)	(53)				(53)
Investment expenses	**(342)**				**(342)**	**(337)**				**(337)**
Investment income net of expenses	**1,446**	**472**	**(343)**	**(3)**	**1,572**	**1,513**	**1,045**	**49**	**(8)**	**2,599**
Capital gains on securities representing unit-linked policies			557		557			512		512
Capital losses on securities representing unit-linked policies			(119)		(119)			(205)		(205)
TOTAL INVESTMENT INCOME NET OF MANAGEMENT EXPENSES	**1,446**	**472**	**95**	**(3)**	**2,010**	**1,513**	**1,045**	**356**	**(8)**	**2,906**

* *Net of write-back of impairment and amortisation.*

Note 34.3.2 - Investment income net of management expenses (income breakdown by type of asset) - International

(in millions of euros)	31.12.2014					31.12.2013 *Pro forma*				
	Income and expenses	Proceeds from divestment*	Change in fair value	Change in reserves	Total	Income and expenses	Proceeds from divestment*	Change in fair value	Change in reserves	Total
Property	(2)	5			3	(4)	7			3
Equities	2	2		(7)	(3)	3	(15)		(11)	(23)
Bonds	209	43	4		256	210	11	1		222
Equity mutual funds	3	9	10		22	2	3			5
Mutual funds: Cash and cash equivalents (repurchase transactions)										
Other cash mutual funds										
Bond mutual funds	9	1			10	7				7
Derivatives										
Other investment income	16	5	(1)		20	26	24	2		52
Investment income	**237**	**64**	**13**	**(7)**	**308**	**244**	**30**	**3**	**(11)**	**266**
Internal and external management expenses and other investment expenses	(9)				(9)	(8)				(8)
Other investment expenses	(12)				(12)	(18)				(18)
Investment expenses	**(21)**				**(21)**	**(26)**				**(26)**
Investment income net of expenses	**216**	**64**	**13**	**(7)**	**287**	**218**	**30**	**3**	**(11)**	**240**
Capital gains on securities representing unit-linked policies			32		33			31		31
Capital losses on securities representing unit-linked policies			(6)		(6)			(6)		(6)
TOTAL INVESTMENT INCOME NET OF MANAGEMENT EXPENSES	**216**	**64**	**39**	**(7)**	**315**	**218**	**30**	**28**	**(11)**	**265**

* *Net of write-back of impairment and amortisation.*

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NOTE 35 INSURANCE POLICY SERVICING EXPENSES

Note 35.1 - Insurance policy servicing expenses - by operating segment

(in millions of euros)	31.12.2014 France	31.12.2014 International	31.12.2014 Total	31.12.2013 France	31.12.2013 International	31.12.2013 Total
Claims						
Paid to policyholders	(7,182)	(1,845)	(9,027)	(7,660)	(1,904)	(9,564)
Change in technical reserves						
Outstanding claims reserves	(138)	(54)	(192)	202	(61)	141
Actuarial reserves	1,981	(56)	1,925	1,602	81	1,683
Unit-linked reserves	(726)	(41)	(767)	(406)	32	(374)
Profit sharing	(1,196)	(116)	(1,312)	(1,982)	(104)	(2,086)
Other technical reserves	(26)	(13)	(39)	(44)	(8)	(52)
TOTAL INSURANCE POLICY SERVICING EXPENSES	**(7,287)**	**(2,125)**	**(9,412)**	**(8,288)**	**(1,964)**	**(10,252)**

Note 35.2 - Insurance policy servicing expenses - by business

Note 35.2.1 - Insurance policy servicing expenses by business – France

(in millions of euros)	31.12.2014 P&C	31.12.2014 L&H	31.12.2014 Total	31.12.2013 P&C	31.12.2013 L&H	31.12.2013 Total
Claims						
Paid to policyholders	(2,178)	(5,004)	(7,182)	(2,197)	(5,463)	(7,660)
Change in technical reserves						
Outstanding claims reserves	(89)	(49)	(138)	(74)	277	202
Actuarial reserves		1,981	1,981		1,602	1,602
Unit-linked reserves		(725)	(725)		(406)	(406)
Profit sharing		(1,196)	(1,196)	(2)	(1,981)	(1,983)
Other technical reserves	(22)	(4)	(26)	(7)	(37)	(44)
TOTAL	**(2,289)**	**(4,997)**	**(7,286)**	**(2,281)**	**(6,007)**	**(8,288)**

Note 35.2.2 - Insurance policy servicing expenses by business – International

	31.12.2014			31.12.2013		
(in millions of euros)	P&C	L&H	Total	P&C	L&H	Total
Claims						
Paid to policyholders	(1,146)	(698)	(1,845)	(1,139)	(765)	(1,904)
Change in technical reserves						
Outstanding claims reserves	(44)	(10)	(54)	(94)	33	(61)
Actuarial reserves		(56)	(56)		81	81
Unit-linked reserves		(41)	(41)		32	32
Profit sharing		(116)	(116)		(104)	(104)
Other technical reserves	(7)	(6)	(13)	(2)	(6)	(8)
TOTAL	**(1,197)**	**(928)**	**(2,125)**	**(1,235)**	**(729)**	**(1,964)**

NOTE 36 OUTWARD REINSURANCE INCOME (EXPENSES)

Note 36.1 - Outward reinsurance income (expenses) – by operating segment

	31.12.2014			31.12.2013		
(in millions of euros)	France	International	Total	France	International	Total
Acquisition and administrative costs	156	18	174	282	65	348
Claims expenses	750	34	784	(5,925)	135	(5,789)
Change in technical reserves	(8)	(4)	(12)	6,938	(1)	6,937
Profit sharing	(300)	2	(298)	(255)	2	(252)
Change in the equalisation reserve						
Income from outward reinsurance	**599**	**49**	**648**	**1,041**	**203**	**1,244**
Outward premiums	(849)	(125)	(973)	(1,277)	(279)	(1,557)
Change in unearned premiums	(2)	1	(1)	(10)	3	(7)
Expenses from outward reinsurance	**(850)**	**(124)**	**(974)**	**(1,287)**	**(276)**	**(1,563)**
TOTAL	**(251)**	**(75)**	**(326)**	**(246)**	**(74)**	**(319)**

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Note 36.2 - Outward reinsurance income (expenses) - by business

Note 36.2.1 - Outward reinsurance income (expenses) by business – France

(in millions of euros)	31.12.2014 P&C	31.12.2014 L&H	31.12.2014 Total	31.12.2013 P&C	31.12.2013 L&H	31.12.2013 Total
Acquisition and administrative costs	26	130	156	100	182	282
Claims expenses	163	587	750	411	(6,335)	(5,925)
Change in technical reserves	9	(17)	(8)	4	6,935	6,938
Profit sharing		(300)	(300)		(255)	(255)
Change in the equalisation reserve						
Income from outward reinsurance	**199**	**400**	**599**	**514**	**527**	**1,041**
Outward premiums	(432)	(417)	(849)	(727)	(550)	(1,277)
Change in unearned premiums	(2)		(2)	(12)	2	(10)
Expenses on outward reinsurance	**(433)**	**(417)**	**(850)**	**(739)**	**(548)**	**(1,287)**
TOTAL	**(235)**	**(17)**	**(251)**	**(225)**	**(21)**	**(246)**

Note 36.2.2 - Outward reinsurance income (expenses) by business – International

(in millions of euros)	31.12.2014 P&C	31.12.2014 L&H	31.12.2014 Total	31.12.2013 P&C	31.12.2013 L&H	31.12.2013 Total
Acquisition and administrative costs	17	1	18	64	1	65
Claims expenses	30	4	34	130	6	135
Change in technical reserves	(4)	(1)	(4)			(1)
Profit sharing		2	2		2	2
Change in the equalisation reserve						
Income from outward reinsurance	**44**	**5**	**49**	**194**	**8**	**202**
Outward premiums	(118)	(7)	(125)	(272)	(7)	(279)
Change in unearned premiums		1	1	3		3
Expenses on outward reinsurance	**(118)**	**(6)**	**(124)**	**(269)**	**(7)**	**(276)**
TOTAL	**(73)**	**(1)**	**(75)**	**(75)**	**2**	**(74)**

NOTE 37 OPERATING EXPENSES

Note 37.1 - Operating expenses - by operating segment

	31.12.2014			31.12.2013		
(in millions of euros)	France	International	Total	France	International	Total
External expenses	(418)	(93)	(511)	(458)	(95)	(553)
Taxes	(106)	(21)	(127)	(129)	(21)	(150)
Personnel expenses	(721)	(162)	(884)	(749)	(164)	(913)
Commissions	(998)	(390)	(1,388)	(1,027)	(388)	(1,416)
Amortisation and reserves (net of write-backs)	(99)	(24)	(124)	(134)	(30)	(165)
Other expenses	(41)	(61)	(102)	(21)	(74)	(95)
TOTAL OPERATING EXPENSES BY NATURE	**(2,384)**	**(751)**	**(3,135)**	**(2,519)**	**(773)**	**(3,292)**

The French companies of the Group receive the tax credit for competitiveness and employment (CICE) calculated in accordance with Article 244 *quater* C of the French General Tax Code at 6%. For fiscal year 2014, the CICE amounted to €8 million.

The use of this tax credit particularly permitted the financing of:

- actions to improve the competitiveness of the Group's companies through investments relating to business prospecting, improvement of customer satisfaction, and reinforcement of technical analysis and management procedures;
- IT and process developments related to the use of new technologies;
- employee training;
- actions related to sustainable development.

Note 37.2 - Operating expenses - by sector of activity

	31.12.2014			31.12.2013		
(in millions of euros)	Insurance	Banking	Total	Insurance	Banking	Total
External expenses	(458)	(53)	(511)	(487)	(66)	(553)
Taxes	(119)	(8)	(127)	(142)	(8)	(150)
Personnel expenses	(778)	(106)	(884)	(797)	(116)	(913)
Commissions	(1,388)		(1,388)	(1,416)		(1,416)
Amortisation and reserves (net of write-backs)	(119)	(5)	(124)	(160)	(5)	(165)
Other expenses	(77)	(24)	(102)	(78)	(17)	(95)
TOTAL OPERATING EXPENSES BY NATURE	**(2,939)**	**(196)**	**(3,135)**	**(3,079)**	**(213)**	**(3,292)**

Note 37.3 - Breakdown of personnel expenses

(in millions of euros)	31.12.2014	31.12.2013
Salaries	(531)	(575)
Social security expenses	(204)	(212)
Post-employment benefits		
Defined contribution plans	(53)	(54)
Defined benefit plans	(5)	(6)
Anniversary days and employee awards	(4)	(4)
Other personnel benefits	(86)	(62)
ANNUAL SALARY EXPENSES	**(883)**	**(913)**

At 31 December 2014, the gross annual remuneration (including profit-sharing and benefits in kind) paid to members of the Groupama SA Steering Committee was €5.8 million. As regards the pension plan, the total commitment at 31 December 2014 amounted to €24.8 million.

NOTE 38 POLICY ACQUISITION COSTS

Note 38.1 - Policy acquisition costs - by operating segment

	31.12.2014			31.12.2013		
(in millions of euros)	France	International	Total	France	International	Total
Commissions	(547)	(316)	(862)	(542)	(316)	(858)
Change in deferred acquisition costs	(19)	6	(14)	(85)	(1)	(86)
Other expenses	(228)	(101)	(328)	(255)	(101)	(355)
TOTAL	**(794)**	**(411)**	**(1,205)**	**(882)**	**(418)**	**(1,300)**

Note 38.2 - Policy acquisition costs - by business

Note 38.2.1 - Policy acquisition costs - by business - France

	31.12.2014			31.12.2013		
(in millions of euros)	P&C	L&H	Total	P&C	L&H	Total
Commissions	(375)	(172)	(547)	(354)	(188)	(542)
Change in deferred acquisition costs	1	(20)	(19)		(85)	(85)
Other expenses	(77)	(151)	(228)	(104)	(151)	(255)
TOTAL	**(451)**	**(343)**	**(794)**	**(457)**	**(425)**	**(882)**

Note 38.2.2 - Policy acquisition costs by business – International

	31.12.2014			31.12.2013		
(in millions of euros)	P&C	L&H	Total	P&C	L&H	Total
Commissions	(245)	(70)	(316)	(249)	(67)	(316)
Change in deferred acquisition costs	2	3	6		(1)	(1)
Other expenses	(75)	(26)	(101)	(75)	(25)	(101)
TOTAL	**(318)**	**(93)**	**(411)**	**(325)**	**(93)**	**(418)**

NOTE 39 ADMINISTRATIVE COSTS

Note 39.1 - Administrative costs - by operating segment

	31.12.2014			31.12.2013		
(in millions of euros)	France	International	Total	France	International	Total
Commissions	(230)	(41)	(271)	(265)	(38)	(304)
Other expenses	(152)	(120)	(272)	(165)	(126)	(291)
TOTAL	**(382)**	**(161)**	**(543)**	**(430)**	**(164)**	**(595)**

Note 39.2 - Administrative costs - by business

Note 39.2.1 - Administrative costs - by business – France

	31.12.2014			31.12.2013		
(in millions of euros)	P&C	L&H	Total	P&C	L&H	Total
Commissions	(165)	(65)	(230)	(169)	(96)	(265)
Other expenses	(97)	(55)	(152)	(107)	(58)	(165)
TOTAL	**(262)**	**(120)**	**(382)**	**(276)**	**(154)**	**(430)**

Note 39.2.2 - Administrative costs by business – International

	31.12.2014			31.12.2013		
(in millions of euros)	P&C	L&H	Total	P&C	L&H	Total
Commissions	(28)	(14)	(41)	(25)	(13)	(38)
Other expenses	(78)	(42)	(120)	(83)	(43)	(126)
TOTAL	**(106)**	**(55)**	**(161)**	**(108)**	**(57)**	**(164)**

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NOTE 40 OTHER INCOME AND EXPENSES FROM CURRENT OPERATIONS

	31.12.2014			31.12.2013		
(in millions of euros)	France	International	Total	France	International	Total
Commissions and other operating expenses, Life	(229)	(10)	(240)	(241)	(13)	(253)
Employee profit sharing, Life	(3)		(3)	(2)		(2)
Other operating income, Life	2	8	10	5	9	13
Transfer of operating expenses and capitalised production, Life	12		12	19		19
Total income and expenses from current operations, Life	**(218)**	**(2)**	**(221)**	**(219)**	**(4)**	**(223)**
Non-life commissions and other operating expenses	(356)	(85)	(441)	(345)	(96)	(440)
Employee profit sharing, Non-life	(1)		(1)	(1)	(1)	(2)
Other non-life operating income	131	36	167	127	34	161
Transfer of Non-life operating expenses and capitalised production	11		11	13		13
Total income and expenses from current operations, Non-life	**(215)**	**(48)**	**(263)**	**(206)**	**(62)**	**(269)**
Other non-operating expenses	(143)	(22)	(165)	(170)	(24)	(194)
Other non-operating income	19	19	38	46	31	77
Total income and expenses from current operations, Non-technical	**(124)**	**(2)**	**(126)**	**(124)**	**7**	**(117)**
Total income and expenses from current operations, Banking						
TOTAL	**(557)**	**(53)**	**(610)**	**(550)**	**(59)**	**(609)**

NOTE 41 OTHER INCOME AND EXPENSES FROM NON-CURRENT OPERATIONS

	31.12.2014			31.12.2013		
(in millions of euros)	France	International	Total	France	International	Total
Income from non-current operations	49	3	52	40	2	42
Expenses from non-current operations	(88)	(26)	(114)	(79)	(113)	(192)
Allocation to the reserve for goodwill						
Other						
TOTAL	**(38)**	**(23)**	**(62)**	**(39)**	**(111)**	**(150)**

The balance of other net income and expenses from non-current operations amounted to a loss of €62 million as at 31 December 2014 compared with a loss of €150 million at 31 December 2013.

The main items comprising this total include:

- amortisation of securities in portfolio totalling €16 million at 31 December 2014, compared with €103 million at 31 December 2013.

As a reminder, the amount at 31 December 2013 included extraordinary impairment charges on Italy and Hungary totalling €72 million;

- the amortisation expense related to the cost of the 2010 pension reform at Groupama Gan Vie for €13 million at 31 December 2014 (identical to 2013).

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NOTE 42 FINANCING EXPENSES

(in millions of euros)	31.12.2014	31.12.2013
Interest expenses on loans and debts	(84)	(93)
Interest income and expenses - Other		
TOTAL FINANCING EXPENSES	**(84)**	**(93)**

The €9 million decrease in financing expenses comes mainly from the exchange of subordinated debts.

NOTE 43 BREAKDOWN OF TAX EXPENSES

Note 43.1 - Breakdown of tax expenses - by operating segment

	31.12.2014			31.12.2013		
(in millions of euros)	France	International	Total	France	International	Total
Current taxes	71	(58)	13	12	(70)	(58)
Deferred taxes	(11)	35	24	95	54	149
TOTAL	**60**	**(23)**	**37**	**107**	**(16)**	**91**

The Group underwent a tax audit in 2010. Reserves were set aside for all accepted assessments in 2010. By contrast, assessments relating largely to the level of technical reserves for property and casualty, which was deemed excessive by the tax authorities, as well as the risk of dependence, were not subject to reserves. The Group continues to consider that the reasons for adjustments are highly questionable and has prepared technical arguments for a litigation process.

Note 43.2 - Reconciliation between total accounting tax expense and theoretical tax expense calculations

(in millions of euros)	31.12.2014	31.12.2013
THEORETICAL TAX EXPENSE	**7**	**(16)**
Impact of expenses or income defined as non-deductible or non-taxable	27	76
Impact of differences in tax rate	4	31
Tax credit and various charges		
Charges of prior deficits		
Losses for the fiscal year not capitalised		
Deferred tax assets not accounted for	(1)	(1)
Other differences		1
EFFECTIVE TAX EXPENSE	**37**	**91**

Overall, income tax corresponded to an income (deferred tax plus social tax) of €37 million at 31 December 2014, versus an income of €91 million at 31 December 2013.

The variance between the two years is explained mainly by the change in “non-deductible or non-taxable expenses and income” as well as the change in “impact of rate differences”.

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The decrease in the current tax expense due for the tax consolidation scope of €51 million as at 31 December 2014 versus an expense of €58 million as at 31 December 2013 is explained by:

- a €4 million decrease in long-term tax at 33.3% on current operations;
- a €2 million decrease in long-term tax at 0% on operations relating to divestments and reserves on equity securities.

This last item contributed to the decrease in “rate differences”.

The reconciliation with the theoretical statutory tax is as follows:

(in millions of euros)	31.12.2014 Consolidated income before taxes	31.12.2014 Theoretical tax rate	31.12.2013 Consolidated income before taxes	31.12.2013 Theoretical tax rate
France	(107)	34.43%	45	34.43%
Bulgaria		10.00%	1	10.00%
China	(12)	25.00%	5	25.00%
Greece	12	26.00%	15	26.00%
Hungary	19	19.00%	(1)	19.00%
Italy	48	34.32%	(6)	34.32%
Portugal	1	24.50%		24.50%
Romania	3	16.00%	(9)	16.00%
United Kingdom	5	21.50%	4	23.25%
Slovakia		19.00%		19.00%
Tunisia	3	30.00%	2	30.00%
Turkey	8	20.00%	(9)	20.00%
TOTAL	**(20)**		**47**	

The theoretical tax rate applicable in France remains at 34.43% and has not been corrected for the extraordinary 10.7% contribution that applies to taxable income for companies that have revenue exceeding €250 million. This contribution was also extended fiscal year 2015 by the 2014 amending Finance law.

The theoretical tax rates remained stable over the period, with the exception of the British rate, which decreased from 23.25% as at 31 December 2013 to 21.5% as at 31 December 2014.

NOTE 44 RELATED PARTIES

1 - General presentation

Groupama SA and its subsidiaries, which make up the Equity Management Division of the Groupama group, maintain close, long-lasting economic relationships with their controlling shareholders, the Groupama regional mutuals, which make up the Groupama group’s Mutual Insurance Division. These relationships focus mainly on the reinsurance of the regional mutuals by Groupama SA, and, to a lesser degree, on business relationships amongst the subsidiaries of Groupama SA and the regional mutuals in the areas of insurance, banking and services.

Premium income earned by Groupama SA and its consolidated subsidiaries through the network of regional mutuals comes mainly from Groupama SA and Groupama Gan Vie. Considering just these two entities, the contribution of the network of regional mutuals to consolidated premium income totalled €2,954 million, or 30% of total consolidated premium income for 2014.

The resulting economic interdependence led the Group’s two major divisions to enter into agreements to protect the security of the entity as a whole.

1.1 - Reinsurance

Pursuant to the legal provisions, the regional mutuals are required to obtain reinsurance exclusively from Groupama SA.

This requirement is laid down in the bylaws of the regional mutuals. This reinsurance exclusivity engenders financial solidarity over time, resulting in a transfer of a substantial proportion of the non-life insurance business from the regional mutuals to Groupama SA.

The reinsurance relationship is based on the principle of “fate sharing” between the regional mutuals as ceding companies and their reinsurer Groupama SA. The principle aims to ensure that over the long term, there are neither winners nor losers between ceding companies and their reinsurer.

Implementing this principle means a major use of quota share reinsurance and the reinsurer's participation in the direct insurance management decisions which determine the financial return for the whole.

Thus, Groupama SA either helps to draft the technical terms and conditions for direct insurance, particularly regarding rates, or else it drafts those conditions itself depending on the nature of the risks being reinsured.

In addition, Groupama SA may participate in the handling of any claims file and jointly manages any claim with an estimated cost that exceeds certain thresholds.

Also under the reinsurance agreement, a number of mechanisms for quickly rectifying any imbalances exist.

The fate sharing introduced between the regional mutuals and Groupama SA also contributes to certain specific expenses in expanding insurance portfolios (project financing, experimentation, joint ventures, etc.) once those projects become part of the Group's strategy and have the potential to be replicated throughout the regional mutuals, as quota share reinsurance gives Groupama SA the means to contribute to the future results of the portfolios thus expanded.

This reinsurance relationship is designed to continue over the long term, and the duration of the reinsurance agreement between Groupama SA and the regional mutuals is equal to that of Groupama SA itself, which, unless extended, will expire in 2086. Any modifications to the agreement must be made *via* a consensus-based decision-making process, whereby final approval lies with the Groupama SA Board of Directors, after receiving the recommendation of the Agreements Committee.

This reinsurance relationship has led to a powerful community of interests between the regional mutuals and Groupama SA. On the one hand, the regional mutuals have a vital interest in preserving the economic and financial balance of their exclusive reinsurer. On the other hand, Groupama SA has a major interest not only in the economic and financial balance of the mutuals, but also in their growth, in which it participates in proportion to the non-life insurance business transferred.

The reinsurance agreement is described in more detail at § 2.1.

1.2 - Business relationships between the subsidiaries of Groupama SA and the regional mutuals in the areas of insurance, banking and services

Groupama SA and the regional mutuals enjoy business relationships through various subsidiaries of Groupama SA. The role of these subsidiaries is either to offer products or services designed for members and customers in the areas of insurance, banking or services, or to provide financial resources to the entities of the Group.

These business relationships are governed by a principle of preference for the Group up to and including exclusivity, which is based on the interest of the regional mutuals in meeting their needs for products or services and in achieving a return on the investments made in the subsidiaries through Groupama SA.

The preferential nature of these relationships is laid out in an agreement approved by the Groupama SA Board of Directors in its meeting of 14 December 2005.

Under that agreement, the respective commitments of Groupama SA and the regional mutuals are:

- Groupama SA shall ensure that the subsidiaries offer products or services meeting the needs of the market (*i.e.*, products or services designed for members or customers) or to the needs of the entities of the Group (*i.e.*, the financial services designed for the Group entities) and that are competitive compared to the products offered by competing companies in terms of price and quality of service;
- the regional mutuals agree to the following:
  - concerning the subsidiaries offering products or services designed for members and customers:
    - not to distribute, under any circumstances, competing third party products or services,
    - to distribute the products or services of the life insurance, retail banking and employee savings subsidiaries,
    - to distribute the services of the non-life insurance subsidiaries or those of the insurance-related services subsidiaries if they themselves do not offer those services and decide to outsource them;
  - concerning subsidiaries offering financial services designed for the Group entities:
    - to give preference to those subsidiaries in terms of equal price and quality of service.

This agreement will last ten years, from 1 January 2006.

The creation and growth of subsidiaries offering insurance services or related services and banking services to members and customers of the Group is in response to the need for the regional mutuals, whose main business is limited by law to non-life insurance, to have a full range of financial services to offer while sharing amongst themselves through Groupama SA the investment required to create and run a profitable subsidiary.

Such is the case for the life insurance products of Groupama Gan Vie, the retail banking services offered by Groupama Banque, and the services offered by Groupama Épargne Salariale and a certain number of service subsidiaries (Mutuaide, CapsAuto, FMB, etc.).

It is in the interests of Groupama SA to make these investments, for three reasons:

- owing to their intrinsic return going forward;
- owing to the community of interests between it and the regional mutuals because of reinsurance, Groupama SA either benefits or suffers from any progress or setback in the position of the regional mutuals in the non-life insurance market. It is therefore in its direct interest for the regional mutuals to have a competitive offering in other sectors of the market (life insurance, financial services, etc.) so it can be on an equal footing with the other general insurance companies active in the market or with bancassurance companies;

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- the investments made in those subsidiaries enable the subsidiaries of Groupama SA distributing the Gan brand to have a services offering as well; such is the case of retail banking, employee savings, insurance-related services, etc.

1.3 - Security systems

(a) The Groupama brand

The Groupama brand is solely owned by Groupama SA which grants user licences to its regional mutuals and subsidiaries. Groupama can therefore guarantee the brand is properly managed and provide protection for one of the Group's critical assets.

(b) Agreement for a security and solidarity system

On 17 December 2003, Groupama SA and the regional mutuals signed an agreement, amended by a rider on 27 April 2011, for a security and solidarity system, aimed at guaranteeing the security and the financial equilibrium of all the regional mutuals and Groupama SA and to arrange for solidarity. It was amended at the end of 2013 in order to benefit from French law 2013-672 of 26 July 2013 on the separation and regulation of banking activities, Article 51 of which, enacted in articles L. 322-27-1 and L. 322-27-2 of the Insurance Code, appoints Groupama SA as the central body of a network made up of the *sociétés* and *caisses d'assurances et de réassurances mutuelles agricoles*, and sets out a certain number of duties and obligations with which it must comply.

By virtue of its new role as central body, Groupama SA has the legal responsibility of ensuring the cohesion and smooth running of the network. It has administrative, technical and financial control over the organisation and management of the organisations within the network. It determines its strategic policies, issues any relevant instructions to this effect and oversees their successful implementation. It also takes any requisite measures to guarantee the solvency of not only each organisation within the network but of the Group as a whole, and to ensure they comply with all their respective obligations.

The agreement has been adapted to reflect these new circumstances. It is fundamentally a three-part agreement:

INSTRUCTIONS FROM THE CENTRAL BODY

The agreement defines the scope and system for issuing instructions, these being one of the methods available to the central body for performing its role.

AUDITS

The agreement allows Groupama SA to conduct audits to verify the current and future economic and financial balances of each regional mutual, compliance with regulatory requirements and with the reinsurance agreement. It may also, in certain conditions, conduct an audit following a loss or non-compliance with an instruction.

SOLIDARITY FUND

The regional mutuals and Groupama SA participate in a solidarity fund in order to assist the regional mutuals in the event their shareholders' equity and their results no longer guarantee they will be able to face their commitments and obligations over time.

As regards the regional mutuals this fund is fed, in proportion to the insurance contributions retained by them; in the form of an annual provision into the reserves until the total provisions by each regional mutual reach 3% of the contributions retained.

Groupama SA does not have such a reserve but has made a commitment to provide assistance to the solidarity fund, calculated according to the same method as the allocations paid by the mutuals.

It will provide this funding support if two conditions are met:

- the regional mutual has suffered a loss which if repeated three times would make it unable to meet its legally-required solvency margin;
- the regional mutual agrees to implement a recovery plan whose contents are approved by Groupama SA.

The funding assistance decision is taken by the Groupama SA Board of Directors.

(c) The Agreements Committee

The Agreements Committee, the research committee of the Groupama SA Board of Directors, is chaired by an independent Director.

Its main role is to prevent any potential conflict of interest between the regional mutuals or between Groupama SA and its subsidiaries, which is likely to result from their business relationships.

In particular, this committee is responsible for reviewing any amendments to the reinsurance agreement and the agreements entered into between Groupama SA, its subsidiaries and the regional mutuals, ensuring that said agreements are legally sound and that they are in the corporate interest of Groupama SA (conditions for remunerating and distributing the risks arising from said agreements).

2 - Agreements between Groupama SA and its subsidiaries and the regional mutuals

2.1 - The reinsurance agreement

The need for reinsurance has been behind the ties forged among the Groupama Mutuals since they were founded more than a century ago. The geographical district covered by the mutuals, which at the time was limited to one or two French departments, led them to seek compensation for the risks taken at the national level in order to expand, following the example of the growth achieved by the large rival insurance companies. Thus as time went on, an Internal Reinsurance system grew up amongst the Regional Insurance Mutuals and a Central Mutual, whose reinsurance role is now assumed by Groupama SA.

The reinsurance of the regional mutuals by Groupama SA is intended, through an internal pooling of risks, to give each mutual, within its district, underwriting capabilities equivalent to those enjoyed by a single company covering the entire territory. It also limits the use of outside reinsurance to what would be needed by such a company.

In order to achieve this objective, the regional mutuals are reinsured within a common framework set by general regulations and not by individual reinsurance agreements. This agreement, which was designed a long time ago, is based on a certain number of founding principles that have outlasted the adjustments made to it over time.

(a) Permanent principles and amendments to the reinsurance agreement

The permanent principles are:

- exclusive reinsurance obligation with Groupama SA;
- the reinsurance conditions defined by the general regulations are developed within cooperative bodies composed of Groupama SA and all the mutuals and they are valid for all the regional mutuals;
- fate sharing among the mutuals and their internal reinsurer: all risks without exception are subject to outward reinsurance particularly as quota share outward reinsurance, which enables Groupama SA to participate in the business growth of the mutuals, including in those divisions where reinsurance is not technically indispensable (health insurance, for example); in consideration, Groupama SA automatically provides the mutuals with reinsurance when they embark on new, less well-known ventures (multi-risk crop insurance, long-term care insurance, etc.) by calculating the insurance terms and conditions regardless;
- retrocession to the regional mutuals by Groupama SA of a portion of the general profit/loss from its inward reinsurance business, which reduces the need for reinsurance outside the Group and involves all the mutuals in balancing the outward reinsurance business with Groupama SA.

Any amendment to the structural parameters of the reinsurance agreement and its schedules (rate of quota share, commission rates and loading rate by risk family, thresholds and floors for excess claims beyond their annual monetary indexation and additional retentions) must be made in the form of a written rider and approved by the Groupama SA regional mutuals *via* the following procedure:

- proposals for amendments are drafted in a reinsurance working group made up of representatives of Groupama SA and the regional mutuals;
- subject to the approval of the Chief Executive Officer of Groupama SA, they are subject to the agreement of the Chief Executive Officers of the regional mutuals;
- lastly, they are presented by the Groupama SA Chief Executive Officer for approval by Groupama SA's Board of Directors' meeting voting on proposed amendments by simple majority after seeking the opinion of the Agreements Committee.

The amendments made to the reinsurance agreement over the past two decades were prompted by one of two factors:

- either by changes in the structure of the mutuals (successive combinations, opening up the membership and takeover of the non-agricultural risk portfolio previously managed by the Samda subsidiary) that changed their size and therefore their holding capacity;
- or because of experiencing the results of some risk categories (major weather-related events, imbalance in industrial risks, etc.) requiring greater empowerment of the mutuals in terms of underwriting control and the costs of claims by increasing their holdings in those areas.

After examination and approval of the draft by the Steering Committee, Groupama SA Executive Management's proposal to amend the general regulations on reinsurance for regional mutuals effective 1 January 2014 so that it can support the major goal of recovery of the Group's operational profitability was accepted by the Board of Directors of Groupama SA on 12 December 2013.

Beyond just seeking to clarify the economic challenges facing Internal Reinsurance and to harmonise its structures with market practice, with the aim of facilitating their uptake by operational managers, the main aim of the amendments was to further implicate the regional mutuals in the quality of their technical results.

As indicated previously, the reinsurance agreement encompasses all the risks underwritten by the regional mutuals. It is designed to take into account both the overall balance between them and their specific characteristics in terms of cover needs. To that end, all the risks are subject to classification, which makes it possible to differentiate amongst the reinsurance solutions offered while ensuring intercompany consistency.

(b) Classification of reinsured risks

Risks are classified into two groups of reinsurance segments, depending on the nature of their need for protection, which is based on their degree of volatility.

SEGMENT OF GROUP 1

The first group consists of the following segments:

- Automobile/Personal Liability – Miscellaneous Liability;
- Professional liability;
- Fire insurance;
- Life insurance;
- Health insurance.

Given their characteristics, the segments of the first group are subject to relatively similar reinsurance terms as well as the allocation to each regional mutual of a share in profits calculated on all profits yielded by it in proportion for these segments.

THE OTHER SEGMENTS

These are risks that, given their significant specificities, are covered by highly varied types of reinsurance, mainly:

- Storms;
- Crops;
- Natural Disasters;
- Construction;
- Long-Term Care;
- Forests;
- Attacks (as defined by the French GAREAT pool).

The price of reinsurance of each regional mutual may take into account the quality of the yielded profits, in a manner adapted to the characteristics of each segment, by applying common rules.

Regardless of the considered risks, Groupama SA's stake in claims with respect to the various forms of reinsurance provided for by the general regulations (quota share, excess claims, or excess annual loss) falls within the limit of the scope of covered risks and exclusions and within the limit of its share in the maximum coverage amounts per insurance object, as set each year by Groupama SA particularly on the basis of its own external reinsurance conditions.

AS INDICATED ABOVE, ALL THE RISKS ARE COVERED BY QUOTA SHARE REINSURANCE, THE RATE OF WHICH VARIES ACCORDING TO THE RISKS.

Such outward reinsurance operates on transactions net of non-proportional protection for segments that covered by it, with the exception of the "natural disasters" segment.

Groupama SA's stake in claims falls within the previously indicated limits but has no "aggregate" limitation, except in forest insurance, where the protections apply on an annual accumulation of claims equal to no more than 15% of the insured capital declared to Groupama SA.

For the storm segment, in order to permit the balance of quota share transactions (taking into account the cost of the excess protection and the commission paid), the quota share outward premiums basis is normalised. This normalisation is done on the basis of a national percentage applied to total fire + storm premiums (= base of the excess). This national percentage is adjusted according to the weight of the history of storm claims net of excess of each mutual compared with its weight in the national fire + storm premium income.

In "natural disasters", the "premium transfer basis" calculated to take account of the rate of deduction of the fund for prevention of major natural hazards is 88%.

THE "ORIGIN" BUSINESSES OF THE REGIONAL MUTUAL BEFORE QUOTA SHARE TRANSFER ARE COVERED BY EXCESS CLAIM OR EXCESS ANNUAL LOSS PROTECTIONS FOR THE SEGMENTS CONCERNED.

In addition, the regional mutual is covered for excess annual losses, across both the storm and crop segments, protecting the accumulation of claims kept below the non-proportional protection threshold of each segment.

For the coverage of claims by these various non-proportional protections, the rules already described apply in the same way: application of limitations relating to the field of covered risks, exclusions, maximum amounts of commitments by risk object defined and specified annually by Groupama SA.

When the regional mutual wishes to issue a guarantee outside of the scope of the covered risks, or for an amount that exceeds the limits laid down by the general regulations, it ask Groupama SA for optional reinsurance coverage, which is acquired only after express approval and on the basis of the conditions set in this framework.

The non-proportional reinsurance thresholds are established for all the regional mutuals (depending on the two classifications by mutual and by segment) according to the collective decision-making procedure mentioned in paragraph 1.1, on the basis of studies and simulations examined by the "reinsurance" working group aiming to verify the sensitivity of the holdings of the mutuals at their level, taking into account the effects in terms of cost.

With regard to excess claims, except in cases of more substantial modification, the thresholds are indexed on an annual basis according to price indices specific to the risks involved.

For the operation of reinsurance for excess claims, the regional mutual may generally establish by segment a single event of all the claims entitled to compensation, regardless of the number of policies or guarantees involved, resulting from the same cause of loss and occurring during a continuous period.

(c) Retrocession

Outward reinsurance by the mutuals with a central reinsurer does not deplete the capacities for pooling and retention within the Group. Given their level of equity, the mutuals have the capacity to bear a portion of the risk offset nationally, and protected by outside reinsurance. They become in turn the reinsurer of Groupama SA.

This allows the total results of the highest risks of reinsurance risks accepted to be shared between Groupama SA and the mutuals, and lowers the thresholds for assigning risks to third party reinsurers.

It is for that purpose that Groupama SA conveys back to the mutuals part of the profit/loss from its total inward reinsurance, net of the effect of outside coverage, in the only reinsurance risks or forms showing volatility justifying this use of additional mutual insurance.

Groupama SA's quota share inward reinsurance business is thus not affected by retrocession, with the exception of the natural disasters and crops segments.

A significant percentage of the inward reinsurance business is retroceded, in particular:

- 20 to 30% depending on the risks, the excess claims of the segments of the 1st group, construction and storms, and excess annual losses in crops/hail;
- 50% of the quota share in crops – other risk events and 7% of the quota share in natural disasters.

Transactions that are the subject of a retrocession are divided amongst the regional mutuals in proportion to the gross premiums.

Aside from its effect on internal mutual insurance, retrocession raises the awareness of and directly involves the mutuals community in the balances of their different outward reinsurance operations with Groupama SA, and as such constitutes an additional regulatory factor.

(d) Amounts involved in fiscal year 2014

It should be noted that non-life premiums earned, policy servicing expenses, acquisition costs and administrative expenses include inward reinsurance, with respect to Groupama SA, from the regional mutuals under the Internal Reinsurance agreement.

The amounts accepted for these different transactions break down as follows:

(in millions of euros)	31.12.2014	31.12.2013
Non-life premiums earned	1,946	2,061
Policy servicing expenses	(1,341)	(1,470)
Acquisition costs	(148)	(177)
Administrative expenses	(148)	(177)

As at 31 December 2014, the overall retrocession result was €12.8 million.

(in millions of euros)	31.12.2014	31.12.2013
Expenses from internal retrocession	(99)	(103)
Income from internal retrocession	112	161

IN SUMMARY

This entire presentation can be summed up as follows:

- the reinsurance agreement is a coherent and balanced whole that must be assessed in terms of its intended purpose and overall effects and not by isolating any one of its components from this context; in any event, this attempt at placing the agreement in perspective is not opposed to a segmented, technical approach to risks and to the reinsurance terms associated with them (see above);
- the internal insurance terms currently applicable are the result of adjustments made over time to make this system fully effective in terms of its economic purpose of offsetting and controlling risks;
- the ongoing pursuit of this purpose has resulted in involving Groupama SA in the insurance business of the Groupama regional mutuals in a balanced and controlled way.

The premium income from reinsurance earned by Groupama SA with the regional mutuals amounted to a total of €1,946 million in 2014.

(e) New agreement in force from 1 January 2015

Amendments were made to the reinsurance agreement at the end of 2014 in order to:

- support the recovery plan of the crops segment by giving more of a share to each mutual in its own income for new hazards covered since 2005 (risk events other than hail);
- and harmonise the reinsurance terms of traditional risk events and new risk events, which are currently based on opposing principles of accountability/pooling, whereas the contracts are global and apply to the same insured property.

As from 1 January 2015, the adopted solution makes it possible to:

- globalise the reinsurance of all risk events on crops (outward reinsurance and retrocession);
- adopt an intermediate accountability/pooling distribution between one that applies to hail and one that applies to new hazards under the rules applicable until the end of 2014.

In this sense, and from a perspective of alignment with the principles applied also for the 2014 General Reinsurance Regulations:

- the 2015 reinsurance will be calculated on the "origin" premiums of all risk events, by abandoning the mechanism for modulation of outward reinsurance on the basis of histories previously applied for hail (as was done for the storm segment);
- it will first include a stop-loss playing on the initial amounts and will be supplemented by a quota share;
- with quota share transfer continuing to play a major, greater role than in other segments, the retrocession of the crops segment will continue to involve the quota share transfer also.

2.2 - Groupama Gan Vie

Relations between Groupama Gan Vie and the regional mutuals are governed by an identical bilateral agreement for each of the regional mutuals.

The purpose of this agreement is the distribution and management by the regional mutuals of individual life and group insurance policies from Groupama Gan Vie.

With regard to distribution, Groupama Gan Vie sets the marketing, subscription and pricing rules for the products as well as the contract documents and the communications media. The regional mutuals are responsible for sales relationships with customers.

At the management level, the regional mutuals must provide all administrative functions, including medical management, within certain limits including amounts, and in accordance with the conditions defined by Groupama Gan Vie.

The regional mutuals are required to comply with a number of ethical rules, particularly governing the treatment of health cases and the prevention of money laundering.

Groupama Gan Vie is authorised to conduct on-site audits of documents and conditions under which the marketing and management functions are exercised.

In personal life insurance, the distribution and management of the regional mutuals are remunerated on the basis of three factors: for all products, a mark-up on premiums and, for certain products, a fee on the outstanding amount (savings and pension products), and a fee based on the regional policy income (protection products) designed to involve the regional mutual in the quality of its management.

Groupama Gan Vie posted premium income under this agreement in individual life insurance of €973.5 million in 2014. The fees earned by the regional mutuals amounted to €104.4 million.

In group insurance, the regional mutuals' distribution and management are remunerated on the basis of several factors: mark-up on premiums, mark-up on outstanding amounts for certain products, fees based on regional net profit on all death risks and fees on development agreements.

Groupama Gan Vie posted premium income under this group insurance agreement of €34.8 million in 2014. The fees earned by the regional mutuals amounted to €5.0 million.

2.3 - Groupama Banque

The relationships between Groupama Banque and the regional mutuals have been governed since the bank was founded in late 2002/early 2003 by identical bilateral agreements that break down into two components:

(a) A general marketing and management agreement

The general agreement lays down the respective roles of the bank and the regional mutual. It is licenced by Groupama Banque to market its offer under a temporary banking license defining a limited number of banking operations that the mutual is permitted to perform. The operations concerned are preparation or support for banking transactions, given that Groupama Banque is the sole party authorised to carry out banking operations in the strict sense.

The regional mutuals underwrite a certain number of commitments aimed at achieving the banking business growth plan in a controlled manner: mobilising the necessary workforce and seeing to it that they are trained, applying the quality charter, deploying an internal control system as well as a system to fight money laundering, etc.

This agreement, which has an initial life of five years, may be renewed by 1-year terms.

(a) An annual marketing and management agreement

This agreement supplements the general agreement on the points needing periodic updating: annual production targets of the regional mutual, compensation, quality objectives, etc.

The regional mutuals are compensated from the net banking income generated by the products held by customers less the payment processing costs and a percentage of the distribution costs related to the bank's remote sales centre.

The net banking income earned by Groupama Banque under its agreements amounted to €62.7 million in 2014. The fees earned by the regional mutuals amounted to €16.5 million.

2.4 - Groupama Supports & Services (G2S)

The purpose of Groupama Supports & Services is to facilitate the economic activities of its members, improve or increase the results of these activities by sharing and optimising IT, logistics and purchasing activities.

To this effect, the role of G2S is to:

- undertake any preliminary studies and perform, at the request of its members, all the IT work necessary for the exercise of their business;
- ensure the operation and maintenance of IT systems on behalf of its members;
- lease and manage buildings occupied by at least one member;
- provide its members with all general services;
- assist its members with their purchasing strategy and relationships with Group suppliers.

Most services provided by this intercompany venture are exempt from VAT, except for services corresponding to the supply of goods.

The members of the G2S venture, which are not charged VAT, are mainly the regional mutuals, Groupama SA, its French insurance subsidiaries, Groupama Banque and other GIEs of the Group. Non-member clients, which are charged VAT, are mainly Group financial management companies and international subsidiaries and, where appropriate, entities outside the Group affiliated through partnership agreements with Groupama.

IT services provided by G2S to Group entities are invoiced based on the following principles:

- G2S, as a non-profit intercompany venture, invoices all of its costs, whether they be its own operating costs, costs that are charged by other Group entities or costs of technical resources acquired on behalf of third parties;
- all costs are spread over a defined list of services (operating services, project services) that cover all areas of operation of the intercompany venture. Invoiced amounts are determined based on the following conditions:
  - charged directly when possible,
  - otherwise, according to allocation keys that can be modified each fiscal year if necessary, the principle of which is determined by G2S for each cost category based on significant criteria.

Special governance was put into place to ensure the relevance and stability of these invoicing keys. These are reviewed regularly by two different advisory bodies, depending on the nature of the services.

Operating services are reviewed by the "Keys Committee" which brings together IT Managers from member companies of the intercompany venture and the various services of the venture in charge of developing and implementing invoicing keys.

For projects, invoicing keys are reviewed by "Business Domain Committees".

Any proposed amendment issued by one of these committees is subject to approval by the Board of Directors of the intercompany venture. Furthermore, a review of the invoicing keys is carried out with the management controllers of G2S for validation of the distribution of the final invoice, and with the Tax Department to ensure compliance with the VAT regulations.

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The auditors also ensure the expenses of the venture undergo correct analytical allocation for billing.

Based on the provision above, €351.1 million excluding taxes were billed as at 31 December 2014, €98.6 million of which to the regional mutuals.

2.5 - Other agreements

The amount of premium income generated by the other agreements entered into between the subsidiaries of Groupama SA and the regional mutuals in the areas of assistance, legal protection, employee savings and asset management proved immaterial for Groupama SA.

3 - Financing of large programmes

Groupama SA participates in the financing of major community programmes by paying subsidies to the regional mutuals designed as incentives for them to implement an overall policy in the general interest.

This system results from the Group's decentralised structure and from the role played in it by Groupama SA, which manages the Group and reinsures the regional mutuals.

3.1 - Operational structure of a decentralised organisation

In a so-called decentralised organisation, the central body arises from the regional level; its role is to embody the collective will and steer the resulting policies, but from a legal standpoint, it does not have the power to impose those policies at regional level. Financing is one lever used to facilitate the implementation of the Group policies.

Moreover, the programmes stemming from these policies usually generate high costs in the beginning with regard to the financial coverage of the regional mutual, with no immediate counterparty, and involve a business risk making the return on investment random. At the level of a regional mutual, implementing such programmes using its own resources seems contrary to its interests, at least in the short term.

Pooling the financing by Groupama SA makes it possible to remove this obstacle and to re-establish within the combination consisting of the regional mutuals the national dimension that would exist were this combination not legally divided into regional mutuals.

3.2 - Interest of the central reinsurer in expanding the business lines of the regional mutuals

As indicated above (see section 1.1), the reinsurance relationship between Groupama SA and the regional mutuals creates a powerful community of interests amongst them. Groupama SA itself has a major interest not only in the economic and financial balance of the mutuals but also in their growth, in which it participates in proportion to the non-life insurance business transferred. Hence it is directly in the interests of Groupama SA to participate in some expenses incurred in expanding the regional mutuals.

3.3 - A rational, efficient system

To qualify for financing by Groupama SA, a programme must meet several conditions:

- it must be part of the strategy defined by the Group;
- it must represent for most of the regional mutuals a financial expense that acts as a disincentive that would prevent them from financing the programme alone;
- it must have the potential to be replicated in all the regional mutuals.

The financing is discontinued once it ceases to be necessary.

This system has demonstrated its effectiveness in the past few years. Two major programmes have already achieved significant results:

- CCAMA, then Groupama SA, have financed since 1999 a new supplemental individual health insurance product launched on an experimental basis in three regional mutuals, then expanded gradually to the other regional mutuals. This product entitled "Groupama Active Health" now gives the regional mutuals an innovative product that can help them stand out from the competition. Groupama is now the leading Company in the French supplementary health insurance market. It should be noted that when this business line broke even financially in 2007, Groupama SA's financial monitoring came to an end;
- designed and implemented with financing from CCAMA in the early nineties, the SIGMA non-life management system was gradually deployed in the regional mutuals with the financial support of CCAMA, then of Groupama SA. Today this system is deployed in all the regional mutuals, which keeps maintenance costs down and makes it easier to consider having common insurance products at the national level.

As part of the convergence research undertaken over many years, the community computer expenses programme involves 100% financing for exceptional projects and accounts closing, and 50% payment of the cost of the regional mutuals' merging-migrating and the cost of streamlining and developing community management tools (IAS-IFRS, archives, etc.). In 2014, Groupama SA contributed €3.0 million, net of corporate income tax.

Another programme has been under way since 2004: support for the deployment of the retail banking business in the regional mutuals. This business requires a major effort on the part of the regional mutuals, especially in terms of sales force training and management. The subsidies related to achieving sales objectives are designed to end when the retail banking business reaches its financial breakeven point. For the fiscal year 2014, the amount of financial support devoted to deploying the banking business came to a total of €7.5 million, net of corporation tax.

From 2008 to 2012, Groupama SA took part in the development of the regional mutual Groupama Paris Val de Loire, by funding a portion of the special costs for creating 20 sales agencies in Paris. This payment was spread over five years as the agencies were opened. In consideration of this subsidy, Groupama Paris Val de Loire agreed to have the commission it received on the share of basic outward reinsurance risks from Groupama SA over the next 20 years reduced to a ratio of 3.5% of the issued premiums the project will generate for the regional mutual. In total, the subsidy paid to Groupama Paris Val de Loire totalled €21 million.

Lastly, from 2007 to 2013, Groupama SA helped fund the effort to support and promote more widely the Groupama brand name spearheaded by the regional mutuals through sponsoring of high-profile athletic teams in football, rugby and basketball. This contribution ended with the 2013-2014 season.

Funding of major national programmes is subject to review by the Agreements Committee before being authorised by the Groupama SA Board of Directors.

NOTE 45 EMPLOYEES OF CONSOLIDATED COMPANIES

This note is presented in §1.5 of this Registration Document.

NOTE 46 COMMITMENTS GIVEN AND RECEIVED

Note 46.1 - Commitments given and received - banking business

(in millions of euros)	31.12.2014	31.12.2013
Financing commitments received		
Guarantee commitments received	557	546
Securities commitments receivable		
Total commitments received on banking business	**557**	**546**
Commitments received on currency transactions		
Other commitments received		6
Total other commitments received on banking business		**6**
Financing commitments given	481	175
Guarantee commitments given	21	49
Commitments on securities to be delivered		
Total commitments given on banking business	**502**	**224**
Commitments given on currency transactions		
Commitments given on financial instrument transactions	4	
Total other commitments given on banking business	**4**	
Other commitments given	917	681
Total other commitments given	**917**	**681**

Off-balance sheet commitments received on banking business amounted to €557 million.

Commitments given totalled €502 million and specifically concerned client commitments.

Other commitments were given for €917 million, representing eligible securities pledged to guarantee any drawdown of assets, as part of the refinancing with the ECB. This amount was €681 million as at 31 December 2013.

Note 46.2 - Commitments given and received – insurance and reinsurance businesses

(in millions of euros)	31.12.2014	31.12.2013
Endorsements, securities and guarantees received	90	150
Other commitments received	784	379
Total commitments received, excluding reinsurance	**874**	**529**
Reinsurance commitments received	**446**	**437**
Endorsements, securities and guarantees given	328	376
Other commitments related to stock, assets or income	472	388
Other commitments given	57	21
Total commitments given excluding reinsurance	**857**	**785**
Reinsurance commitments given	**4,479**	**4,003**
Securities belonging to protection insurance institutions		
Other securities held on behalf of third parties		**1**

Endorsements, securities and guarantees received totalled €90 million.

Other commitments received excluding reinsurance are mainly made up of a new credit line taken out in December 2014 for €750 million. The previous credit facility of €1 billion, €650 million of which had been drawn, was repaid in December 2014.

Endorsements, securities and guarantees given totalled €328 million, consisting largely of the following major transactions:

- guarantee given as part of the sale of Groupama Insurance for €149 million,
- guarantee given as part of the sale of Gan Eurocourtage for €46 million,
- guarantee given as part of the sale of Groupama Seguros for €81 million.

Other commitments on securities, assets or income consist of subscriptions to venture capital funds ("FCPR"). The remaining €472 million corresponds to the difference between the investment commitment of the subscribers and the total of calls for funds actually received.

Other commitments given amount to €57 million and are mainly made up of commitments on lease rents and sales agreements of the subsidiary Groupama Gan Vie.

Unvalued commitments

Trigger clauses:

Furthermore, in conjunction with issues of subordinated instruments ("TSR" and "TSDI"), Groupama SA has trigger clauses:

Groupama SA is entitled to defer payment of interest on the October 2009 TSR of €750 million should the Group solvency margin fall below 100%.

Regarding the fixed-rate perpetual subordinated bond (TSDI) issued in 2005, the remaining nominal value of which was €41 million following the exchange in May 2014, Groupama SA has the option to defer the payment of interest in the event that the coverage of the Group's solvency margin is less than 150%. The Group has not used this option and paid the coupon on 28 May 2014 for the securities tendered in the exchange and on 6 July 2014 for the balance remaining due.

The trigger is valued as of the closing date prior to the anniversary date (ex-dividend date).

NOTE 47 RISK FACTORS AND SENSITIVITY ANALYSES

This note is presented in section 4.2 of the Registration Document.

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NOTE 48 LIST OF ENTITIES IN THE SCOPE OF CONSOLIDATION AND MAJOR CHANGES TO THE SCOPE OF CONSOLIDATION

The main changes in the scope of consolidation are the following:

Inclusion in the scope of consolidation

None.

Eliminations from the scope of consolidation

The two insurance subsidiaries located in Slovakia (Groupama Poistovna Slovaquie and GROUPAMA Zivotna Slovaquie) were liquidated, as their business activities have been taken over directly by Groupama Garancia Biztosito.

Sixteen mutual funds were eliminated from the scope of consolidation.

Transfer of activity

None.

			31.12.2014			31.12.2013		
	Business sector	Country	% control	% interest	Method	% control	% interest	Method
GROUPAMA SA	Holding	France	100.00	100.00	Parent company	100.00	100.00	Parent company
GIE GROUPAMA Supports et Services	EIG	France	99.99	99.99	FC	99.99	99.99	FC
GROUPAMA GAN VIE	Insurance	France	100.00	100.00	FC	100.00	100.00	FC
GAN PATRIMOINE	Insurance	France	100.00	100.00	FC	100.00	100.00	FC
CAISSE FRATERNELLE D'ÉPARGNE	Insurance	France	100.00	100.00	FC	100.00	100.00	FC
CAISSE FRATERNELLE VIE	Insurance	France	99.99	99.99	FC	99.78	99.78	FC
ASSU-VIE	Insurance	France	50.00	50.00	FC	50.00	50.00	FC
GAN PREVOYANCE	Insurance	France	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA ASSURANCE-CRÉDIT	Insurance	France	100.00	100.00	FC	100.00	100.00	FC
MUTUAIDE ASSISTANCE	Assistance	France	100.00	100.00	FC	100.00	100.00	FC
GAN ASSURANCES	Insurance	France	100.00	100.00	FC	100.00	100.00	FC
GAN OUTRE MER	Insurance	France	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA PROTECTION JURIDIQUE	Insurance	France	100.00	100.00	FC	100.00	100.00	FC
AMALINE ASSURANCES	Insurance	France	100.00	100.00	FC	100.00	100.00	FC
LA BANQUE POSTALE IARD	Insurance	France	35.00	35.00	EM	35.00	35.00	EM
Cegid	Insurance	France	26.89	26.89	EM	26.89	26.89	EM
GROUPAMA SEGUROS de Vida Portugal	Insurance	Portugal	100.00	100.00	FC	100.00	100.00	FC
GÜNES SIGORTA	Insurance	Turkey	36.00	36.00	EM	36.00	36.00	EM
GROUPAMA SIGORTA	Insurance	Turkey	98.99	98.99	FC	98.81	98.81	FC
GROUPAMA SIGORTA EMEKLILIK	Insurance	Turkey	100.00	99.56	FC	100.00	99.48	FC
GROUPAMA Investment BOSPHORUS	Holding	Turkey	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA POISTOVNA SLOVAQUIE	Insurance	Slovakia				100.00	100.00	FC
GROUPAMA ZIVOTNA SLOVAQUIE	Insurance	Slovakia				100.00	100.00	FC
STAR	Insurance	Tunisia	35.00	35.00	EM	35.00	35.00	EM
GROUPAMA ZASTRAHOVANE NON LIFE	Insurance	Bulgaria	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA JIVOTOZASTRAHOVANE LIFE	Insurance	Bulgaria	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA GARANCIA BIZTOSITO	Insurance	Hungary	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA PHOENIX Hellenic Asphalistike	Insurance	Greece	100.00	100.00	FC	100.00	100.00	FC

	Business sector	Country	31.12.2014 % control	31.12.2014 % interest	31.12.2014 Method	31.12.2013 % control	31.12.2013 % interest	31.12.2013 Method
GROUPAMA AVIC PROPERTY INSURANCES CO	Insurance	China	50.00	50.00	EM	50.00	50.00	EM
GUK BROKING SERVICES	Holding	United Kingdom	100.00	100.00	FC	100.00	100.00	FC
CAROLE NASH	Brokerage	United Kingdom	90.00	90.00	FC	90.00	90.00	FC
BOLLINGTON LIMITED	Brokerage	United Kingdom	49.00	49.00	EM	49.00	49.00	EM
MASTERCOVER Insurance Services Limited	Brokerage	United Kingdom	100.00	100.00	FC	100.00	100.00	FC
COMPUCAR LIMITED	Brokerage	United Kingdom	49.00	49.00	EM	49.00	49.00	EM
GROUPAMA ASSICURAZIONI	Insurance	Italy	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA SEGUROS PORTUGAL	Insurance	Portugal	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA ASIGURARI	Insurance	Romania	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA ASSET MANAGEMENT	Portf. mgmt	France	100.00	100.00	FC	100.00	99.45	FC
GROUPAMA BANQUE	Banking	France	100.00	100.00	FC	99.45	99.45	FC
GROUPAMA ÉPARGNE SALARIALE	Portf. mgmt	France	100.00	100.00	FC	100.00	99.45	FC
GROUPAMA IMMOBILIER	Banking	France	100.00	100.00	FC	100.00	99.45	FC
HOLDCO	Real estate	France	24.93	24.93	EM	24.93	24.93	EM
COMPAGNIE FONCIÈRE PARISIENNE	Real estate	France	95.32	95.32	FC	95.32	95.32	FC
SCI DÉFENSE ASTORG	Real estate	France	100.00	95.32	FC	100.00	95.32	FC
GAN FONCIER II	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
IXELLOR	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
79 CHAMPS-ÉLYSÉES	Real estate	France	91.21	91.21	FC	91.21	91.21	FC
RENNES VAUGIRARD	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
SOCIÉTÉ FORESTIÈRE GROUPAMA	Real estate	France	87.67	87.67	FC	87.67	87.67	FC
OPCI OFI GB2	Mutual fund	France	100.00	95.32	FC	100.00	95.32	FC
SCI GAN FONCIER	Real estate	France	100.00	98.92	FC	100.00	98.92	FC
VICTOR HUGO VILLIERS	Real estate	France	100.00	98.92	FC	100.00	98.71	FC
1 BIS FOCH	Real estate	France	100.00	98.92	FC	100.00	98.92	FC
SCI TOUR GAN	Real estate	France	100.00	98.92	FC	100.00	98.88	FC
16 MESSINE	Real estate	France	100.00	98.92	FC	100.00	98.92	FC
40 RENÉ BOULANGER	Real estate	France	100.00	98.92	FC	100.00	98.92	FC
9 MALESHERBES	Real estate	France	100.00	98.92	FC	100.00	98.92	FC
97 VICTOR HUGO	Real estate	France	100.00	98.92	FC	100.00	98.92	FC
44 THÉÂTRE	Real estate	France	100.00	98.92	FC	100.00	98.92	FC
261 RASPAIL	Real estate	France	100.00	95.32	FC	100.00	95.32	FC
5/7 PERCIER (SASU)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
GAN INVESTISSEMENT FONCIER	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
SCA CHÂTEAU D'AGASSAC	Real estate	France	25.00	25.00	EM	25.00	25.00	EM
LES FRÈRES LUMIÈRE	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
CAP DE FOUSTE (SCI)	Real estate	France	61.31	61.31	EM	61.31	61.31	EM
150 RENNES (SCI)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
DOMAINE DE NALYS	Real estate	France	69.57	69.57	EM	69.57	69.57	EM
99 MALESHERBES (SCI)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
3 ROSSINI (SCI)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
CHAMALIÈRES EUROPE (SCI)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
102 MALESHERBES (SCI)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
PARIS FALGUI RE (SCI)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
DOMAINE DE FARES	Real estate	France	31.25	31.25	EM	31.25	31.25	EM

	Business sector	Country	31.12.2014 % control	% interest	Method	31.12.2013 % control	% interest	Method
12 VICTOIRE (SCI)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
LABORIE MARCENAT	Real estate	France	64.52	64.52	EM	64.52	64.52	EM
SCIMA GFA	Real estate	France	44.00	44.00	EM	44.00	44.00	EM
38 LE PELETIER (SCI)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA PIPACT	Real estate	France	31.91	31.91	EM	31.91	31.91	EM
FRANCE-GAN I D	Mutual fund	France				45.71	45.71	EM
ASTORG STRUCTUR GAD D	Mutual fund	France	99.99	99.99	FC	100.00	100.00	FC
ASTORG CTT C	Mutual fund	France	100.00	100.00	FC	99.77	99.77	FC
GROUPAMA AAEXA D	Mutual fund	France	100.00	100.00	FC	100.00	100.00	FC
ASTORG EURO SPREAD D	Mutual fund	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 10 FCP	Mutual fund	France				99.83	99.83	FC
WASHINGTON EURO NOURRI 9 FCP	Mutual fund	France				100.00	100.00	FC
WASHINGTON EURO NOURRI 8 FCP	Mutual fund	France				100.00	100.00	FC
WASHINGTON EURO NOURRI 7 FCP	Mutual fund	France				100.00	100.00	FC
WASHINGTON EURO NOURRI 6 FCP	Mutual fund	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 5 FCP	Mutual fund	France				83.33	83.33	FC
WASHINGTON EURO NOURRI 4 FCP	Mutual fund	France				99.62	99.62	FC
WASHINGTON EURO NOURRI 3 FCP	Mutual fund	France				99.62	99.62	FC
WASHINGTON EURO NOURRI 2 FCP	Mutual fund	France				83.33	83.33	FC
WASHINGTON EURO NOURRI 1 FCP	Mutual fund	France				99.89	99.89	FC
WASHINGTON EURO NOURRI 13 FCP	Mutual fund	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 14 FCP	Mutual fund	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 15 FCP	Mutual fund	France	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA CONVERTIBLES I D	Mutual fund	France	89.17	89.17	FC	85.66	85.66	FC
GROUPAMA ENTREPRISES IC C	Mutual fund	France	30.96	30.96	EM	20.52	20.52	EM
GROUPAMA CRÉDIT EURO I C	Mutual fund	France	74.78	74.78	FC	62.11	62.11	FC
GROUPAMA CRÉDIT EURO I D	Mutual fund	France	57.25	57.25	FC	57.25	57.25	FC
WASHINGTON EURO NOURRI 11 FCP	Mutual fund	France				80.00	80.00	FC
WASHINGTON EURO NOURRI 12 FCP	Mutual fund	France				100.00	100.00	FC
WASHINGTON EURO NOURRI 16 FCP	Mutual fund	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 17 FCP	Mutual fund	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 18 FCP	Mutual fund	France	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA OBLIGATION MONDE I C	Mutual fund	France	86.56	86.56	FC	74.68	74.68	FC
WASHINGTON EURO NOURRI 19 FCP	Mutual fund	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 20 FCP	Mutual fund	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 21 FCP	Mutual fund	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 22 FCP	Mutual fund	France	99.88	99.88	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 23 FCP	Mutual fund	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 24 FCP	Mutual fund	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 25 FCP	Mutual fund	France				100.00	100.00	FC
WASHINGTON EURO NOURRI 26 FCP	Mutual fund	France				88.89	88.89	FC
ASTORG STRUCTUR LIFE D	Mutual fund	France	100.00	100.00	FC	100.00	100.00	FC
ASTORG TAUX VARIABLE D	Mutual fund	France	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA EONIA I C	Mutual fund	France	38.58	38.58	EM	41.43	41.43	EM
GROUPAMA FP DETTE ÉMERGENTE	Mutual fund	France	88.88	88.88	FC	89.04	89.04	FC

	Business sector	Country	31.12.2014 % control	% interest	Method	31.12.2013 % control	% interest	Method
ASTORG PENSION D	Mutual fund	France	100.00	100.00	FC	99.77	99.77	FC
ASTORG CASH MT D	Mutual fund	France	98.96	98.96	FC	94.06	94.06	FC
ASTORG CASH G D	Mutual fund	France	98.73	98.73	FC	84.01	84.01	FC
ASTORG CASH MA C	Mutual fund	France				98.20	98.20	FC
GROUPAMA CREDIT EURO G D	Mutual fund	France	44.37	44.37	EM	44.37	44.37	EM
GROUPAMA CRÉDIT EURO LT G D	Mutual fund	France	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA MONÉTAIRE ÉTAT G C	Mutual fund	France				100.00	100.00	FC
ASTORG THESSALONIQUE 1 D	Mutual fund	France	96.11	96.11	FC	96.11	96.11	FC
ASTORG THESSALONIQUE 2 D	Mutual fund	France	100.00	100.00	FC	100.00	100.00	FC
ASTORG THESSALONIQUE 3 D	Mutual fund	France	100.00	100.00	FC	100.00	100.00	FC
ASTORG THESSALONIQUE 4 D	Mutual fund	France	100.00	100.00	FC	100.00	100.00	FC
ASTORG THESSALONIQUE 5 D	Mutual fund	France	100.00	100.00	FC	100.00	100.00	FC
ASTORG MONÉTAIRE C	Mutual fund	France	98.75	98.75	FC	99.96	99.96	FC
ASTORG DIV MONDE D	Mutual fund	France	100.00	100.00	FC	100.00	100.00	FC

FC: Full integration.
EM: Equity method.

Certain real estate entities are consolidated using the equity method under a “simplified” process. This consists of reclassifying on the balance sheet the value of the units and the financing current account in the line item “property investments” and reclassifying in the income statement the dividends or share in the results of the companies on the “Income from property” line item.

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6.2 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

This is a free translation into English of the statutory auditors' report on the consolidated financial statements 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.

(Year ended 31 December 2014)

PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-sur-Seine Cedex

Mazars
Tour Exaltis
61, rue Henri-Régnault
92400 Courbevoie

To the shareholders,

In compliance with the assignment entrusted to us by your Shareholders' Meeting, we hereby report to you, for the year ended 31 December 2014, on:

- the audit of the accompanying consolidated financial statements of Groupama SA;
- the justification of our assessments;
- the specific verifications required by law.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I - OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated accounts are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated accounts. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group at 31 December 2013 and of the results of its operations for the year, in accordance with International Financial Reporting Standards as adopted by the European Union.

Without prejudice to the conclusion stated below, we draw your attention to Note 2.2 on new mandatory standards, which have not however had a significant impact on the financial statements as of 31 December 2014.

II - JUSTIFICATION OF OUR ASSESSMENTS

In accordance with the requirements of Article L. 823-9 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we bring to your attention the following matters:

- certain technical items specific to insurance and reinsurance recorded under assets and liabilities in the Company's consolidated accounts have been estimated on statistical and actuarial bases, in particular technical reserves, deferred profit sharing, deferred acquisition costs and values in force. The methods used to determine these items are described in sections 3.1.2 and 3.12 of the accounting principles and methods, as well as in Notes 3, 13, 14, 25 and 26 in the notes to the consolidated accounts. We assessed the reasonableness of the assumptions used in the calculation models, based on the Group's experience, its regulatory and economic environment and the consistency of these assumptions taken as a whole;
- goodwill is subject to recoverability tests carried out at each inventory date in accordance with the methods described in section 3.1.1 of the accounting principles and methods and in Note 2 to the consolidated accounts. We examined the conditions for performing these impairment tests, as well as the cash flow projections, assumptions used and sensitivity tests, and we ensured that the notes to the consolidated financial statements contained appropriate disclosures;

- financial assets and derivative instruments are recognised and valued in accordance with the methods described in sections 3.2.1 and 3.3 of the accounting principles and methods and in Notes 6 and 8 of the Notes to the consolidated accounts. We reviewed the consistency of the classification applied with the documentation prepared by the Group. We assessed the appropriateness of the methods used for depreciating equity instruments classified as available-for-sale assets, and verified their proper application. We examined the analyses performed by the Company of any risks attached to sovereign debt and the assumptions applied in their valuation, and we ensured that the notes contained appropriate disclosures.

These assessments were made as part of our audit of the consolidated financial statements, taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III - SPECIFIC VERIFICATION

As required by law and in accordance with the professional standards applicable in France, we have also verified the information presented in the Group's management report.

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

Neuilly-sur-Seine and Courbevoie, 4 March 2015

The statutory auditors

PricewaterhouseCoopers Audit		Mazars	
Eric Dupont	Christine Billy	Jean-Claude Pauly	Christophe Berrard

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6.3 ANNUAL FINANCIAL STATEMENTS AND NOTES

6.3.1 BALANCE SHEET

Assets

(in thousands of euros)	Notes	31.12.2014	31.12.2013
Intangible assets	**Note 4**	**11,495**	**13,415**
Investments:		**9,672,754**	**9,490,648**
Land and buildings	Note 5.1	469,302	485,590
Investments in related companies and companies with equity-linked interest	Note 5.2	7,647,346	7,702,340
Other investments	Note 5.3	1,556,106	1,302,718
Share of outward reinsurers and retrocessionaires in technical reserves	**Note 6**	**940,844**	**1,043,195**
Reserves for unearned premiums		135	10,385
Reserves for claims (Non-life)		775,279	887,674
Reserves for profit sharing and rebates (Non-life)		333	345
Equalisation reserves		3,637	3,547
Other technical reserves (Non-life)		161,460	141,244
Receivables	**Note 7**	**620,680**	**705,852**
Receivables relating to direct insurance operations		55,117	62,311
Receivables relating to reinsurance transactions		372,764	455,910
Other receivables		192,799	187,631
Other assets		**106,083**	**155,570**
Tangible operating assets		1,021	1,814
Cash and equivalents		105,062	153,756
Accruals – Assets	**Note 8**	**37,219**	**19,114**
Unrealised foreign exchange adjustments			
TOTAL ASSETS		**11,389,075**	**11,427,794**

Liabilities

(in thousands of euros)	Notes	31.12.2014	31.12.2013	*Pro forma* 31.12.2013
Shareholders' equity	**Note 9**	**2,280,168**	**2,320,351**	**2,320,351**
Share capital		1,686,569	1,686,569	1,686,569
Additional paid-in capital		103,482	103,482	103,482
Other reserves		168,924	170,361	170,361
Retained earnings		359,938	698,202	698,202
Net income for fiscal year		(38,745)	(338,263)	(338,263)
Subordinated debt	**Note 10**	**2,320,223**	**2,238,445**	**2,238,445**
Gross technical reserves	**Note 11**	**4,386,318**	**4,296,586**	**4,296,586**
Reserves for unearned premiums		182,154	192,868	192,868
Reserves for claims (Non-life)		3,127,272	3,599,680	3,075,200
Reserves for profit sharing and rebates (Non-life)		948	1,985	1,985
Equalisation reserves		148,118	135,509	135,509
Other technical reserves (Non-life)		927,826	366,544	891,024
Reserves for contingencies and charges	**Note 12**	**138,701**	**133,076**	**133,076**
Payables for cash deposits received from outward reinsurers		**181,787**	**196,610**	**196,610**
and retrocessionaires representing technical commitments				
Other liabilities:	**Note 13**	**2,072,213**	**2,235,694**	**2,235,694**
Debts arising from direct insurance operations		9,303	24,790	24,790
Debts relating to reinsurance transactions		187,851	236,742	236,742
Bonds (including convertible bonds)		967,587	409,250	409,250
Debt to credit institutions		34	650,683	650,683
Other debts		907,438	914,229	914,229
Accruals – Liabilities	**Note 14**	**9,665**	**7,032**	**7,032**
Unrealised foreign exchange adjustments		**0**	**0**	**0**
TOTAL LIABILITIES		**11,389,075**	**11,427,794**	**11,427,794**

The pro forma pertains to the reclassification of actuarial reserves in service from "reserves for claims" to "other technical reserves" (see Note 11). This reclassification has no impact on shareholders' equity or income.

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6.3.2 OPERATING INCOME STATEMENT

(in thousands of euros)	Gross transactions	Outward reinsurance and retrocessions	2014 net transactions	2013 net transactions
Earned premiums	**2,218,988**	**503,588**	**1,715,400**	**1,623,578**
Premiums	2,208,204	503,513	1,704,691	1,614,339
Change in unearned premiums	10,784	75	10,709	9,239
Income from allocated investments	**4,013**		**4,013**	**(149,356)**
Other underwriting income	**3,320**		**3,320**	**281**
Claims expenses	**(1,513,403)**	**(208,140)**	**(1,305,263)**	**(1,234,332)**
Benefits and expenses paid	(1,457,958)	(321,940)	(1,136,018)	(1,155,966)
Expenses for claims reserves	(55,445)	113,800	(169,245)	(78,366)
Expenses for other technical reserves	**(35,543)**	**(9,911)**	**(25,632)**	**(2,061)**
Profit sharing	**(863)**		**(863)**	**(1,043)**
Acquisition and administrative costs	**(433,732)**	**(35,496)**	**(398,236)**	**(418,059)**
Acquisition costs	(239,502)		(239,502)	(273,618)
Administrative costs	(194,230)		(194,230)	(223,126)
Commissions received from reinsurers		(35,496)	35,496	78,685
Other underwriting expenses	**(171,494)**		**(171,494)**	**(141,581)**
Change in the equalisation reserve	**(12,610)**	**(90)**	**(12,520)**	**2,994**
OPERATING PROFIT FROM NON-LIFE INSURANCE	**58,676**	**249,951**	**(191,275)**	**(319,579)**

6.3.3 NON-OPERATING INCOME STATEMENT

(in thousands of euros)	Notes	2014 net transactions	2013 net transactions
Operating profit from Non-life insurance		**(191,275)**	**(319,579)**
Investment income	**Note 18**	**609,747**	**254,419**
Income from investments		262,331	124,521
Other investment income		321,991	85,126
Profits on the sale of investments		25,425	44,772
Investment expenses	**Note 18**	**(603,025)**	**(510,870)**
Internal and external investment management costs		(235,615)	(201,048)
Other investment expenses		(167,671)	(254,971)
Losses on the sale of investments		(199,739)	(54,851)
Transferred investment proceeds		**(4,013)**	**149,356**
Other non-technical income and expenses	**Note 19**	**(2,673)**	**(7,096)**
Extraordinary income	**Note 20**	**(31,594)**	**(12,580)**
Employee profit-sharing			
Income tax	**Note 21**	**184,088**	**108,087**
NET INCOME FOR FISCAL YEAR		**(38,745)**	**(338,263)**

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6.3.4 RESULTS OF THE PAST FIVE FISCAL YEARS

(In euros)	2010	2011	2012	2013	2014
I. Ending financial position					
a) Share capital	1,186,513,186	1,686,569,399	1,686,569,399	1,686,569,399	1,686,569,399
b) Number of existing shares	231,514,768	329,086,712	329,086,712	329,086,712	329,086,712
c) Number of bonds convertible into shares					
II. Transactions and net income for fiscal year					
a) Premiums for the fiscal year	2,100,713,950	2,179,799,113	2,388,816,836	2,341,013,114	2,218,987,818
b) Income before tax, amortisation and reserves	169,750,226	317,397,258	(446,472,056)	(272,638,112)	(381,456,631)
c) Corporate income tax	(147,419,879)	(72,549,553)	(129,241,672)	(108,086,910)	(184,088,138)
d) Employee profit-sharing due for the year					
e) Income after tax, profit-sharing, amortisation and reserves	147,266,208	(235,698,495)	(696,605,564)	(338,263,557)	(38,744,754)
f) Distributed income	104,181,646				
III. Income per share					
a) Income after tax and employee profit-sharing but before amortisation and reserves	1.37	1.18	(0.96)	(0.50)	(0.60)
b) Income after tax and employee profit-sharing, amortisation and reserves	0.64	(0.72)	(2.12)	(1.03)	(0.12)
c) Dividend allotted per share	0.45				
IV. Personnel					
a) Number of employees	1,669	1,722	1,573	1,375	1,272
b) Amount of payroll costs	130,006,779	128,997,568	134,392,499	106,259,853	99,555,815
c) Amounts paid in employee benefits	62,660,557	67,939,456	66,599,606	52,534,274	53,856,163

The amount of the payroll and sums paid for employee benefits corresponds to the gross expense in the accounts of the de facto grouping before billing back to each of its members.

6.3.5 NOTES TO THE ANNUAL FINANCIAL STATEMENTS

SUMMARY

1 SIGNIFICANT EVENTS OF THE YEAR

1.1 Financial rating

On 11 February 2014, the rating agency Fitch upgraded its rating for Groupama SA and its subsidiaries from "BBB-" to "BBB". It also assigned a positive outlook to this rating.

On 6 August 2014, Fitch confirmed the insurer financial strength rating of Groupama SA and its subsidiaries as “BBB” and the positive outlook.

1.2 Debt refinancing

On 22 May 2014, Groupama entered into an agreement for the issue and placement of perpetual subordinated instruments with institutional investors for a total of €1.1 billion, with an annual coupon of 6,375%. This operation contributes to the active management of Groupama’s capital. It aims to extend the maturity of its debt profile and strengthen the Group’s financial flexibility.

The offer to exchange all its subordinated bonds issued in 2005 and a portion of its deeply subordinated instruments issued in 2007 for the new perpetual subordinated bonds was widely successful with institutional investors holding the two instruments, since the transformation rate reached 91% on the subordinated bonds issued in 2005 and the 55% ceiling set by the Group on deeply subordinated instruments issued in 2007.

Institutional investors also showed great interest in the proposed new instrument: the additional bond in euros met with strong demand, with an order book subscribed more than 10 times.

These subordinated bonds are rated “BB” by the rating agency Fitch, just like other subordinated debts of Groupama SA.

1.3 Renewal of the credit line

On 5 December 2014, Groupama repaid the full amount drawn on the existing credit line (€650 million) maturing in February 2016. Taking advantage of favourable market conditions, Groupama renewed this credit line early on 8 December for €750 million in order to have an additional line of cash if needed.

No funds have been drawn on this new line.

1.4 Governance

Jean-Yves Dagès was re-elected Chairman of the Fédération Nationale Groupama during the meeting of Fédération Nationale Groupama held on 12 December 2014 in Paris. First elected Chairman of the Fédération Nationale Groupama on 14 December 2012, Jean-Yves Dagès is has also been Chairman of Groupama SA and Groupama Holding Company since this date.

1.5 GEMA membership

On 11 December 2014, Groupama asked to join the GEMA as a sign of its stronger commitment within the sectoral bodies representative of the mutual insurance world and the insurance sector.

On 8 January 2015, during its Extraordinary General Meeting, the GEMA approved Groupama’s membership request.

2 POST-BALANCE SHEET EVENTS

On 12 February 2015, Groupama SA rebalanced its portfolio and sold its entire stake in the capital of Mediobanca for €120.4 million, resulting in a capital gain net of write-back of reserves in the corporate accounts.

3 ACCOUNTING PRINCIPLES, RULES AND METHODS

Groupama SA's annual financial statements were drawn up and presented in accordance with the French Insurance Code as amended by Decrees no 94-481 and no 94-482 of 8 June 1994 and the Order of 20 June 1994 transposing Directive no 91-674/ EEC of 19 December 1991 on the annual financial statements and consolidated accounts of insurance undertakings.

3.1 Underwriting operations

Groupama SA is engaged mainly in the following non-life insurance operations:

- business underwritten directly and that conducted within coinsurance and reinsurance groups;
- the reinsurance of each of the regional mutuals under the reinsurance agreement entered into with each of them;
- the reinsurance of other entities of the Group in France and internationally.

Since the Antilles Guyane regional mutual is not licensed to conduct insurance operations, Groupama SA directly replaces this mutual to cover these operations. Under this principle, the corresponding figures reported in the financial statements contain the information reported as "direct business" after deducting "custody of the regional mutual".

3.1.1 - Premiums

Premiums comprise:

- premiums written during the fiscal year, net of cancellations;
- variation in premiums still to be written;
- variation in premiums to be cancelled.

These premiums are corrected for variation in unearned premiums and constitute the amount of earned premiums.

3.1.2 - Reserve for unearned premiums

The reserve for unearned premiums for all policies in force at the fiscal year-end shows the share of premiums written and premiums yet to be written relating to the risk coverage in effect for the year or years following the reporting year.

3.1.3 - Acquisition and administration costs

These expenses mainly consist of:

- commissions paid by Groupama SA to the regional mutuals. These are determined pursuant to the provisions stipulated in the reinsurance agreement with the regional mutuals and are calculated based on the earned premiums that Groupama SA accepts from the regional mutuals;
- commissions assessed on direct business and other inward reinsurance business.

3.1.4 - Deferred acquisition costs

A portion of the overhead expenses of Groupama SA allocated for the acquisition of contracts and commissions on direct and accepted business is posted to assets on the balance sheet. This is the share of acquisition expenses pertaining to unearned premiums.

3.1.5 - Claims

The claims expense for the year consists mainly of:

- benefits and expenses paid for in connection with direct business or that accepted under reinsurance agreements which equate the claims paid net of remedies to be received for the year plus periodic annuity payments. They also include claims-related expenses. These claims also include periodic payments of annuities managed directly by Groupama SA, as well as management costs from the distribution of overhead expenses;
- the reserves for claims in direct business and inward reinsurance business represent the estimate, net of claims receivable, of the cost of all unpaid claims at the end of the year, both declared and undeclared. These reserves include charges for management fees determined on the basis of actual expense rates observed by Groupama SA;
- the estimated value of reserves for claims is based on an actuarial approach, defined in accordance with a Group methodology. By means of valuations of final costs based on payment triangles or costs (by risk segment), it permits a determination of the sufficient and adequate amount of reserves for claims payable (in accordance with Article R. 331-5 of the French Insurance Code). This valuation incorporates the valuation of delinquent claims into its approach.

In construction risk, the reserve for claims yet to be made comprising direct claims and claims from the regional mutuals is two-pronged. One component is set aside for ten-year coverage for general liability and the other is for ten-year coverage for property damages. The amount allocated to the reserve is determined using the method set out by Article A. 331-21 of the French Insurance Code.

Outstanding claims reserves for payments made for traffic accidents occurring as from 1 January 2013 include the annual adjustment calculated in accordance with the order of 27 December 2013 with an inflation rate of 2.25%.

3.1.6 - Equalisation reserve

The reserve for equalisation can be established to cover exceptional charges relating to the risks set forth in Article R. 331-6-6 of the French Insurance Code by Decree no 2001-1280 of 28 December 2001 and by Article 39 *quinquies* G of France's General Tax Code as modified by Decree no 2002-1242 of 4 October 2002, which granted the scope of application of the reserve for equalisation of insurance coverage relating to attacks, terrorism and air transport. Groupama SA computes this reserve based on the share of risks it insures or reinsures or that is obtained through its share of the results owing to its shareholding in certain professional pools.

3.1.7 - Commitment reserve

A commitment reserve is recognised for losses of rents for estimated losses until the extinction of this risk. The risk corresponds to the difference between the estimations of premiums, claims and commissions.

3.1.8 - Other technical reserves

A reserve for unexpired risks is allocated when the estimated amount of claims (including management costs) that could be reported after the year end on policies written up before that date exceeds the reserve for unearned premiums.

The reserve for increasing risks is the difference between the current values of the commitments taken respectively by the insurer and by the policyholders for insurance operations covering health and disability risks. This reserve concerns the reserves formed in dependency insurance as well as those on direct business managed by Groupama SA.

The actuarial reserves for annuities are based on the discounted values of annuities and annuity ancillaries still owed at the inventory date. This item includes the reserves set aside against direct business and supplementary reserves on inward reinsurance business.

The actuarial reserves for annuities, as determined by the regional mutuals and accepted by Groupama SA, represent the actual value of their commitments relating to annuities plus their ancillary expenses. The tables applied to assess these reserves are computed with a financial discount and are based on demographic trends.

In life and health insurance, the methods for determining actuarial reserves that were introduced by the ministerial order of 28 March 1996 for temporary and permanent disability, are applied. For disability annuities in progress, the reserves are determined by applying maintenance tables from the Bureau Commun des Assurances Collectives (BCAC).

Regarding actuarial reserves for non-life annuity income, the business also incorporates the population's lengthening life expectancy. Consequently, actuarial reserves for additional non-life annuity income are posted at the balance-sheet close in order to calculate the principal to be paid to victims of bodily injury. These are now based on the TH/TF 2000-2002 mortality tables.

Pursuant to Article R. 331-5-1 of the French Insurance Code and Decree no 2008-1437 of 22 December 2008 and no 2013-717 of 2 August 2013, a reserve for liquidity risk is allocated when investments subject to Article R. 332-20, with the exception of amortisable securities that the Company is able and intends to hold until maturity, are found to be in a situation of overall net unrealised capital loss. This reserve is intended to deal with insufficient liquidity of investments, especially when there is a change in the pace at which claims are paid. Subject to compliance with the provisions of the French Insurance Code, which allow for an extended schedule for establishing this reserve, contributions to this reserve are spread out over three years.

3.1.9 - Inward reinsurance transactions

Inward reinsurance transactions are recognised according to the terms of Groupama SA's reinsurance agreement with its regional mutuals, reinsurance agreements entered into mainly with the Group's other entities and under the professional pools.

3.1.10 - Outward reinsurance and retrocessions

Outward reinsurance, mainly to reinsurers outside the Group, on accepted risks or direct insurance is accounted for under the terms of the various treaties. It may be supplemented by estimates if the current accounts with those reinsurers are incomplete at the end of the fiscal year. The securities taken as collateral by the reinsurers (outward reinsurers or retrocessionaires) are recorded in the statement of commitments received and given.

Pursuant to the reinsurance agreement, Groupama SA makes retrocessions with regional mutuals on various risks accepted or direct insurance; those transactions are recorded pursuant to the reinsurance agreement signed between Groupama SA and the regional mutuals.

3.2 Investments

3.2.1 - Entry costs and valuation at year-end

(a) Land and buildings, shares in real-estate investment companies (SCIs)

Buildings and shares in unlisted SCIs are recorded at their purchase or cost price.

Pursuant to regulation no 2004-06 of the Accounting Regulation Committee, the acquisition costs (transfer taxes, professional fees and registration costs, etc.) are incorporated into the acquisition cost of the shell component of the asset to which they refer.

Pursuant to regulation no 2002-10 of the French Accounting Regulation Committee, real-estate properties are recorded in the financial statements by components.

The four components used by Groupama SA are the following:

- bare structure or shell;
- wind and water-tight facilities;
- technical facilities;
- fixtures, finishings.

The lifespan and rate of amortisation of each component depend on the period of foreseeable use of the component and the nature of the real-estate property. Because the residual value of the bare structure component cannot be measured in a sufficiently reliable fashion, it is therefore not determined, and that component is amortised based on the acquisition cost.

The following table shows the amortisation periods and the percentages used by type of real-estate property:

	Residences and offices before 1945		Residences and offices after 1945		Shops		Offices or residential high-rises	
Components	**Period**	**Percentage**	**Period**	**Percentage**	**Period**	**Percentage**	**Period**	**Percentage**
Building shell								
Frame, beams, columns, floors, walls	120 yrs	65%	80 yrs	65%	50 yrs	50%	70 yrs	40%
Wind- and water-tight facilities	**35 yrs**	**10%**	**30 yrs**	**10%**	**30 yrs**	**10%**	**30 yrs**	**20%**
Roof deck								
Facades								
Covering								
External woodwork								
Technical facilities	**25 yrs**	**15%**	**25 yrs**	**15%**	**20 yrs**	**25%**	**25 yrs**	**25%**
Lifts								
Heating/Air conditioning								
Networks (electrical, plumbing, etc.)								
Fixtures, finishings	**15 yrs**	**10%**	**15 yrs**	**10%**	**15 yrs**	**15%**	**15 yrs**	**15%**
Int. improvements								

The redemption value of buildings and shares in unlisted SCIs is determined in accordance with the French Insurance Code based on appraisals made every five years and reviewed annually.

(b) Fixed-income securities

Bonds and other fixed income securities are recorded at their purchase price net of accrued interest at the time of purchase. The difference between the purchase price and the redemption value is reported on the income statement using actuarial methods over the remaining term until their redemption date. An amortisation of the premium or discount is recorded up to the time of transfer in the year the fixed income marketable securities are sold.

Accrued interest is recognised on the balance sheet under asset accruals.

Pursuant to the provisions of decrees no 2002-1535 of 24 December 2002 and no 2006-1724 of 23 December 2006, inflation-linked change in the redemption value of bonds that are indexed on the general price levels is posted to income.

The redemption value recorded at the close is the most recent quoted price at the inventory date. For unlisted securities, it is the market value resulting from the price that would be obtained under normal market conditions and depending on their utility to the company.

(c) Equities and other variable-income securities

Shares and other variable-income securities are recorded at their purchase price excluding accrued interest. Beginning with fiscal year 2007, pursuant to the notice from the Emergency Committee of the CNC dated 15 June 2007, Groupama SA chose the accounting option allowing it to incorporate acquisition costs into the cost price of equity interests and to recognise, in its accounting, accelerated amortisation over 5 years.

The realisable value recorded at year end is:

- for listed securities, the last price listed on the day of the inventory;
- for unlisted securities, the market value corresponding to the price that would be obtained for them under normal market conditions and based on their utility for the Company;
- for shares of variable-capital investment companies and shares of mutual funds, the last purchase price published on the day of the inventory.

(d) Loans

Loans granted to companies belonging to the Group and to other entities are valued according to their contracts.

3.2.2 - Reserves

(a) Amortisable securities under Article R. 332-19 of the Insurance Code

Any unrealised capital losses resulting from comparing the book value, including the differences between the redemption prices (premium, discount), with the redemption value, do not normally carry a reserve for diminution in value. Nevertheless, a reserve for impairment is allocated when there is reason to believe that the debtor will not be able to honour his commitments, either to pay interest or to repay the principal.

(b) Investment properties, variable-income securities, loans

REAL-ESTATE INVESTMENTS

When the net carrying amount of buildings, equity shares, or shares in unlisted companies exceeds the realisation value of the aforesaid investments, a reserve for long-term impairment may be allocated. Such impairment reserves are applied to investment properties where this is significant but is not applied to properties used in the business where such business usage for the company is not likely to change.

LISTED SECURITIES (EXCEPT EQUITY INTERESTS)

For those investments covered by Article R. 332-20, a line-by-line reserve for impairment may only be allocated when there is reason to deem that the impairment is permanent.

The long-term impairment of an investment line can be presumed in the following cases:

- there was a long-term reserve on this investment line in the previous published statement;
- the listed investment has consistently shown a significant unrecognised loss from its book value over a period of six consecutive months prior to closing;
- there are objective indicators of long-term impairment.

In accordance with Regulation no 2013-03 of the ANC of 13 December 2013, long-term impairments of amortisable securities covered by Article R. 332-20 that the company can and intends to hold until maturity are analysed in terms of credit risk only. A reserve for permanent impairment is established in the event of a proven credit risk, when there is reason to believe that the counterparty will not be able to honour his commitments, either to pay interest or to repay the principal.

In the event of permanent impairment of a security covered by Article R. 332-20, the amount of the impairment is the difference between historical cost price and recoverable amount.

The recoverable amount is determined based on a multi-criteria approach that depends on the nature of the assets and the holding strategy.

For amortisable securities covered by Article R. 332-20 that the company does not have the intention or ability to hold until maturity, long-term impairments are established by analysing all of the risks identified on this investment based on the considered holding horizon.

EQUITY SECURITIES

The valuation of equity securities is based on multi-criteria methods chosen according to each particular situation (nature of assets, holding horizon, etc.).

A reserve for impairment is established when the value in use at the inventory date obtained through the valuation methods described above is less than the entry cost of those securities.

LOANS

When the estimate of the recoverable value of a loan at inventory date is below its gross amount plus any accrued and unpaid interest at the end of the period, a reserve for impairment is allocated for the difference.

3.2.3 - Investment income and expenses

Financial income includes the revenue from investments received during the fiscal year (rent, dividends, coupon payments, interest on loans and current accounts).

Other investment income includes the pro-rata share in the discount on the bond redemption differences and reversals of reserves for loss in value of investments.

Other investment expenses include the percentage of appreciation on the differences in redemption of bonds, and the depreciation allowance and reserves for investments, and the percentage of overhead expenses corresponding to investment-management activities.

The capital gains or losses on marketable securities are determined by applying the first-in first-out method (FIFO), and they are recorded in the income statement. However, with respect to bonds and other fixed income securities, the profit equivalent to the difference between the price for which the security was sold and its current value is allocated to the capitalisation reserve and is debited from the income statement. In the case of a loss, a write-back is made from this capitalisation reserve up to the limit of the previously allocated reserves.

For these same securities, a reversal is made during the year they are sold for the accumulated amortisation of the premium or discount recorded up to the date of sale.

In non-life insurance, investment income and expenses are recorded on the non-operating income statement.

A portion of financial income reverting to technical reserves is transferred to the non-life technical income statement on a basis prorated to the technical reserves and equity.

3.2.4 - Forward sale financial instruments

(a) Forward sale currency hedging contracts

Forward sale currency hedging contracts implemented by Groupama SA are aimed at protecting against the foreign exchange risk component present in certain assets. The currency gain or loss occurring when the hedge is unwound is recorded on a net basis with the capital gain or loss at the time the underlying asset is sold. Conversely, the currency gains or losses relating to renewal of the hedges are recorded in an accrual account.

Unrealised capital gains and losses on forward currency sale contracts are hedged using securities received or given, respectively, in guarantee as part of a collateralisation agreement.

In the event of a break in the strategy, the overall income generated on the long-term financial instrument, including the balance of unamortised expenses and income as well as the income from divestment of the long-term financial instrument, is recognised on the income statement.

Moreover, as part of anticipated foreign currency investments, Groupama SA may implement hedges through purchases of foreign currencies. In this case, the foreign exchange gain or loss at the time the investment is unwound is incorporated into the acquisition cost of the securities acquired.

3.3 Other transactions

3.3.1 - Intangible assets

Intangible assets mainly consist of:

- software under development;
- acquired software depreciated over a period of 1 to 4 years by the straight-line method;
- developed software depreciated over a period of 3 or 4 years by the straight-line method.

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The software carries a reserve, if necessary, to recognise an additional impairment deemed to be irreversible at the year end.

3.3.2 - Management fees and commissions

Management fees incurred by Groupama SA are recorded according to their nature within the de facto Groupama SA group; expenses pertaining to other members of the de facto group are billed back to them. They are then classified for the presentation of the financial statements according to their purpose, by applying allocation keys. These keys are determined analytically and reviewed annually according to Groupama SA's internal structure and organisation.

The management costs are classified under one of the following five categories:

- claims settlement costs, which specifically include claims services expenses and claims dispute expenses;
- acquisition expenses, which factor in a part of the commissions of the regional mutuals, commissions paid for direct business and other inward reinsurance, advertising, and marketing expenses;
- administrative costs, which include a portion of the commissions of the regional mutuals and management expenses for direct business and accepted reinsurance;
- investment expenses, which specifically include investment management services, including fees, commissions and brokerage commissions paid;
- other operating expenses, which include expenses that cannot be assigned directly or by applying a cost to one of the other categories.

Expenses arising from activities with no operating connection with the insurance business are reported as other non-operating expenses.

3.3.3 - Foreign currency transactions

Pursuant to Accounting Regulation Committee Regulation no 2007.07 of 14 December 2007 on the accounting treatment of foreign currency transactions of companies governed by the French Insurance Code, operational foreign currency position accounts, converted at inventory price and the equivalent in euros, are offset against foreign exchange income.

For structural transactions, the foreign exchange difference is posted to the balance sheet in unrealised foreign exchange adjustment accounts.

3.3.4 - Receivables

Receivables are recorded at their face redemption value (historical cost).

They specifically include:

- for direct insurance operations:
  - premiums yet to be written for policyholders,
  - premiums yet to be cancelled for policyholders,
  - premiums yet to be collected from policyholders,
  - loans or advances from co-insurers;
- for inward reinsurance operations:
  - Groupama SA's share in the premiums yet to be written, and in the premiums to be cancelled by the ceding entities (notably the regional mutuals), net of reinsurance,
  - loans or advances with the ceding entities,
  - receivables due relating to transactions accepted from the ceding entities;
- for outward transactions:
  - loans or advances to outward reinsurers,
  - income owed relating to transactions ceded to outward reinsurers,
- for the other receivables:
  - tax combination loans or advances to daughter companies,
  - receivables from government bodies and social security agencies,
  - loans or advances to various other entities,
  - other accrued income.

When the inventory value at the fiscal year end is below the book value, a reserve for impairment is established.

3.3.5 - Tangible operating assets

The tangible operating assets account mainly includes:

- fixtures and improvements of premises;
- transportation equipment;
- office equipment;
- furniture;
- computer hardware;
- other tangible assets.

These assets are amortised using either the straight-line method or the accelerated method over the estimated useful lives, which ranges from 2 to 10 years depending on the type of asset.

3.3.6 - Accruals – Assets

The accruals accounts on the asset side are mainly composed of:

- interest accrued and income receivable;
- differences on bond-redemption prices;
- acquisition costs carried forward to future years.

3.3.7 - Reserves for contingencies and charges

The Reserves for contingencies and charges reserves are established pursuant to CRC Regulation no 2000-06 dated 7 December 2000. This item also includes regulated reserves, especially accelerated amortisation.

3.3.8 - Corporate income tax

Groupama SA is the parent company of a tax combination group comprising 51 tax-combined entities.

Tax expenses are borne by the consolidated company, just as they are when there is no tax consolidation.

The tax savings realised by the Group relating to losses are reported at the Groupama SA parent company level. They are treated as an immediate gain for the year and not as a simple cash saving.

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The tax savings realised by the Group not relating to losses are also reported at the Groupama SA parent company level and recorded as a reduction from the tax expense.

These two items are recorded in the financial statements pursuant to the provisions of notice 2005-G dated 12 October 2005 of the Emergency Committee of the Conseil National de la Comptabilité.

3.3.9 - Payables

Payables mainly consist of:

- for direct insurance operations:
  - policyholders' credit accounts,
  - commissions on premiums earned but not written,
  - advances or loans from co-insurers;
- for inward reinsurance operations:
  - advances or loans with the ceding offices,
  - payables owed for inward transactions from these ceding entities;
- for outward transactions:
  - advances or loans with outward reinsurers,
  - payables owed for inward transactions from these outward reinsurers;
- for the other payables:
  - advances or loans of a financial and operational nature with various other entities,
  - bank overdrafts,
  - taxes and social security owed.

3.3.10 - Accruals – liabilities

Accrual accounts on the liabilities side correspond mainly to the amortisation of differences on bond redemption prices.

3.3.11 - Non-operating expenses and income

Pursuant to the ministerial order of 31 December 2010 following the tax system change to the capitalisation reserve introduced by the 2011 financial law, contributions and reversals to the capitalisation reserve mentioned in paragraph 3.2.3 of the accounting principles, rules, and methods generate both a non-operating reversal and an allocation to the capitalisation reserve corresponding to the income and the theoretical tax expense on this reversal and allocation.

3.4 Change in accounting method

No change in accounting method was noted during this fiscal year.

4 NOTES ON THE ANNUAL FINANCIAL STATEMENTS

NOTE 4 INTANGIBLE ASSETS

Statement of movements during the fiscal year

(in thousands of euros)	Amount as at 31.12.2013	Transfers inclusions/ removals	Inclusions/ contributions to amortisation	Removals/ write-backs of amortisation	Amount as at 31.12.2014
Gross values	161,583		5,959	688	166,854
Amortisation	148,168		7,191		155,359
TOTAL NET AMOUNTS	**13,415**		**(1,232)**	**688**	**11,495**

(1) Mainly software.

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NOTE 5 INVESTMENTS

Note 5.1 - Land and buildings

Statement of movements during the fiscal year

(in thousands of euros)	Amount as at 31.12.2013	Transfers inclusions/ removals	Inclusions during the year	Removals during the year	Amount as at 31.12.2014
Gross values					
Fixed assets	184,430		198	13	184,615
Shares of real-estate companies	315,723		189	15	315,897
Total gross amounts	**500,153**		**387**	**28**	**500,512**
Amortisation/Impairment					
Fixed assets	14,524		16,648	4	31,168
Shares of real-estate companies	39		3		42
Total amortisation	**14,563**		**16,651**	**4**	**31,210**
TOTAL NET AMOUNTS	**485,590**		**(16,264)**	**24**	**469,302**

Note 5.2 - Investments in affiliated companies and in companies with which there is an equity tie

Summary table

(in thousands of euros)	Amount as at 31.12.2013	Transfers inclusions/ removals	Inclusions during the year	Removals during the year	Amount as at 31.12.2014
Gross values					
Equities and similar instruments					
Affiliated companies	8,184,942		281,326	464,054	8,002,214
Companies with which there is an equity tie	536,580		8,400	2	544,978
Loans and receivables					
Affiliated companies	755,840	85	7,000	950	761,975
Companies with which there is an equity tie	260	(85)		175	
Cash deposits with ceding entities	114,875		7,258	66,207	55,926
Total gross amounts	**9,592,497**		**303,984**	**531,388**	**9,365,093**
Reserves					
Equities and similar instruments					
Affiliated companies	1,747,456		121,370	301,083	1,567,743
Companies with which there is an equity tie	142,701		9,872	2,569	150,004
Loans and receivables					
Affiliated companies					
Companies with which there is an equity tie					
Cash deposits with ceding entities					
Total reserves	**1,890,157**		**131,242**	**303,652**	**1,717,747**
TOTAL NET AMOUNTS	**7,702,340**		**172,742**	**227,736**	**7,647,346**

Equities and similar instruments

The principal changes occurring with regard to equities during the year were the strengthening of existing interests.

Groupama SA contributed its Groupama Sigorta and Basak Groupama Emeklilik securities to Groupama Bosphorus Investissement for €327.2 million and €73 million respectively. In exchange for this contribution, Groupama SA received 747,219,258 Groupama Bosphorus Investissement securities for €268.6 million.

In addition, Groupama SA subscribed to Amaline Assurance's capital increase for €12.1 million as well as La Banque Postale's capital increase for €8.4 million.

Allocations for long-term impairment recognised on the insurance subsidiaries mainly concern Amaline Assurance for €91 million and Groupama Bosphorus for €18.9 million.

The write-backs of reserves mainly concern the Slovakian subsidiaries for €54.3 million following their liquidation (the activity in Slovakia now being supported by branches or the Hungarian subsidiary), the Turkish subsidiaries for €131.6 million following their contributions to Groupama Bosphorus investissement, Gan Insurance for €76 million, Groupama Asigurari for €20.4 million and Groupama Phoenix for €10.3 million.

Loans

The main movements on loans and advances granted by Groupama SA pertain to a loan granted to Gan Outre-Mer for €7 million.

Note 5.3 - Other investments

This involves investments other than those mentioned in 5.1 and 5.2, specifically other equities, bonds and mutual fund units.

Statement of movements during the fiscal year

(in thousands of euros)	Amount as at 31.12.2013	Transfers inclusions/ removals	Inclusions during the year	Removals during the year	Amount as at 31.12.2014
Gross values					
Fixed-return bonds and mutual funds	406,777		738,414	160,080	985,111
Variable-return equities and mutual funds	122,476			61,632	60,844
Cash mutual funds	681,117		3,459,002	3,724,331	415,788
Other	132,621		21,682	19,819	134,484
Total gross amounts	**1,342,991**		**4,219,098**	**3,965,862**	**1,596,227**
Reserves					
Fixed-return bonds and mutual funds	39,161				39,161
Variable-return equities and mutual funds	1,112			152	960
Total reserves	**40,273**			**152**	**40,121**
TOTAL NET AMOUNTS	**1,302,718**		**4,219,098**	**3,965,710**	**1,556,106**

Inclusions and removals during the year mainly corresponded to transactions involving money-market funds.

As noted in paragraph 3.2.2 of Note 3 on accounting principles, permanent impairment is assumed for listed, variable-return securities, particularly:

- if there was a long-term reserve for an investment line in the previous published statement;
- if the investment has consistently shown a significant unrecognised loss from its book value over a period of six consecutive months prior to closing;
- there are objective indicators of long-term impairment.

For fiscal year 2014, a significant unrecognised loss from its book value is assumed if over a period of six months the security is consistently discounted at 20% off its cost price.

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Sovereign debt instruments of peripheral countries of the eurozone

Investments in bonds issued by peripheral countries of the eurozone, *i.e.*, Spain, Greece, Ireland, Italy and Portugal, are presented as follows:

(in thousands of euros)	31.12.2014 Gross cost price	31.12.2014 Sale Value	31.12.2014 Gross unrealised capital gains/losses	31.12.2013 Gross cost price	31.12.2013 Sale Value	31.12.2013 Gross unrealised capital gains/losses
Italy	14,320	17,024	2,704	14,298	14,867	570
Portugal	0	0	0	46,777	40,898	(5,879)
TOTAL	**14,320**	**17,024**	**2,704**	**61,075**	**55,765**	**(5,309)**

The company held no Greek, Spanish, Portuguese or Irish sovereign debt securities as at 31 December 2014.

Non-sovereign debt instruments in peripheral countries of the eurozone

The balance sheet value of the entity's direct investments in bonds issued by companies, banks, local authorities and para-governmental organisations located in peripheral countries of the eurozone (Spain and Italy) was €11.9 million as at 31 December 2014. These securities present a gross unrealised capital gain of €2.7 million.

Note 5.4 - Summary table of investments

Summary by type *(in thousands of euros)*	2014 balance sheet Gross Value	2014 balance sheet Net Value	2014 balance sheet Realisable Value
1. Real estate investments (incl. pending)	245,128	211,821	316,129
2. Equities and other variable-income securities	8,450,596	6,763,376	8,802,407
3. Variable-income mutual funds	45,391	45,391	57,742
4. Fixed-income mutual funds	415,334	415,334	416,196
5. Bonds and other fixed-income securities	105,058	97,976	100,365
FFI yield strategies			(22,023)
6. Mortgage loans			
7. Other loans and similar notes	778,604	778,604	777,748
8. Deposits with ceding companies	1,386,200	1,313,695	1,375,543
9. Other deposits, cash guarantees and other investments	130,509	130,509	130,509
10. Assets representing unit-linked contracts			
11. Other FFI			
TOTAL INVESTMENTS AND FFI	**11,556,821**	**9,756,706**	**11,954,617**
Of which total FFI			(22,023)
Of which total investments	11,556,821	9,756,706	11,976,640
Other items [(1)]	(83,952)	(83,952)	
TOTAL INVESTMENTS	**11,472,869**	**9,672,754**	

(1) Corresponds specifically to pledges by an agency exempt from approval as well as the current financial statements of a Group entity (Groupama Investissement).

Summary table of investments (cont.)

(in thousands of euros)	2014 balance sheet		
	Gross Value	Net Value	Realisable Value
A) Summary by estimating method			
Securities estimated according to Article R. 332-19	776,144	772,728	801,085
Securities estimated according to Article R. 332-20	10,780,677	8,983,978	11,153,532
Securities estimated according to Article R. 332-5			
Subtotal	**11,556,821**	**9,756,706**	**11,954,617**
B) Summary by allocation method			
Securities allocatable to the representation of technical reserves	9,336,879	7,663,014	9,820,215
Securities that secure commitments toward protection institutions or hedge managed investment funds			
Securities deposited with ceding entities	1,386,200	1,313,695	1,375,543
■ Of which joint surety			
Securities allocated to special technical reserves of other businesses in France			
Other allocations or no allocation	833,741	779,997	758,859
Subtotal	**11,556,820**	**9,756,706**	**11,954,617**
II. - Assets allocatable to the representation of technical reserves (other than the investments and the share of reinsurers in technical reserves)	**139,304**	**139,304**	**139,304**
III. - Securities belonging to protection insurance institutions			
A) Itemisation of land and buildings			
Operating activities property			
■ Real property rights	185,587	154,131	229,100
■ Holdings in SCIs or real estate companies	5,745	5,745	9,024
Other fixed assets			
■ Real property rights	3,739	1,928	5,024
■ Holdings in SCIs or real estate companies	310,151	310,111	366,228
B) Balance not yet amortised or not yet recovered corresponding to the difference in redemption price of securities valued pursuant to Article R. 332-19			
■ Including discount not yet amortised		2,019	
■ Redemption premium not recovered		38,686	

Within the context of the financial markets, possible uncertainties may result from the fact that sale values applied based on the most recent quotes or latest published purchase prices may differ significantly from the prices at which transactions might actually take place if the assets have to be ceded.

NOTE 6 SHARE OF OUTWARD REINSURANCE AND RETROCESSIONAIRES IN TECHNICAL RESERVES

(in thousands of euros)	31.12.2014				31.12.2013			
	Outward reinsurance on direct business*	Retro on inward of RM	Other Retrocessions	Total	Outward reinsurance on direct business	Retro on inward of RM	Other Retrocessions	Total
Reserves for unearned premiums	135			135	180	10,196	9	10,385
Reserves for claims	180,840	313,265	281,174	775,279	212,566	389,311	285,797	887,674
Reserves for profit-sharing	333			333	345			345
Equalisation reserves	1,624		2,013	3,637	1,740		1,807	3,547
Other technical reserves	15,117	146,189	153	161,460	14,452	126,587	204	141,244
TOTAL	**198,050**	**459,454**	**283,340**	**940,844**	**229,284**	**526,094**	**287,817**	**1,043,195**

* *Including technical reserves related to contracts written by the Antilles-Guyane regional mutual exempt from licensing.*

NOTE 7 RECEIVABLES

(in thousands of euros)	31.12.2014 Maturity:				31.12.2013 Maturity:			
	< 1 year	1 to 5 years	> 5 years	Total	< 1 year	1 to 5 years	> 5 years	Total
Receivables								
Receivables relating to direct insurance operations:	**43,911**	**11,206**		**55,117**	**47,732**	**14,579**		**62,311**
Earned unwritten premiums	457			457	2,141			2,141
Other receivables relating to direct insurance transactions:	43,454	11,206		54,660	45,591	14,579		60,170
Policyholders	5,081	11,206		16,287	(9,456)	14,579		5,123
Insurance intermediaries	1,211			1,211	4,231			4,231
Co-insurers	37,162			37,162	50,816			50,816
Receivables relating to reinsurance transactions:	**308,683**	**64,081**		**372,764**	**404,125**	**51,785**		**455,910**
Reinsurers	64,716	16,996		81,712	82,179	10,720		92,899
Ceding entities	243,967	47,085		291,052	321,946	41,065		363,011
Other receivables:	**168,969**	**23,831**		**192,800**	**159,843**	**27,788**		**187,631**
Personnel	2,516			2,516	4,229			4,229
Government, Social Security, and local authorities	56,458			56,458	69,803			69,803
Other debtors	109,995	23,831		133,826	85,811	27,788		113,599
TOTAL RECEIVABLES	**521,563**	**99,118**		**620,681**	**611,700**	**94,152**		**705,852**

NOTE 8 ACCRUALS – ASSETS

(in thousands of euros)	31.12.2014	31.12.2013
Accrued interest not yet due	21,996	13,133
Deferred acquisition costs	4,815	5,350
Reimbursement price differences receivable	736	579
Other accruals	9,672	52
TOTAL ASSET ACCRUALS	**37,219**	**19,114**

NOTE 9 SHAREHOLDERS' EQUITY

Capital structure

329,086,712 shares with a par value of €5.125.

Statement of movements in reserves and changes in shareholders' equity

(in thousands of euros)	31.12.2013	Allocation of income 2013	Other mvts for the year	Income (Loss) for the year	31.12.2014
Share capital	**1,686,569**				**1,686,569**
Issue premiums	**62,530**				**62,530**
Merger premiums	38,805				38,805
Contribution premiums	2,147				2,147
Subtotal: Additional paid-in capital	**103,482**				**103,482**
Capitalisation reserve	122,985		(1,437)		121,548
Other reserves	47,376				47,376
Subtotal: Other reserves	**170,361**		**(1,437)**		**168,924**
Retained earnings	**698,202**	**(338,263)**			**359,939**
Net income for fiscal year	**(338,263)**	**338,263**		**(38,745)**	**(38,745)**
TOTAL SHAREHOLDERS' EQUITY	**2,320,351**		**(1,437)**	**(38,745)**	**2,280,169**

NOTE 10 SUBORDINATED DEBTS

"Subordinated debts" totalled €2,320.2.

In 2014, Groupama SA carried out an exchange involving two of its subordinated debts (fixed-rate perpetual subordinated bond issued in 2005 and super-subordinated bond issued in 2007) for a new subordinated debt issuance:

- the fixed-rate bond issuance of €500 million written in July 2005 by Groupama SA in the form of indefinite-term subordinated bonds, the remaining amount of which was €488.4 million, decreased by €447.4 million in 2014. The remaining balance after the exchange was €41 million;
- the super-subordinated perpetual bonds written by Groupama SA on 22 October 2007 for €1,000 million decreased by €570.8 million. The remaining balance after the exchange was €429.2 million;
- In 2014, Groupama SA subscribed to a new perpetual subordinated debt issue in euros at a fixed rate of 6,375% with maturity of the call in May 2014 for €1,100 million.

In addition, subordinated liabilities include the bond issued on 16 October 2009 in the form of 30-year subordinated redeemable bonds (TSR) for an amount of €750 million at a fixed rate of 7,875% revisable in October 2019.

NOTE 11 TECHNICAL RESERVES OF NON-LIFE INSURANCE

Note 11.1 - Breakdown of gross technical reserves

	31.12.2014				31.12.2013				31.12.2013 Pro forma [2]
(in thousands of euros)	Direct business [1]	Inward reinsurance from regional mutuals	Other inward reinsurance	Total	Direct business [1]	Inward reinsurance from regional mutuals	Other inward reinsurance	Total	Total
Reserves for unearned premiums	2,737	168,319	11,098	182,154	3,989	174,861	14,018	192,868	192,868
Reserves for claims	270,754	2,364,809	491,709	3,127,272	343,005	2,792,749	463,925	3,599,679	3,075,200
Reserves for profit-sharing	948			948	1,985			1,985	1,985
Equalisation reserves (including stability fund)	124,333	18,908	4,877	148,118	121,868	9,261	4,381	135,510	135,510
Other technical reserves	130,230	792,932	4,664	927,826	126,108	235,700	4,737	366,545	891,024
TOTAL	**529,002**	**3,344,968**	**512,348**	**4,386,318**	**596,955**	**3,212,571**	**487,061**	**4,296,587**	**4,296,587**

(1) Including technical reserves related to contracts written by the Antilles-Guyane regional mutual exempt from licensing.
(2) Change in presentation of annuities in inward services from "claims reserve" to "other technical reserves".

Reserves for claims

Actuarial reserves for inward annuities in service were recognised in claims reserves until 2013. Beginning in 2014, for the purposes of improving financial information for reporting and in accordance with Article A. 331-10 of the French Insurance Code, these actuarial reserves for annuities, with an opening amount of €524.4 million, have been classified in "other technical reserves". This change in balance sheet presentation has no impact on shareholders' equity or income.

Equalisation reserves

Pursuant to Article R. 331-6-6 of the French Insurance Code, an insurance company may establish so-called equalisation reserves to cover extraordinary expenses relating to operations to guarantee risks due to natural factors, nuclear risk, risks of civil liability due to pollution, space risks, as well as risks relating to attacks, terrorism and air transport. These reserves are funded voluntarily. The French Insurance Code defines the calculation methods but does not stipulate the methods for writing back these reserves. Outside professional pools, Groupama SA recognised an allocation to equalisation reserves at 31 December 2014 for €4.1 million. Outside pools, no equalisation reserve had been recognised in 2013.

"Equalisation reserves" includes stability funds on Group policies for a total amount of €120.8 million as at 31 compared with €118 million in 2013.

Other technical reserves

This item now includes actuarial reserves of inward annuities in service as mentioned above.

Note 11.2 - Change over the past five years in claims regulations applied since its inception, and reserves for claims pending settlement

Change in accrued premiums and claims

The data presented below correspond to changes in the following portfolios:

- inward reinsurance from regional mutuals;
- direct business;
- other inward reinsurance.

(in thousands of euros)	Fiscal years 2009 and earlier	2010	2011	2012	2013	2014
Estimate of the claims expense:						
at end of N	15,463,769	1,513,154	1,376,328	1,658,854	1,671,937	1,550,777
at end of N+1	15,342,291	1,511,909	1,583,576	1,587,176	1,635,618	
at end of N+2	15,335,194	1,587,442	1,558,378	1,572,279		
at end of N+3	15,563,277	1,573,951	1,553,300			
at end of N+4	15,534,080	1,556,611				
at end of N+5	15,554,113					
Claims expense (a)	**15,554,113**	**1,556,611**	**1,553,300**	**1,572,279**	**1,635,618**	**1,550,777**
Cumulative claims payments (b)	**14,492,881**	**1,366,348**	**1,302,127**	**1,281,554**	**1,268,773**	**611,246**
Outstanding claims reserves (a)-(b)=(c) (net of the retained share of the CDA)	**1,061,232**	**190,264**	**251,173**	**290,725**	**366,845**	**939,531**
Earned premiums	**17,476,388**	**2,092,015**	**2,168,809**	**2,299,251**	**2,272,983**	**2,156,043**
CLAIMS RATIO	**89.00%**	**74.41%**	**71.62%**	**68.38%**	**71.96%**	**71.93%**

This analysis incorporates the reclassification of actuarial reserves for annuities (see Note 11).

Note 11.3 - Change in opening claims reserves Liquidation of claims reserves gross of reinsurance

(in thousands of euros)	2014 (1)	2013
Opening claims reserves net of expected recoveries	3,012,929	3,479,241
Payments made during the year for previous years net of recoveries	(832,115)	(800,607)
Year-end net claims reserves net of expected recoveries	(2,144,740)	(2,643,885)
SURPLUS/DEFICIT	**36,075**	**34,749**

(1) Excluding annuities reclassified in other technical reserves (see Note 11).

The opening surplus posted in 2014 on claims reserves totalled €36 million. It primarily consists of a surplus on the risk of pecuniary loss for €10.9 million, a surplus on the branches of €7 million, a surplus on air pools of €17 million and a surplus of €10.5 million on other inward reinsurance. Furthermore, the accepted risks of the regional mutuals presented a deficit of €10.8 million.

NOTE 12 RESERVES FOR CONTINGENCIES AND CHARGES

(in thousands of euros)	Total reserves as at 31.12.2013	Increase in reserves during the fiscal year	Write-backs for the fiscal year	Total reserves as at 31.12.2014
Regulatory reserves	41,817	2	2,245	39,574
Reserves for pensions and similar obligations	55,638	14,738		70,376
Tax reserves				
Other Reserves for contingencies and charges reserves	35,621	12,797	19,668	28,750
TOTAL	**133,076**	**27,537**	**21,913**	**138,700**

The “Reserves for contingencies and charges” item included in liabilities of the balance sheet as at 31 December 2014 for €138.7 million particularly includes reserves for pension and commitments, which includes a reserve related to pension commitments for employees and former employees of absorbed subsidiaries (SMDA), and a reserve for the pension fund closed since 1997 of Groupama Insurances

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in the UK taken over by Groupama SA following the divestment of the subsidiary Groupama Insurances.

However, a significant portion of the IFC commitments pertaining to Groupama SA employees is outsourced to Groupama Gan Vie, which does not generate any recognition of reserve for pension or off-balance sheet commitment.

NOTE 13 DEBTS

	31.12.2014				31.12.2013			
	Maturity:				Maturity:			
(in thousands of euros)	< 1 year	1 to 5 years	> 5 years	Total	< 1 year	1 to 5 years	> 5 years	Total
Other debts								
Debts arising from direct insurance operations:	**8,069**	**1,233**		**9,302**	**24,790**			**24,790**
Policyholders	(11)	1,233		1,222	389			389
Insurance intermediaries	686			686	197			197
Co-insurers	7,394			7,394	24,204			24,204
Debts relating to reinsurance transactions:	**146,840**	**41,012**		**187,852**	**196,886**	**39,856**		**236,742**
Reinsurers	100,329	10,593		110,922	155,871	9,435		165,306
Ceding entities	46,511	30,419		76,930	41,015	30,421		71,436
Bonds (including convertible bonds)		**417,212**	**550,375**	**967,587**			**409,250**	**409,250**
Debt to credit institutions	**34**			**34**	**48**	**650,635**		**650,683**
Other liabilities:	**903,292**		**4,146**	**907,438**	**910,204**		**4,025**	**914,229**
Other loans, deposits and guarantees received	681,079			681,079	664,696			664,696
Personnel, Social Security organisations and local authorities	33,529		4,146	37,675	32,619		4,025	36,644
Government, Social Security	46,125			46,125	64,586			64,586
Other creditors	142,559			142,559	148,303			148,303
TOTAL	**1,058,235**	**459,457**	**554,521**	**2,072,213**	**1,131,928**	**690,491**	**413,275**	**2,235,694**

The increase in "bonds" mainly pertains to two bond issues for €402 million and €130 million respectively to support unit-linked contracts marketed by Groupama Gan Vie.

The decrease in "Debts to credit institutions" is due to the €650 million repayment on the credit line taken out with a banking pool since 2004 for €1 billion. A new credit line for €750 million was put in place, but no funds have been drawn from it as of 31 December 2014.

Pursuant to the provisions of D. 441-4 of the French Commercial Code, note that all debt to outside suppliers has a maturity of less than six months.

NOTE 14 ACCRUALS – LIABILITIES

(in thousands of euros)	31.12.2014	31.12.2013
Deferred amortisation on reimbursement price	5,944	3,432
Other accruals	3,721	3,600
TOTAL ACCRUED LIABILITIES	**9,665**	**7,032**

NOTE 15 ASSETS AND LIABILITIES RELATED TO AFFILIATED COMPANIES AND EQUITY-LINKED COMPANIES

Cash and receivables

	31.12.2014				31.12.2013			
(in thousands of euros)	**Affiliated companies**	**Equity-linked companies**	**Other**	**Total**	**Affiliated companies**	**Equity-linked companies**	**Other**	**Total**
A) Assets								
Intangible assets	**7,177**		**4,318**	**11,495**	**11,563**		**1,852**	**13,415**
Investments								
Real estate	315,794	61	153,447	469,302	315,623	61	169,906	485,590
Shares & other variable-income securities	6,434,470	394,974	660,286	7,489,730	6,437,487	393,879	987,131	7,818,497
Bonds, neg. debt sec. & other fixed-inc. sec.	11,175		761,337	772,512	11,175		183,008	194,183
Loans	751,694			751,694	744,235	875		745,110
Deposits with other credit institutions								
Other investments	89,835		43,754	133,589	105,959		26,433	132,392
Receivable cash at ceding entities	55,927			55,927	8,098		106,778	114,876
Reinsurer share of technical reserves								
Unearned premiums (non-life)			135	135			10,385	10,385
Claims reserves (non-life)	330,077		445,202	775,279	329,981		557,693	887,674
Share of earnings and dividends (non-life)	333			333	345			345
Equalisation reserves	3,637			3,637	3,547			3,547
Other techn. reserves. (non-life)	15,271		146,189	161,460	14,657		126,587	141,244
Receivables from direct insurance transactions								
Of which policyholders	(3,812)		20,555	16,743	(4,048)		11,312	7,264
Of which insurance intermediaries			1,211	1,211			4,231	4,231
Of which other third parties			37,162	37,162			50,816	50,816
Receivables from reinsurance operations	**136,809**		**235,955**	**372,764**	**252,483**		**203,427**	**455,910**
Personnel			**2,516**	**2,516**			**4,229**	**4,229**
Government, Social Security and local authorities			**56,458**	**56,458**			**69,803**	**69,803**
Other debtors	**100,065**		**33,760**	**133,825**	**94,411**	**12**	**19,176**	**113,599**
Tangible operating assets			**1,020**	**1,020**			**1,814**	**1,814**
Cash and equivalents	**68,160**		**36,903**	**105,063**	**46,695**		**107,061**	**153,756**
Interest & lease payments written and not due	**10,104**		**11,892**	**21,996**	**10,078**	**4**	**3,051**	**13,133**
Deferred acquisition costs	**4,763**		**53**	**4,816**	**5,296**		**54**	**5,350**
Other accruals – assets			**10,407**	**10,407**			**631**	**631**
Unrealised foreign exchange adjustments								
TOTAL	**8,331,479**	**395,035**	**2,662,560**	**11,389,074**	**8,387,585**	**394,831**	**2,645,378**	**11,427,794**

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Liabilities and commitments

	31.12.2014				31.12.2013			
(in thousands of euros)	Affiliated companies	Equity-linked companies	Other	Total	Affiliated companies	Equity-linked companies	Other	Total
B) Liabilities								
Shareholders' equity	2,278,572		1,596	2,280,168	2,318,853		1,498	2,320,351
Share capital	1,685,388		1,181	1,686,569	1,685,388		1,181	1,686,569
Other shareholders' equity	593,184		415	593,599	633,465		317	633,782
Subordinated debt			2,320,223	2,320,223			2,238,445	2,238,445
Gross technical reserves								
Unearned premiums (non-life)	179,050		3,105	182,155	188,242		4,626	192,868
Claims reserves (non-life)	2,576,085		551,186	3,127,271	3,110,226		489,454	3,599,680
Share of earnings and dividends (non-life)			948	948			1,985	1,985
Equalisation reserves	19,123		128,995	148,118	215		135,294	135,509
Other techn. reserves (non-life)	826,762		101,063	927,825	256,473		110,071	366,544
Reserves for contingencies and charges	48,384	5,032	85,285	138,701	47,100	7,128	78,848	133,076
Debts for cession. cash			181,787	181,787			196,610	196,610
Debts from direct insurance transactions								
Owed to policyholders			1,223	1,223			389	389
Owed to insurance intermediaries			686	686			197	197
Owed to other third parties			7,394	7,394			24,204	24,204
Debts from reinsurance transactions	42,203		145,648	187,851	30,845		205,897	236,742
Bond debt	967,587			967,587	409,250			409,250
Debts to credit establishments	7		27	34			650,683	650,683
Other debts								
Other loans, deposits and guarantees received	622,803		58,276	681,079	631,581		33,115	664,696
Personnel			37,675	37,675			36,644	36,644
Government, Social Security and local authorities			46,125	46,125			64,586	64,586
Miscellaneous creditors	88,933		53,626	142,559	92,020		56,283	148,303
Accruals – liabilities			9,665	9,665			7,032	7,032
Unrealised foreign exchange adjustments								
TOTAL	**7,649,509**	**5,032**	**3,734,533**	**11,389,074**	**7,084,805**	**7,128**	**4,335,861**	**11,427,794**

NOTE 16 COMMITMENTS RECEIVED AND GIVEN

(in thousands of euros)	Total commitments to officers	Total commitments to affiliated companies	Total commitments to affiliated with which there is an equity link	Other origins	Total 31.12.2014	Total 31.12.2013
1. Commitments received		**158,540**	**3,518**	**750,610**	**912,668**	**556,749**
2. Commitments given:						
2a. Endorsements, securities and credit guarantees given		539	485	279,950	280,974	342,114
2b. Stock and assets acquired through sale commitment						
2c. Other commitments on securities, assets or income		7,669		29,305	36,974	42,439
2d. Other commitments given		63,452		611	64,063	60,812
Total 2. Commitments given		**71,660**	**485**	**309,866**	**382,011**	**445,364**
3. Securities received as collateral from from outward reinsurers and retrocessionaires		**42,677**		**166,293**	**208,970**	**194,726**
4. Sureties given by reinsured entities with joint and several guarantee				**29,855**	**29,855**	**32,640**
5. Securities belonging to protection insurance institutions						
6. Other securities held on behalf of third parties						**52,404**
7. Long-term financial instruments outstanding				**532,276**	**532,276**	**331,831**

Commitments received

The €912.7 million of commitments received correspond mainly to:

- the contractual commitment given on 8 December 2004 in connection with the opening of a credit line of €750 million, maturing at the end of February 2019;
- a commitment related to the contribution of Holdco securities to Groupama Gan Vie for €152 million;
- a loan agreement from SCI Tour Gan to Groupama SA for €6 million;
- various other commitments received for €4.6 million concerning affiliated companies or equity-linked companies.
- a loan agreement to GUK Brokerage Services for €44.7 million;
- an amendment to the cash advance agreement for €31.5 million between Groupama SA and Groupama Investissements for €7.7 million;
- securities pledged to the Group's companies for €17 million;
- commitments granted as real estate lease-loans totalling €2.6 million as a guarantee of the commitments of SCI Raspail;
- various other commitments given for €4.3 million, including €3.4 million concerning affiliated companies or equity-linked companies.

Commitments given

The €382 million of commitments given by Groupama SA correspond mainly to:

- commitments on unlisted funds of €29.3 million;
- a total of €80.9 million of guarantees on liabilities granted along with the sale of Groupama Seguros;
- guarantees granted as part of the sale of Groupama Insurance for €148.9 million;
- guarantees granted as part of the sale of Gan Eurocourtage's Brokerage portfolio for €40 million and Transport portfolio for €6.4 million;

Securities received as collateral from outward reinsurers and retrocessionaires

The amount corresponds to securities received under pledge from outward reinsurers for €208.9 million.

Sureties given by reinsured entities with joint and several guarantee

The amount corresponds to securities received from the Antilles Guyane regional mutual, of which Groupama is the substitute reinsurer, with respect to the representation of its technical reserves of €29.8 million held in custody.

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Long-term financial instruments outstanding

Groupama SA's outstanding long-term financial instruments amounted to €532.3 million, corresponding to the establishment of swaps to hedge the entire Zen structured bond issue.

Other unquantified and unlimited commitments received and given

Before or during the year, Groupama SA also granted or obtained unquantified or unlimited commitments involving notably:

- the guarantee given to Societe d'Assurances de Consolidation des Retraites de l'Assurance (SACRA) for contractual obligations made by Groupama Asset Management to SACRA starting in June 2014;
- the letters of intent written by Groupama SA to the Comité des Etablissements de Crédit et des Entreprises d'Investissement (CECEI) as part of the creation of Groupama Épargne Salariale and Groupama Banque;
- Groupama SA's assumption of the guarantee given by Groupama Reassurance to Sorema NA (now General Security National Insurance Company) regarding the payment of all obligations stemming from two retrocession contracts underwritten by Rampart (Le Mans Re and MMA portfolios);
- the unconditional guarantees granted by Groupama SA to Gan Assurances, which require it to supply if applicable the financial means necessary to satisfy the payment of claims relating to insurance policies signed by said companies; these guarantees were designed to improve the debt ratings of these companies and terminated during fiscal year 2012, but rights and obligations under these guarantees remain. Groupama SA is also responsible for commitments of this type given previously by the CCAMA to Group entities (some of which have been divested) that have since been cancelled but for which certain rights and obligations still exist;
- the usual specific and technical guarantees (run off) upon the divestment of The Gan Company of Canada Ltd. to CGU group Canada Ltd.;
- lastly, with respect to the right to training requirement (Droit Individuel a la Formation "DIF") and in compliance with the 4 May 2004 law and the industry-wide agreement of 14 October 2004, the number of cumulative training hours corresponding to time earned under the DIF came to 128,104 hours. In 2014, 38 training actions under the DIF were conducted by employees of Groupama SA, for a total of 524 hours.

NOTE 17 OPERATING INCOME STATEMENT BY SOURCE

(in thousands of euros)	31.12.2014			31.12.2013		
	Direct Business (1)	Inward reinsurance	Total	Direct Business (1)	Inward reinsurance	Total
Earned premiums	75,212	2,143,776	2,218,988	89,729	2,251,284	2,341,013
Claims expense	35,774	1,477,629	1,513,403	53,522	1,570,060	1,623,583
Expenses for other technical reserves	4,780	(40,323)	(35,543)	12,301	(19,656)	(7,355)
Change in the equalisation reserve	(2,467)	(10,142)	(12,610)	1,195	1,455	2,651
for profit sharing	(863)	0	(863)	(1,043)	0	(1,043)
A- Underwriting result	**40,887**	**615,682**	**656,569**	**48,659**	**663,023**	**711,682**
Acquisition costs	1,735	237,767	239,502	3,545	270,073	273,618
Administrative costs	73	194,157	194,230	491	222,635	223,127
Other technical costs and income	1,567	166,607	168,175	888	140,412	141,300
B- Net acquisition and management expenses	**3,375**	**598,531**	**601,907**	**4,924**	**633,120**	**638,044**
C- Allocated investment income	**46**	**3,967**	**4,013**	**(31)**	**(149,325)**	**(149,356)**
D- Reinsurance result	**17,725**	**232,227**	**249,951**	**34,457**	**209,404**	**243,861**
UNDERWRITING INCOME/(LOSS) (A-B+C-D)	**19,833**	**(211,109)**	**(191,275)**	**9,247**	**(328,826)**	**(319,579)**

(1) Including mutual exempt from licensing (Antilles Guyane).

NOTE 18 INVESTMENT INCOME AND EXPENSES

Type of income (in thousands of euros)	31.12.2014 Affiliated companies	Equity-linked companies	Other origins	Total	31.12.2013 Affiliated companies	Equity-linked companies	Other origins	Total
Investment income								
Income from investments	232,921	5,668	23,742	262,331	103,225	4,906	16,390	124,521
Investment income	*232,571*	*5,668*		*238,239*	*94,792*	*4,906*		*99,698*
Income from real estate investments	*350*		*5,982*	*6,332*	*8,201*		*328*	*8,529*
Income from other investments			*17,760*	*17,760*	*232*		*16,062*	*16,294*
Other financial income								
Other investment income	305,017	2,709	14,265	321,991	44,397	38,271	2,458	85,126
Profits on the sale of investments	513		24,912	25,425	5,943	23,326	15,503	44,772
Total investment income	**538,451**	**8,377**	**62,919**	**609,747**	**153,565**	**66,503**	**34,351**	**254,419**
Investment expenses								
Internal and external investment management costs and financial expenses	51,946		183,670	235,616	38,478		162,570	201,048
Other investment expenses	132,527	10,346	24,798	167,671	228,643	12,072	14,256	254,971
Losses on the sale of investments	186,287		13,452	199,739	6,796	26,129	21,926	54,851
Total investment expenses	**370,760**	**10,346**	**221,920**	**603,026**	**273,917**	**38,201**	**198,752**	**510,870**
NET INVESTMENT INCOME	**167,691**	**(1,969)**	**(159,001)**	**6,721**	**(120,352)**	**28,302**	**(164,401)**	**(256,451)**

The increase in “Investment income” comes from an increase in dividend distributions in 2014, particularly from subsidiaries.

The “Other investment expenses” and “Other investment income” items include net write-backs of reserves for long-term impairment for €158.6 million as at 31 December 2014 versus a net contribution of €161.4 million in 2013.

The increase in “Losses on the sale of investments” comes from unrealised capital losses following the elimination of the securities of the Turkish and Slovakian subsidiaries. Net of write-backs of previously established reserves, the impact of these transactions is zero.

NOTE 19 OTHER NON-TECHNICAL INCOME AND EXPENSES

Other non-technical expenses of -€3.2 million incorporate, in particular, the neutralisation of the Zénith Vie activity (run-off) for -€2.2 million.

Other non-technical income amounted to €0.6 million.

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NOTE 20 EXTRAORDINARY INCOME AND EXPENSES

The 2014 extraordinary result presents an expense of -€31.6 million, primarily made up of subsidies granted to Group entities to fund major programmes for -€10.4 million as well as an expense and a settlement of -€14.4 million related to pension commitments.

NOTE 21 INCOME TAX

Tax charge

(in thousands of euros)	31.12.2014	31.12.2013
Group tax payable	(50,714)	(57,723)
Reserves linked to fiscal consolidation gains in year N	223,143	157,609
Other	11,659	8,201
TOTAL INCOME TAX	**184,088**	**108,087**

Specific nature and make-up of the "Corporate income tax" line

As at 31 December 2014, the "income tax" line includes a net tax credit of €184.1 million that breaks down as follows:

- tax consolidation income €266.7 million;
- tax consolidation expenses -€31.9 million;
- Group income tax expense -€50.7 million;

The "income tax" item consists of taxable income posted to individual tax income for the year from consolidated subsidiaries totalling €223.1 million.

Since the consolidated groups posted a gain of €133.5 million after allocation of losses, a short-term tax charge of €50.7 million was recorded for fiscal year 2014.

Tax loss carry-forwards

At 31 December 2014, the consolidated Group had €18.5 million in short-term carry-forwards.

Groupama SA tax audit

The Group underwent a tax audit in 2010. Reserves have not been recognised for some of the adjustments considered to be excessive by the tax authorities for technical reserves for property and casualty as well as long-term care risk. The Group considers that the reasons for adjustments are highly questionable and has prepared technical arguments for a litigation process. The sums demanded in 2013 have been recorded in tax debts with an offset to income receivable from the government. There was no progress in the litigation process during 2014, reversing the position adopted during the closing of the 2013 accounts.

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NOTE 22 BREAKDOWN OF PERSONNEL EXPENSES

(in thousands of euros)	31.12.2014	31.12.2013
Salaries	66,112	68,740
Social Security charges	29,318	28,979
Other	3,956	5,141
TOTAL	**99,386**	**102,860**

These figures correspond to the de facto Groupama SA grouping after allocation to each of its constituents. In 2014, the average rate of expenses of the Group kept by Groupama SA was 71.60%.

The company receives the tax credit for competitiveness and employment (CICE) calculated in accordance with Article 244 *quater* C of the French General Tax Code at 6%. During fiscal year 2014, the CICE amounted to €1.2 million.

The use of this tax credit particularly permitted the financing of:

- actions to improve the competitiveness of the company through investments relating to business prospecting, improvement of customer satisfaction, and reinforcement of technical analysis and management procedures;
- IT and process developments related to the use of new technologies;
- employee training.

NOTE 23 WORKFORCE

Personnel

Total number	31.12.2014	31.12.2013
Senior management	142	143
Executives	940	980
Non-managerial staff	190	252
TOTAL PERSONNEL	**1,272**	**1,375**

NOTE 24 DIRECTORS' COMPENSATION

2014 compensation allocated to the Groupama SA administrative and executive bodies was respectively €320.5 thousand and €5,780 thousand.

All compensation and benefits paid to Managers are detailed in section 3.3 of this registration document.

NOTE 25 PROPOSED ALLOCATION OF INCOME

It has been decided to allocate the loss for the fiscal year, totalling €38,745 thousand, to the "retained earnings" balance of €359,938 thousand, which will thus move that account to a credit amount of €321,193 thousand.

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NOTE 26 SUBSIDIARIES AND EQUITY INTERESTS

Information about subsidiaries and equity interests *(in thousands of euros)*

Detailed information about equity interests with gross amount greater than 1% of the capital of the company's capital, subject to publication:	Proportion of Capital held as at 31.12.2014	Book value of securities held as at 31.12.2014		Premium income of the last fiscal year	Income (Loss) of the last fiscal year
		Gross	Net		
Subsidiaries (more than 50% owned)					
Insurance companies:					
GAN ASSURANCES	99.99%	671,462	646,626	1,424,397	37,338
GROUPAMA GAN VIE	97.48%	2,631,668	2,631,668	3,359,093	209,240
GROUPAMA ASSURANCE-CRÉDIT	99.99%	19,818	19,818	38,153	2,664
AMALINE ASSURANCES	99.99%	175,937	8,475	58,877	(12,387)
GROUPAMA GARANCIA BIZTOSITO	100.00%	598,433	358,161	307,482	15,921
GROUPAMA ASIGURARI SA	100.00%	596,796	191,232	158,572	1,020
GROUPAMA ASSICURAZIONI	100.00%	1,425,276	1,425,276	1,596,307	39,833
GROUPAMA SEGUROS DE VIDA	100.00%	60,540	60,540	39,617	(416)
RAMPART INSURANCE COMPANY	100.00%	27,767	0	NC	NC
GAN OUTRE MER	99.99%	31,636	31,636	99,465	8,080
GROUPAMA VIETNAM	100.00%	19,193	11,266	2,953	90
GROUPAMA PHOENIX	100.00%	272,640	140,447	147,315	15,452
GROUPAMA ZHIVOTZASTRAHOVANE (Bulgaria V)	100.00%	73,396	11,844	4,181	514
GROUPAMA INSURANCE CHINA	50.00%	63,526	63,526	186,000	(18,033)
Other companies:					
GROUPAMA BANQUE	84.00%	318,403	318,403	92,050	3,699
GAN PRÉVOYANCE	99.99%	49,758	0	0	231
GUK BROKING SERVICES LIMITED	100.00%	529,574	119,430	0	4,608
GROUPAMA BOSPHORUS INVESTISSEMENT	100.00%	352,237	333,354	0	716
Stakes held between 10 & 50%					
COMPAGNIE FONCIÈRE PARISIENNE	32.74%	264,751	264,751	26,667	(57,860)
Société Tunisienne d'Assurances et de Réassurances	35.00%	77,569	62,750	128,000	9,956
LA BANQUE POSTALE ASSURANCES IARD	35.00%	110,403	80,424	207,157	(15,130)
SOCIÉTÉ FORESTIÈRE GROUPAMA	43.82%	36,069	36,069	4,608	981
GROUPAMA PROTECTION JURIDIQUE	41.90%	20,246	20,246	85,291	14,340

NOTE 27 INFORMATION CONCERNING SUBSIDIARIES AND EQUITY INTERESTS

Overall information on all subsidiaries and equity interests *(in thousands of euros)*	**Book value of securities held**		**Total loans and advances granted**	**Total guarantees and surety given**	**Total dividends collected (1)**
	Gross	**Net**			
Subsidiaries:					
French	3,933,315	3,672,587	752,805	20,622	98,436
Foreign	4,057,727	2,753,425	22,000	50,499	75,036
Equity interests:					
French	445,001	413,443	964	0	10,486
Foreign	115,930	101,111	0	0	640

(1) Including SCI results.

NOTE 28 CONSOLIDATION

Groupama SA prepares:

- consolidated accounts incorporating all of its subsidiaries;
- combined financial statements incorporating the regional mutuals with which a combination agreement has been signed.

The consolidated and combined financial statements are prepared in accordance with International Financial Reporting Standards and applicable interpretations as approved by the European Union.

6.4 STATUTORY AUDITORS' REPORT ON THE ANNUAL FINANCIAL STATEMENTS

This is a free translation into English of the statutory auditors' report on the annual financial statements 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.

(Year ended 31 December 2014)

PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-sur-Seine Cedex

Mazars
Tour Exaltis
61, rue Henri-Régnault
92400 Courbevoie

Dear Shareholders,

In compliance with the assignment entrusted to us by your Shareholders' Meeting, we hereby report to you, for the year ended 31 December 2014, on:

- the audit of the accompanying annual financial statements of Groupama SA;
- the justification of our assessments;
- the specific verifications and information required by law.

These annual financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I - OPINION ON THE ANNUAL FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the annual financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques, or other methods of selection, to obtain audit evidence about the amounts and disclosures in the annual financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the assets and liabilities, the financial position of the company at 31 December 2013 and the results of its operations for the year then ended in accordance with French accounting principles.

II - JUSTIFICATION OF OUR ASSESSMENTS

Pursuant to the requirements of Article L. 823-9 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we bring to your attention the following matters:

- note 3.1 sets out the accounting rules and methods for determining certain technical items specific to insurance and reinsurance, in the assets and liabilities of your company's financial statements, estimated on statistical and actuarial bases, particularly technical reserves.

  In particular, we examined the calculation methods and assessed the reasonableness of the assumptions applied, specifically with regard to Groupama SA's regulatory environment and its experience;
- notes 3.2.2 and 5.2 set out the accounting rules and methods for valuation of reserves for impairment on the securities portfolio.

  We verified that the valuation of the reserves applying to assets subject to Article R. 332-20 of the Insurance Code was consistent with Groupama SA's intent to hold these instruments, and we examined, as needed, the data, assumptions applied, and documentation prepared within that framework.

  We examined the analyses performed by the company of any risks attached to assets subject to Article R. 332-19 of the Insurance Code (fixed-income securities), specifically sovereign debt, and the assumptions applied in their valuation and accounting treatment.

  Concerning equity shareholdings, we examined the disclosures made by management on the activity and anticipated future prospects, as well as the criteria and assumptions applied to determine their profitability and the resulting reserves.

  We also verified the appropriateness of the disclosures made in the attached notes related to financial instruments, specifically Note 5.

These assessments were made as part of our audit of the annual financial statements, taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III - SPECIFIC VERIFICATIONS AND INFORMATION

In accordance with professional standards applicable in France, we have also performed the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the annual financial statements of the information given in the management report of the Board of Directors, and in the documents addressed to the shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of Article L. 225-102-1 of the French Commercial Code relating to compensation and benefits received by corporate officers and any other commitments made in their favour, we have verified their consistency with the annual financial statements, or with the underlying information used to prepare these annual financial statements and, where applicable, with the information obtained by your company from companies controlling it or controlled by it. Based on this work, we attest to the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information concerning the identity of shareholders and holders of voting rights has been properly disclosed in the management report.

Neuilly-sur-Seine and Courbevoie, 4 March 2015

The statutory auditors

PricewaterhouseCoopers Audit		Mazars	
Eric Dupont	Christine Billy	Jean-Claude Pauly	Christophe Berrard

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LEGAL INFORMATION

7.1 COMPANY INFORMATION

7.1.1 IDENTIFICATION

The Company was founded on 11 December 1987 for a period of 99 years, *i.e.*, until 11 December 2086.

It is registered with the Paris Trade and Companies Register under number 343,115,135.

7.1.2 CURRENT STATUTORY PROVISIONS

Note that the Company's bylaws do not provide for stricter conditions than the law for the modification of shareholder rights, which can therefore only take place under legal conditions.

7.1.2.1 Form (Article 1)

The Company, which under French law is a *société anonyme*, is governed by current and future legislative and regulatory provisions and by these bylaws.

7.1.2.2 Purpose (Article 2)

The Company's corporate purpose is as follows:

- activities involving insurance and co-insurance against risks of any kind, excluding life insurance and capitalisation;
- reinsurance of regional or *départemental* agricultural insurance and reinsurance companies and mutuals, in accordance with the provisions of the Insurance Code;
- the substitution of agricultural insurance and reinsurance companies and mutuals exempt from administrative approval, for the establishment of guarantees provided for by insurance regulation and the execution of insurance commitments assumed by such companies or mutuals, pursuant to Article R. 322-132 of the Insurance Code;
- the reinsurance of all insurance or reinsurance companies, of any corporate form, having their registered office in France or abroad;
- engaging in any activities involving cession, retrocession or compensation of the risks it insures or reinsures;
- being the central body of the network of agricultural insurance and reinsurance companies (hereinafter "Mutuals") within the meaning of Article L. 322-27-1 of the Insurance Code. In this capacity, it is particularly responsible for:
  - ensuring the cohesion and proper operation of the network,
  - ensuring the application of the legislative and regulatory provisions relating to the organisations within the network,
  - exercising administrative, technical and financial control over the organisation and management of the organisations within the network,
  - setting the strategic guidelines for the network, issuing any appropriate instructions in this regard and ensuring their actual implementation,
  - also taking all necessary measures to ensure solvency and compliance with the commitments of each of the organisations within the network and of the entire Group;
- facilitating and promoting the business and development of the mutuals and the entire Group;
- holding interests in France and abroad, specifically in insurance, reinsurance, banking, financial services and related activities;

and, more generally, any financial, commercial, manufacturing, civil, real-estate or property-related transactions that might relate directly or indirectly to its corporate purpose and any similar or related purposes.

7.1.2.3 Corporate name (Article 3)

The Company's name is the following: Groupama SA.

7.1.2.4 Registered office (Article 4)

Its registered office is located at 8-10, rue d'Astorg - 75008, Paris.

It may be relocated to any other place within the same *département* or to a neighbouring *département* by decision of the Board of Directors, provided such decision is approved by the next Ordinary General Meeting.

7.1.2.5 Duration (Article 5)

The Company's duration is 99 years as of the date of its registration with the Trade and Companies Register, except in the case of early dissolution or renewal.

7.1.2.6 Contributions (Article 6)

Contributions to the Company may be made in cash or in kind.

a) Upon the Company's founding, shareholders contributed, in cash, a total of two hundred and fifty thousand (250,000) francs, corresponding to the par value of the 2,500 shares of one hundred (100) francs each, which were fully subscribed and paid on subscription.

b) On 23 November 1990, the Extraordinary General Meeting resolved to increase the par value of the Company's shares to 1,000 francs.

   The same meeting resolved to increase the Company's share capital from two hundred and fifty thousand (250,000) francs to three billion, five hundred and forty-seven million (3,547,000,000) francs.

c) On 14 December 1993, the Extraordinary General Meeting resolved to increase the Company's capital to four billion, five hundred and sixty-five million (4,565,000,000) francs.

d) By authorisation of the Extraordinary General Meeting of 14 February 1995, the Board of Directors, at its meeting on 14 February 1995, resolved to increase the Company's share capital from four billion, five hundred and sixty-five million (4,565,000,000) francs to five billion, two hundred and forty-five million, three hundred thousand (5,245,300,000) francs, through the issue of six hundred and eighty thousand, three hundred (680,300) cash shares.

e) The Extraordinary General Meeting of 28 June 1996 resolved to increase the Company's share capital from five billion, two hundred and forty-five million, three hundred thousand (5,245,300,000) francs to five billion, three hundred and twenty-seven million, six hundred and four thousand (5,327,604,000) francs, through the issue of eighty-two thousand, three hundred and four (82,304) shares issued at the price of 1,215 francs, *i.e.*, with an issue premium of 215 francs per share.

f) By authorisation of the Extraordinary General Meeting of 16 April 1998 and a decision of the Board of Directors of 9 July 1998, the Company's capital was increased from five billion, three hundred and twenty-seven million, six hundred and four thousand (5,327,604,000) francs, to sixteen billion, five hundred and eighty-five million, six hundred and sixteen thousand (16,585,616,000) francs, through the issue of eleven million, two hundred and fifty-eight thousand and twelve (11,258,012) cash shares.

g) The Extraordinary General Meeting of 24 July 2000 resolved to reduce its capital by 8,624,520,320 francs by reducing the par value of each share from 1,000 francs to 480 francs.

h) The Extraordinary General Meeting of 12 September 2000 resolved to divide the par value of the shares by three, thus reducing the par value of each share from 480 francs to 160 francs.

i) At an Extraordinary General Meeting held on 29 June 2001, it was resolved to convert the Company's share capital to euros by converting the par value of the shares in accordance with the official conversion rate. It was resolved to round the par value of each share up from €24,3918427579 to €24.50. Consequently, the Company's share capital was increased by €5,381,563.46 from €1,213,661,212.54 to €1,219,042,776.

j) With the merger-absorption of Groupama Finance, pursuant to Article L. 236-11 of the French Commercial Code dated 28 June 2002, the assets of that Company were transferred. The net value transferred, €119,155,061, was not subject to compensation.

k) The Extraordinary General Meeting of 28 June 2002 resolved to increase the share capital by a total of €12,699,060.50, from €1,219,042,776 to €1,231,741,836.50, following the merger-absorption of Groupama Réassurance.

l) On 28 June 2002, the share capital was increased by a total of €8,035,485.50, from €1,231,741,836.50 to €1,239,777,322 following the merger-absorption of Gan SA.

m) With the merger-absorption of Groupama Assurances et Services, pursuant to Article L. 236-11 of the French Commercial Code dated 25 June 2003, the Company's assets were transferred. The net value transferred, €278,092,450, was not subject to compensation.

n) The Extraordinary General Meeting of 18 December 2003 successively resolved to:

- reduce the share capital by €1,239,271,290.44, from €1,239,777,322 to €506,031.56, by reducing the par value of the shares from €24.50 to €0.01, to clear a portion of the losses carried forward;
- increase the share capital by €72,755.36, from €506,031.56 to €578,786.92, by creating 7,275,536 shares of €0.01 each, following the transfer by the CCAMA of all items relating to the operation of its activity involving reinsurance of the regional mutuals and administration of the Group's Equity Management Division; the proceeds of the transfer and the correlating capital increase were confirmed by the Board of Directors, which met on the same day after the EGM;
- increase the share capital by €1,185,934,399.08, from €578,786.92 to €1,186,513,186, by increasing the par value of the shares by €20.49 to a total of €20.50, through the incorporation of a total of €297,429,134.92 to be withdrawn from the "Other reserves" account, and a total of €888,505,264.16 from the "Issue, merger, and transfer premiums" account.

o) With the merger-absorption of Groupama International, pursuant to Article L. 236-11 of the French Commercial Code, the assets of that company were transferred. The net value transferred, €1,200,002,263.81, was not subject to compensation.

p) By authorisation of the Extraordinary General Meeting of 25 May 2011 and a decision of the Board of Directors dated 25 November 2011, the Company's capital was increased from €1,186,513,186 to €1,686,569,399 with the issue of 97,571,944 cash shares.

7.1.2.7 Share capital (Article 7)

The share capital is set at a total of €1,686,569,399. It is divided into 329,086,712 shares of €5,125 each, fully paid up and all of the same category.

7.1.2.8 Change in the share capital (Article 8)

The share capital may be increased, reduced, or amortised in accordance with current laws and regulations.

7.1.2.9 Form of the shares (Article 9)

The shares are registered.

Share ownership corresponds to their registration in the name of the holder or holders in the accounts maintained for this purpose by the Company under the conditions and in accordance with the methods prescribed by law.

At the shareholder's request, a registration certification will be issued thereto by the Company.

7.1.2.10 Transfer of shares – Approval clause (Article 10)

Shares may only be transferred to third parties and Groupama SA by account-to-account transfer.

The sale of Groupama SA shares to a third party in any way whatsoever is subject to approval by the Board of Directors ruling by a two-thirds majority of members present or represented.

In the event of a sale to a third party, the request for approval, indicating the buyer's corporate name or identity, the number of shares envisaged in the sale and the price offered, is to be submitted to the Company by registered letter with return receipt.

Approval is in the form either of a notification, or the absence of response within three months after the request.

In the event that Groupama SA fails to approve the proposed buyer within three months after the notification of refusal, the Board of Directors is required to acquire the shares either from a shareholder, or from a third party, or, with the consent of the seller, from Groupama SA within the framework of a capital reduction in accordance with Article 8.

Failing an agreement between the parties, the price of the shares is set under the conditions stipulated in Article 1843-4 of the Civil Code. For purposes of the appraisal report, either party may abandon the transaction provided that it informs the other party thereof within fifteen days of the filing of the report from the designated appraiser. Abandonment by the seller shall be construed as abandonment of the planned sale by operation of law.

If the purchase is not completed at the expiry of the three-month period after the notification of refusal, approval of the buyer is considered as given, unless the seller has abandoned its plan to sell. However, this period may be extended by legal decision at the request of Groupama SA.

In the event of an acquisition and with a view to settling the transfer of ownership of the shares in favour of the buyer or buyers, the seller will be asked by the Board of Directors to sign the corresponding transfer order within the period that has been set.

In the event that a third party is approved, the sale may occur under the specific pricing conditions indicated in the request for approval and no later than within three months after the date the approval was obtained. Failing that, this approval shall be null and void.

Transfers of shares for the purpose of allowing a Director to carry out their appointment are not covered by these provisions.

7.1.2.11 Rights and obligations corresponding to the shares (Article 11)

In addition to voting rights, each share allows entitlement to a share in the profits and in the proceeds of liquidation of the corporate assets, in proportion to the number of existing shares.

Whenever it is necessary to own several shares to exercise any right whatsoever, individual shares or those in a number lower than that required will give no right to their owners against the Company, as in this case the shareholders will be required to assume personal responsibility for consolidating the necessary number of shares.

7.1.2.12 Board of Directors (Article 12)

(a) Membership of the Board of Directors

The Company is administered by a Board of Directors made up of two categories of Director:

- Directors appointed by the Ordinary General Meeting of Shareholders.

  They are a minimum of nine (9) and a maximum of eighteen (18).

  The Directors are appointed by the Ordinary General Meeting of Shareholders for a term of office of six (6) years.

  If a Director is appointed to replace another, they will only exercise their duties during the remaining term of office of their predecessor;
- Directors elected by Company employees.

  The status and the terms and conditions of election of these Directors are set by Articles L. 225-27 to L. 225-34 of the French Commercial Code, as well as the bylaws.

  They are two (2) in number, including one management representative.

  Under no circumstances can their number exceed one third of the number of Directors appointed by the General Meeting.

  They are appointed for four (4) years.

Regardless of their method of appointment, the duties of a Director will end at the end of the Ordinary General Meeting approving the corporate financial statements for the fiscal year just ended, held in the year when their term of office expires.

Any outgoing member may be re-elected. The age limit for exercising the duties of Director is set at their seventieth (70th) birthday, with a member of the Board of Directors to be deemed as officially resigning upon completion of the Ordinary General Meeting held in the year of their sixty-ninth birthday.

Each Director must own at least one (1) share for the entire duration of their term of office.

(b) Conditions for the election of employee Directors

For each vacant seat on the Board, the method of ballot counting is as provided for in the legal provisions.

In all cases or for any reason whatsoever, should the number of seats of elected Directors actually filled fall below two before the normal expiry of these Directors' term of office, the vacant seats will remain vacant until such expiry date and until then, the Board of Directors will continue to meet and carry out valid business.

Elections are held every four (4) years, such that a second round may be held no later than fifteen days before normal expiry of the term of office of the outgoing Directors.

For both the first and the second rounds of balloting, the time frames to be met for each vote are the following:

- the election date is to be posted at least eight weeks prior to the balloting date;
- the list of voters is to be posted at least six weeks before the balloting date;
- candidates are to file at least five weeks before the balloting date;
- the lists of candidates are to be posted at least four weeks before the balloting date;
- the documents needed for voting by mail are to be posted at least three weeks before the balloting date.

Candidates or lists of candidates may be nominated either by one or more representative union organisations, or by one-twentieth of the voters or, if their number is greater than two thousand, by one hundred voters.

The balloting will be carried out on the same day at the workplace and during business hours. However, the following may vote by mail:

- employees absent on the balloting date;
- employees of a department or office or assigned to a subsidiary in France without a voting office and who cannot vote in another office.

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Each voting office consists of three voter members, chaired by the eldest of them. They are responsible for the successful outcome of the voting activities.

Ballots will be counted in each voting office immediately after the close of balloting; the report will be prepared upon completion of the counting.

The reports are immediately transferred to the registered offices of the Company, where an office will be established to consolidate the results with a view to preparing the summary report and announcing the results.

Directors elected by company employees will assume office after the meeting of the Board of Directors held after the announcement of the results.

The conditions for balloting not defined by Articles L. 225-27 to L. 225-34 of the French Commercial Code, or by these bylaws, are set by Executive Management after consultation with the representative union organisations.

7.1.2.13 Organisation and deliberations of the Board (Article 13)

(a) Chairman of the Board of Directors

The Board of Directors will elect a Chairman from among its individual members and will set the Chairman's compensation and term of office, which may not exceed that of their term as Director.

If the acting Chairman attains the maximum age of 70 set for their term of office as Director, their duties will terminate upon completion of the Ordinary General Meeting held in the year of their sixty-ninth birthday.

The Chairman will organise and lead the work of the Board of Directors, on which they report to the General Meeting. They will ensure the successful functioning of the corporate bodies and specifically ensure that the Directors are capable of fulfilling their duties.

(b) Vice-Chairman

The Board of Directors may appoint from among its members a Vice-Chairman, whose duties, in the event of the Chairman's impediment, consist of convening and chairing Board meetings, as well as chairing the General Meeting.

(c) Meetings of the Board of Directors

The Board of Directors will meet as often as the Company's interest so requires, whenever convened by the Chairman, at the corporate registered offices or any other location indicated by the notice to meet.

In the event of the Chairman's impediment, the Board of Directors may be summoned either by the Vice-Chairman, or by at least one third of its members or by the Company Chief Executive Officer if they are a Director.

Directors may be convened by letter or by any other means. In any event, the Board may at all times carry out its business lawfully if all members are present or represented.

(d) Deliberations of the Board of Directors

Meetings of the Board are chaired by the Chairman of the Board of Directors or by the Vice-Chairman, and failing this, by a Director appointed for this purpose at the start of the meeting.

Each Director may give one of their colleagues power of attorney to represent them, but each Director may only represent one of their colleagues and each power of attorney may only be given for a specific Board meeting. The presence of at least half the members of the Board is, in all cases, necessary for the Board to deliberate lawfully.

The Chief Executive Officer will attend Board meetings.

A representative of the works council will attend Board meetings under the conditions set by the legislation in force.

At the initiative of the Chairman of the Board of Directors, the statutory auditors or other parties outside the Company with specific competence relating to items on the agenda may attend all or part of a Board meeting.

Resolutions will be passed by a majority vote of members present or represented. In the event of a tie, the Chairman of the meeting shall have the casting vote.

The duties of Board Secretary will be performed by a member of the Board appointed by the Chairman.

Under the conditions provided for by law, the internal regulation may provide that meetings may be held by video-conferencing or by any method of telecommunication. In accordance with the legal and regulatory provisions and within the limits so stipulated, Directors who participate in Board meetings by video-conferencing or any method of telecommunication are deemed as present for purposes of calculating quorum and majority.

The Chairman of the Board of Directors or, in their absence, the party convening the meeting, will inform the individuals invited of the media to be used for the meeting.

Minutes shall be kept and copies or extracts issued and certified in accordance with the law.

7.1.2.14 Authority of the Board of Directors (Article 14)

The Board of Directors sets the Company's business strategy and oversees its implementation. Subject to the powers expressly assigned to the General Meeting and up to the limit of the corporate purpose, it deals with any issues involving the smooth running of the Company and settles the matters concerning it through its deliberations.

The following decisions are subject to the prior approval of the Board of Directors:

- amendments and the annual implementation of the reinsurance agreement with the regional or *départemental* mutuals and the agreement on security and solidarity plans;
- any issues of securities, irrespective of the type, that may result in a change in the share capital;
- any significant operations that may affect the Group's strategy and its business scope;

- vote by secret ballot: any decision to resort to solidarity funds pursuant to the agreement on security and solidarity plans;
- termination of the agreement on security and solidarity plans at the initiative of Groupama SA.

In addition, the decision to terminate the reinsurance agreement at the initiative of Groupama SA must be taken by a two-thirds majority of the members present or represented.

The following operations are also subject to approval by the Board of Directors if any of the categories below exceeds a unit amount set by the Board of Directors:

- taking or disposing of any interests in any companies created or to be created, subscribing to any issues of equities, stocks or bonds, excluding the insurance investment business and cash operations;
- acquiring or disposing of any properties, excluding the insurance investment business;
- granting pledges on corporate property;
- taking out any loans, excluding cash operations carried out with companies that have capital ties to the Company, either directly or indirectly.

The Board may resolve to create committees responsible for investigating or reviewing issues that it or its Chairman submit, upon notification, for their review.

The Board of Directors is authorised to prepare an internal regulation intended to set the operating rules for the corporate bodies that are not covered by the bylaws.

7.1.2.15 Compensation paid to the members of the Board of Directors (Article 15)

Board members may receive compensation in the form of Directors' fees, the total amount of which, as set by the General Meeting, is distributed by the Board among the beneficiaries in such proportions as it deems appropriate.

Extraordinary compensation may be allocated to Board members by the Board of Directors, in the cases and under the conditions set by law.

7.1.2.16 Executive Management of the Company (Article 16)

The Company's Executive Management is assumed by either the Chairman of the Board of Directors, or another individual appointed by the Board of Directors and bearing the title of Chief Executive Officer.

The choice between these two methods of undertaking Executive Management is to be made by the Board of Directors under the conditions of Article 13 of the bylaws.

Shareholders and third parties are to be informed of this choice pursuant to current provisions.

The Chief Executive Officer is vested with the broadest powers to act on behalf of the Company under any and all circumstances. They will exercise this authority within the scope of the corporate purpose and subject to such constraints as the law expressly attributes to Shareholder Meetings and the Board of Directors. They will represent the Company with respect to third parties.

The Board of Directors sets the duration of the duties of the Chief Executive Officer, which may not exceed either that of the division between the duties of Chairman and Chief Executive Officer, or that of their term of office as Director. The Board will also set the compensation of the Chief Executive Officer.

Upon the recommendation of the Chief Executive Officer, the Board of Directors can appoint an individual to assist the Chief Executive Officer, with the title of Deputy Chief Executive Officer. Their authority will be set by the Board of Directors in agreement with the Chief Executive Officer.

The Board of Directors shall also set their compensation.

No one aged 65 or older may be appointed Chief Executive Officer or Deputy Chief Executive Officer. If the Chief Executive Officer or Deputy Chief Executive Officer reaches the age of 65, their duties will terminate upon completion of the next Ordinary General Meeting approving the financial statements for the fiscal year just ended.

7.1.2.17 Agreements (Article 17)

The provisions of Articles L. 225-38 to L. 225-43 of the French Commercial Code apply to agreements entered into directly or *via* an intermediary, between the Company and its Chief Executive Officer, one of its Delegated Executive Officers, one of its Directors, one of its shareholders holding a fraction of voting rights greater than the threshold set by current regulation or, in the case of a company shareholder, its controlling company under the terms of Article L. 233-3 of the French Commercial Code.

7.1.2.18 Non-voting Board members (Article 18)

At the proposal of the Board of Directors, the Ordinary General Meeting may appoint non-voting Directors, who may not exceed six in number.

In the event of a vacancy of one or more non-voting Director positions due to death or resignation, the Board of Directors may accept provisional nominations, subject to approval by the next Ordinary General Meeting.

Non-voting Board members, who are chosen from among or outside the body of shareholders by virtue of their competence, will form an association.

They are appointed for a period of six years to end upon completion of the meeting approving the financial statements for the fiscal year just ended and held within the year during which their terms of office expire.

The Ordinary General Meeting may, under all circumstances, revoke one or more non-voting Board members and undertake to replace them, even if such revocation does not appear on the agenda.

Non-voting Directors are to be invited to meetings of the Board of Directors and shall take part in the deliberations in an advisory capacity. However their absence shall not prevent the meeting from deliberating lawfully.

7.1.2.19 Statutory auditors (Article 19)

Control is exercised by one or more acting statutory auditors appointed and exercising their duties in accordance with the law.

7.1.2.20 General Meetings (Article 20)

General Meetings are convened and shall deliberate under the conditions set by law.

Meetings are held at the corporate registered offices or at any other location defined in the notice convening the meeting.

Any shareholder may attend General Meetings in person or by proxy upon proof of identity and ownership of their shares in the form of registration in their name on the books of the Company, as of the third business day preceding the General Meeting, at midnight Paris time.

Shareholders may only be represented by their spouse or another shareholder.

Corporate shareholders may participate in the meetings through their legal representatives or any other party appointed for that purpose by the latter.

Shareholders may participate in the General Meetings by video conference or any method of telecommunication authorised by current provisions, under the conditions set therein and when the summons so provides.

Meetings are to be chaired by the Chairman of the Board of Directors or, in their absence, the Vice-Chairman or a Director appointed for this purpose by the Chairman of the Board of Directors.

The duties of teller are to be fulfilled by the two members of the meeting present and accepting who have the largest number of votes.

The meeting officers will appoint the secretary, who may be chosen from outside the shareholders.

An attendance sheet will be prepared under the conditions provided for by law.

In all General Meetings, the voting right attached to shares containing a right of usufruct is to be exercised by the usufruct holder.

Copies or extracts of the meeting minutes are to be certified as valid by the Chairman of the Board of Directors, a Vice-Chairman, or the meeting secretary.

7.1.2.21 Deliberation of the meetings (Article 21)

Ordinary and Extraordinary General Meetings, ruling under the conditions of quorum and majority stipulated by the provisions respectively governing them, will exercise the powers attributed to them by law.

A voting right double that conferred on shares by the law, with regard to the proportion of share capital they represent, is to be allocated to all fully paid shares, for which nominative registration will be justified after at least two years in the name of the same shareholder either of French nationality, or originating from a Member State of the European Union.

7.1.2.22 Fiscal Year (Article 22)

The fiscal year will have a duration of twelve months. It will begin on 1 January and end on 31 December of each year.

7.1.2.23 Allocation of profit or loss (Article 23)

The financial statement summarising revenue and expenses for the year will show, by difference, the profit or loss for the year, after deducting amortisations and provisions.

Distributable earnings are set in accordance with the law.

The General Meeting may withdraw any amounts it deems appropriate from these earnings, to be allocated to any accounts containing reserves, funds carried forward, or funds for distribution.

7.1.2.24 Methods of paying dividends - Interim dividends (Article 24)

The General Meeting is authorised to grant each shareholder, for all or part of the dividend distributed or interim dividends, an option between payment of the dividend or interim dividends in cash or in shares, subject to the legal conditions.

A request for payment of the dividend in shares or interim dividends must be made in accordance with the conditions set by law.

The methods of paying dividends in cash or in shares are set by the General Meeting or, failing this, by the Board of Directors.

The Board of Directors may approve the distribution of an interim dividend, under the conditions set by law.

7.1.2.25 Dissolution - Liquidation (Article 25)

Except in the case of an extension approved by the Extraordinary General Meeting, the Company shall be dissolved on expiry of the term set by the bylaws. Dissolution may also occur at any time by decision of the Extraordinary General Meeting.

The Meeting governs the method of liquidation and appoints one or more receivers and defines their authority. The receivers shall exercise their duties in accordance with the law.

Except in the case of a merger, split, or consolidation of all shares, the Company's expiry or dissolution, for any reason whatsoever, will result in its liquidation.

7.1.2.26 Disputes (Article 26)

Any disputes that might occur between the Company and shareholders, or between the shareholders themselves regarding corporate affairs, during the lifetime of the Company or upon its liquidation, will be subject to the jurisdiction of the competent courts.

7.1.3 INTERNAL REGULATIONS OF THE BOARD OF DIRECTORS

The purpose of the Internal Regulations is to define or supplement certain regulatory and statutory provisions concerning the functioning of the Board of Directors and the Executive Management and to define the rights and obligations of the Directors. Each Director, by accepting their term of office, agrees to abide by these Internal Regulations. In the case of any corporate Directors, these regulations apply to the legal entity as well as individually to its individual representative.

On 12 December 2013, the Company's Board of Directors updated the Internal Regulations in order to detail the rights and obligations of the central body and to incorporate adaptations regarding governance.

7.1.3.1 Operation of the Board of Directors

(a) Purpose of the Board of Directors

The Board of Directors, in accordance with the law, sets the guidelines for Groupama SA's business, ensures they are implemented and oversees the job performed by the management. Subject to the powers expressly assigned to the General Meetings and up to the limit of the corporate purpose, it deals with any issues involving the smooth running of the Company and settles matters concerning it through its deliberations. In addition, it performs any audits or controls it deems timely.

Within the framework of the powers conferred on the central body referred to in Article L. 322-27-1 of the Insurance Code, the Company's Board of Directors is responsible for the following in particular:

- ensuring and taking any necessary measures to achieve the cohesion and proper operation of the network of agricultural insurance and reinsurance companies or mutuals referred to in Article L. 322-27-2 of the Insurance Code (hereinafter "network");
- setting the strategic guidelines for the network;
- ruling on the dismissal of any Chief Executive Officer as well as the collective dismissal of members of the Board of Directors of an organisation within the network in the cases provided for in Article L. 322-27-2 of the Insurance Code. Under these circumstances, the Board of Directors provisionally appoints the individuals responsible for assuming their duties until the election of new Board members.

The Board is to be assisted by technical committees in performing its tasks.

(b) Committees of the Board of Directors

The Board of Directors' committees have no power themselves and their responsibilities neither reduce nor limit the powers of the Board. They are responsible for enlightening the Board of Directors in certain areas. In accordance with Article R. 225-29 of the French Commercial Code, the Board of Directors decided to create within itself an Audit and Risk Management Committee, a Compensation and Appointments Committee and an Agreements Committee. Details of the duties, membership and functioning of each of these committees are attached to this regulation (Appendices 1 to 3). The Board of Directors is responsible for ensuring the proper operation of the committees. The Board of Directors may also create *ad hoc* committees charged with studying specific issues as they arise.

(c) Membership of the Board of Directors

The Board of Directors must consist of Directors with the skills, experience, independence of mind and willingness to be involved in the Company's business. These Directors are appointed to serve the interests of the Company.

The Board's membership must ensure impartiality in its deliberations. In addition to Directors representing the controlling shareholder and Directors elected by corporate employees, the Board will consist of at least three (3) external Directors who do not have any direct or indirect relationship with the Company and/or companies of the Group to which the Company belongs (Independent Directors).

Status of Independent Director

A Director is considered independent when they maintain no relationship of any kind whatsoever with the Company, its Group or its management, which might compromise the exercise of their freedom of judgement.

The classification of Independent Director must be discussed by the Compensation and Appointments Committee and reviewed each year by the Board of Directors prior to the publication of the annual report. The Board of Directors shall inform the shareholders of the findings of this assessment at the General Meeting called to nominate the Company Directors or to approve appointments made by nominations by the Board of Directors.

Moreover, the Board must also annually verify the individual status of each Director with regard to the status of Independent Director, and report its findings in the annual report.

It is assisted in this by the Compensation and Appointments Committee.

(d) Non-voting Board Members

Pursuant to Article 18 of the Company bylaws, the General Meeting of Shareholders may appoint one or more non-voting Company Directors, up to a maximum of six.

All obligations of the Directors under the terms of this article shall apply to the non-voting Directors, in particular when the obligations result from provisions applicable only to Directors (whether these provisions derive from the law, from decrees or from regulations, specifically those of the French Financial Markets Authority (AMF - Autorité des Marchés Financiers).

(e) Notice convening meetings – holding of Board of Directors' meetings

The Board of Directors will meet at least four times per year when convened by its Chairman or by any party to whom they delegates this task. If the Board has not met for more than two (2) months, at least one third of the Board members may request the Chairman to convene a meeting for a specific agenda. Notices convening meetings shall be made by letter, telegram, telex, fax or e-mail, or verbally and may be sent by the General Secretary. The Chief Executive Officer may also request that the Chairman convene the Board for a specific agenda.

A draft schedule of meetings is to be prepared no later than December, for the following year.

Directors may ask the Chairman to invite the Company's principal administrative officers to meetings of the Board of Directors or committee meetings to question them on any issues relating to the exercise of their duties. The Board is to vote on the basis of a majority of members present and represented, on the attendance and hearing of these officers. Minutes of the Board of Directors or committee meetings will summarise the discussions that took place.

(f) Provisions specific to the holding of Board meetings by video conference or any method of telecommunication

Directors who participate in Board meetings by video conference or any other method of telecommunication, in accordance with the legal and regulatory provisions and within the established limits, are deemed to be present for purposes of calculating a quorum and majority.

These methods must have technical characteristics that guarantee effective participation in the Board meeting and must allow the continuous broadcast of its deliberations.

However, participation in Board meetings by video conference is not possible for ruling on the following decisions:

- appointment, compensation and dismissal of the Chairman, Chief Executive Officer and Deputy Chief Executive Officer;
- preparation of the annual financial statements and management report;
- preparation of the consolidated and combined financial statements and management reports.

(g) Secretarial duties of the Board of Directors

The secretarial duties of the Board of Directors are to be fulfilled by the General Secretary of Groupama SA.

(h) Attendance record and minutes

In accordance with the law and current regulations, an attendance record is to be maintained, which is to be signed by the Directors participating in the Board meetings, indicating the names of the Directors deemed present under the terms of Article L. 225-37 of the French Commercial Code.

The minutes will report the discussions as fully as possible.

Copies or extracts of the minutes of the discussions are to be certified as valid by the Chairman, the Chief Executive Officer, the Deputy Chief Executive Officer, the Director temporarily assigned to the duties of meeting Chairman, the Secretary of the Board, or a legal representative authorised for this purpose.

(i) Assessment of the Board of Directors

In a report attached to the management report, the Chairman will describe the conditions for preparing and organising the Board's tasks, internal control procedures and the limits of its powers, if applicable.

To allow for preparation of this report, at least once per year, during one of its meetings, the Board of Directors will dedicate a point on its agenda to a discussion of its operation.

The Compensation and Appointments Committee is responsible for ensuring the proper application of the recommendations resulting from the assessment of the Board of Directors and its committees and for submitting regular reports to the Board.

7.1.3.2 Rights and obligations of Directors

(a) Submission of the bylaws and Internal Regulations

Before accepting their duties, all Directors must be familiar with the laws and regulations relating to their duties. A copy of the Company bylaws and of this internal regulation will be submitted to them upon entering into office. The Board will provide for updating of the Internal Regulations to take into consideration any legal and regulatory changes as well as any changes to local practice.

(b) Training

If necessary, Directors and members of specialist committees may receive additional training on the specific nature of the Company and its subsidiaries, the Group's operating methods, its core activities and its business lines.

(c) Participation in Board and committee meetings

A Director must dedicate the necessary time and effort to their duties. They must undertake faithfully to attend meetings of the Board and committees of which they are a member and actively participate in their respective work.

If they feel that any decision of the Board of Directors is likely to harm the Company, a Director must undertake to clearly express their opposition and to use every means possible to convince the Board of the relevance of their position.

(d) Loyalty and conflicts of interest

Directors have an obligation of loyalty to the Company. They must not under any circumstances act in their own interest against that of the Company.

Directors undertake not to seek or accept from the Company or the Group, directly or indirectly, benefits likely to be considered as compromising their independence of analysis, judgement and action. They must also reject any direct or indirect pressure, which might be applied on them and which might originate from other Directors, specific groups of shareholders, creditors, suppliers and any third party in general.

To this end, prior to signing, they undertake to submit to the Board of Directors, as well as to the Agreements Committee, in accordance with the procedure described in Appendix 3, any agreements corresponding to Article L. 225-38 of the French Commercial Code.

Moreover, it is forbidden for Directors to:

- acquire a stake or responsibility in any unlisted Company in which the Company or the Group, directly or indirectly holds a share, in any capacity other than as a group representative;
- acquire a stake or responsibility in any unlisted Company that has a contractual relationship with the Company or the companies of the Group.

They are to ensure that their participation on the Board is not the source of any conflict of interest for them or the Company, both personally and by reason of the professional interests they represents. In the event of a specific conflict of interest relating to a specific dossier, the Director in question will report it in full and in advance to the Board of Directors; they will be required to abstain from participating in Board discussions and decision-making on this point (in that event they are excluded from calculation of the quorum and of the vote).

In the event of any question, Directors may consult the General Secretary, who will guide them on the application of these principles.

They may also consult a person outside the Group, who will function under the terms of a mandate granted by the General Secretary and whose name, address and telephone number shall be sent to the Directors by the General Secretary.

(e) Rights and obligations of Directors with regard to information

The Company Chairman, Chief Executive Officer or Deputy Chief Executive Officer must send each Director any documents and information necessary for fulfilment of the Board's duties, *i.e.*, making decisions for which it is competent and control of the administration exercised by management.

Preparation for Board meetings

The Chairman, Chief Executive Officer or Deputy Chief Executive Officer will seek to communicate to the Directors no later than three days prior to any meeting, except in the case of an emergency or Extraordinary circumstances, a work file including all necessary documents and information, to allow the Directors to participate in Board discussions in a knowledgeable manner and to make a useful contribution to discussion points on the agenda.

In the absence of information or in the event that the information communicated is deemed to be incomplete, the Directors will request that the Chairman, Chief Executive Officer or Deputy Chief Executive Officer provide information they believe to be essential to their participation in the Board of Directors meetings.

Ongoing information

Outside of Board meetings, the Chairman, Chief Executive Officer or Deputy Chief Executive Officer is required to communicate to Directors, insofar as they are aware thereof, information and documents needed to perform their duties, as long as they are not hindered by business secrecy, as Directors have an obligation of confidentiality.

Requests for documents and information from Directors are to be sent to the General Secretary, who will forward them to the Chief Executive Officer and the Deputy Chief Executive Officer. The list of documents requested by Directors is to be included as an item on the agenda of the next meeting of the Board of Directors; this list is to be included in the minutes of such meeting.

For reasons of confidentiality, the Chairman, Chief Executive Officer or Deputy Chief Executive Officer may deem it preferable to make the requested documents available to Directors at the Company's registered offices.

If they believe the information request exceeds the responsibilities of the Director or is likely to raise a situation of conflict of interest, the Chairman, Chief Executive Officer or Deputy Chief Executive Officer, after having so informed the Director in question, may consult the Chairman of the Audit and Risks Committee for their advice, prior to any response.

(f) Personal shares

It is desirable that each Director hold the equivalent at least of one (1) share.

(g) Accumulation of terms of office

Candidates for the offices of Director are required to inform the Board of Directors of any positions of Director, Chairman, Chairman of the Board of Directors, Chief Executive Officer, member of the Supervisory Board and Management Board, Chairman of the Management Board or sole Chief Executive Officer, which they may hold in other companies with registered corporate secretaries in France, to allow the Board of Directors, assisted by the Compensation and Nominations Committee, to verify that the candidates, if elected, meet the accumulation conditions provided for by French law.

Directors are required to inform the Board of their appointment as Director, Chairman, Chairman of the Board of Directors, Chief Executive Officer, member of the Supervisory Board and Management Board, Chairman of the Management Board or sole Chief Executive Officer in companies with corporate registered offices in France within five days of their nomination.

Within one month after the close of the fiscal year just ended, Directors are also required to communicate the list of positions they have occupied during the said fiscal year just ended with a view to preparing the management report.

(h) Duty of secrecy: confidential information

Directors, as well as any party called upon to attend all or part of the meetings of the Board of Directors and committees, are subject to an obligation of discretion as to the progress and content of the discussions. Specifically, Directors must maintain secrecy with regard to information corresponding to the definition of financial information, or other information likely to be of interest to third parties and specifically Company or Group competitors, or confidential information and data. They undertake not to use for personal purposes, and not to disclose outside the obligations of their position, any confidential information.

(i) Prevention of the risk of insider trading

This paragraph contains the rules of professional ethics intended to prevent the risk of insider trading, with regard to financial transactions made by Directors, which involve listed companies or the securities of listed companies, whenever Directors, in the exercise of their functions, hold or have access to privileged information involving those companies or securities.

Legal and regulatory framework

The applicable legal and regulatory framework comes from the Monetary and Financial Code and the General Regulations of the AMF (Autorité des Marchés Financiers).

The mechanisms in place are for the most part based on the principle that all privileged information concerning a company or a traded security, which is not known to the public and which may significantly influence the trading price of that security, must be kept strictly confidential and may not be used or communicated to place orders, directly or indirectly, on the stock market, on either one's own behalf or on behalf of others.

Failure to comply with the rules in this matter is punishable by law (prison term or fine).

The General Regulations of the AMF contain similar prohibitions, violation of which will expose the offender to financial penalties that shall not exceed €1.5 million or ten times the amount of any profits that may be made.

Significant changes to laws and regulations shall be made known to the Directors by a note from the General Secretary.

Definitions

WHO MAY BE CONSIDERED AN “INSIDER”?

Any person who, as part of their functions, has access to privileged information regarding the outlook or position of a listed company or the securities of a listed company.

WHICH SECURITIES ARE AFFECTED?

Any financial instrument traded on a regulated market: shares or other rights that grant or may grant access, directly or indirectly, to share capital or voting rights, debt securities, mutual fund shares or units, or forward financial instruments.

WHAT IS “PRIVILEGED INFORMATION”?

Specific information that has not been made public, which involves, directly or indirectly, one or more issuers of financial instruments (hereinafter called “listed companies”) or one or more financial instruments (hereinafter called “securities”) and which, if it were made public, would be likely to have considerable influence on the prices of those securities or the prices of the securities tied to them.

Information is considered to be specific if it mentions a set of circumstances or an event that has happened or is likely to happen, when it is possible to conclude from the information the effect that those circumstances or that event could have on the prices of the securities in question.

This information, were it to be made public, could have considerable influence on the prices of the securities in question and could be used by a reasonable investor as one of the foundations of their investment decision (buy, sell or hold).

WHAT INFORMATION OR EVENTS MAY BE CONSIDERED AS CONSTITUTING PRIVILEGED INFORMATION?

This includes, among other things:

- earnings (or estimated earnings), and changes thereto that are higher or lower than announced forecasts;
- mergers, acquisitions, public offerings, joint ventures, disposals or changes in assets, acquisitions of interest, major partnerships;
- major new products or changes involving customers or suppliers (such as the acquisition or loss of a customer or a major contract);
- major litigation, investigations or proceedings conducted by the audit authorities;
- a one-time event linked to the business, which may have a significant effect on earnings;
- events affecting the securities of the issuer (failure to repay debt, early redemption, buyback programmes, division of par value or shares, modifications of dividends, changes to the rights of holders of securities, public or private sales of additional shares).

This list is not exhaustive; other information may be considered as privileged depending on the circumstances.

WHEN MAY INFORMATION BE CONSIDERED AS NOT PUBLIC?

Information is not public when it has not been disclosed through, for example:

- an official press release, news service or mass-circulation daily newspaper;
- an official document filed with a control authority (such as the registration document filed with the AMF);
- the Internet;
- documents sent to shareholders (annual report or information prospectus).

Applicable rules

It is likely that Company Directors will receive privileged information about listed companies, e.g., when a partnership, merger/acquisition or investment stake is being examined.

Listed companies in which the Group holds a strategic investment are especially affected.

CONFIDENTIALITY

It is the duty of any Director having access, as part of their functions, to privileged information relating to a listed company or the securities of a listed company to keep this information confidential.

They are forbidden to disclose this information outside the normal framework of their functions or for reasons other than those related to why the information was disclosed to them.

In the event that the Director in question should need to divulge this information to another person in the Group or a third party for the purpose of exercising their functions, they undertake to do so only after they have informed this person or third party that the information is confidential and that they are required to comply with the rules applicable to persons who have privileged information.

TRADING OF SECURITIES

For as long as the privileged information is not made public, the Director having access to such information as part of their functions for a listed company or listed security is forbidden to:

- use the privileged information that they have, to acquire or dispose of, or attempt to acquire or dispose of, on either their own behalf or on behalf of others, directly or indirectly, the securities tied to that information or any securities to which those securities are tied;
- recommend to another person that they acquire or dispose of, or have another person acquire or dispose of, the securities tied to that information or securities to which those securities are tied, based on the privileged information.

(j) Compensation

The compensation of Directors is to be set by the Board at the proposal of the Compensation and Appointments Committee. The rules for the distribution of Directors’ attendance fees are defined in the report from the Chairman to the Board of Directors, attached to the management report.

When a Director participates by phone in a regularly scheduled meeting of the Board of Directors or one of its committees, they receive no Directors' fees. However, if they participate by telephone in an exceptional meeting of the Board of Directors or a committee not scheduled in advance or that was called as an emergency, they receive a Directors' fee at the reduced rate set by the Board of Directors.

7.1.3.3 Executive Management

Within the framework of the powers conferred to the central body, the Executive Management is responsible for taking any necessary measures for the cohesion and proper operation of the network and thus, in particular, must:

- represent the organisations within the network with the French banking regulator (ACPR);
- ensure the application of the legislative and regulatory provisions specific to the organisations within the network;
- organise audit and control duties within the network;
- ensure that retrocessions of organisations that it reinsures are sufficient to guarantee their solvency and compliance with their commitments, report to the Board of Directors and propose any necessary measures;
- issue, under the conditions set out in the agreement on security and solidarity plans entered into between the Company and the organisations within the network, any useful instructions for engaging in the business of the organisations within the network and ensure their effective implementation;
- implement the organisation of the internal control programme as well as the risk management policy;
- approve the appointment of the Chief Executive Officers of the organisations within the network, under the conditions set out in the agreement on security and solidarity plans.

7.1.3.4 Appendices to the Internal Regulations of the Board of Directors

Appendix 1

Audit and Risk Management Committee

PURPOSE OF THE COMMITTEE

The purpose of the Audit and Risk Management Committee is as follows:

- to analyse the mid-year and annual financial statements distributed by the Company upon preparation of the accounts, and provide greater detail on certain items prior to their presentation to the Board of Directors;
- to ensure the relevance and permanence of the accounting principles and methods applied;
- to study changes and adaptations to the accounting principles and rules;
- to verify the accounting treatment of any significant action carried out by the Company;
- to examine the scope of consolidation of the consolidated companies and, as applicable, the reasons for which certain companies are not included therein;
- to examine significant off-balance sheet commitments;
- to review the financial investment policy and assets/liabilities management;
- to examine forecasts in advance and monitor their realisation by identifying the major gaps;
- to monitor the statutory audit by the statutory auditors of the annual financial statements and the consolidated and combined financial statements;
- to ensure that the internal data collection and control procedures guarantee the quality and reliability of the Company's accounts;
- to monitor the process of preparation of the financial information; to check, before publication, all accounting and financial information documents issued by the Company;
- to manage the procedure for selecting the statutory auditors, review their activity schedule and their recommendations, prepare a notice on the total fees requested for performing the legal audit assignments, and monitor the independence of the statutory auditors. To this end, the committee may ask to be notified of the fees paid by the Company and its Group to the statutory auditors and their respective networks;
- to receive the reports of the statutory auditors;
- to receive reports upon request, on any subjects falling within its competence, from the Group's financial and accounting management;
- to monitor the effectiveness of the systems of internal control and risk management systems, and to assess their consistency, particularly with regard to ethics compliance; to assess the internal auditing work and the annual report on internal control;
- to monitor the risk management policies, procedures and systems and, within this context, to review in particular the risk governance scheme, the Group risks policy, internal control policies, adverse scenarios, the Group's major risks, the Business Continuity Plan and the report on anti-money laundering activities and combating the financing of terrorism;
- to review external growth transactions, by verifying firstly that the proposed transaction is in keeping with the strategy defined by the Group and secondly, the profitability of the project and its impact on the overall financial balance of the Group as well as disposal operations;

and, in general, to prepare the work of the Board of Directors, support its decision-making and inform or even alert it when necessary.

MEMBERSHIP

The Audit and Risk Management Committee consists of a minimum of three (3) and a maximum of six (6) members appointed by the Board of Directors, chosen from among the Directors and non-voting Directors. At least one (1) of the committee members must be independent and chosen from among the Directors external to the Company if the committee has three members; the number of independent members must be at least two (2) if the committee has five (5) or more members. The committee cannot include the Chairman of the Board of Directors among its members. If the committee has three (3) members, at least one (1) committee member must by training and experience have a good understanding of financial statements and the accounting principles used by the Company, the ability to evaluate the general application of these principles, experience in the preparation, audit, analysis and evaluation of financial statements of a complexity comparable to those of the Company, good understanding of internal control procedures and the committee's functions, and, if possible, training or experience in insurance.

The committee is chaired by an Independent Director. However, the committee may reserve the right to provisionally appoint a Chairman chosen from among the Directors representing the controlling shareholder.

The terms of office of committee members coincide with their terms as Director or non-voting member. The committee appoints its own Chairman. The Groupama SA General Secretary serves as Committee secretary.

OPERATION

Internal organisation of the committee

The Audit and Risk Management Committee meets as often as deemed necessary and at least twice a year prior to the examination of the annual and mid-year financial statements by the Board of Directors. Members are convened by the Committee Chairman or two of its members. The Chairman of the Board of Directors, Chief Executive Officer or Deputy Chief Executive Officer may also request that the Chairman convenes the Audit and Risk Management Committee on a specific point.

Meetings of the committee are considered valid when at least half its members are in attendance. A committee member cannot be represented.

Minutes of the meeting will be prepared, recording the agenda and the discussions held between committee members. The Committee Chairman or a member of the committee appointed for this purpose will report the committee's opinions and recommendations to the Board of Directors for the purposes of its deliberations.

The committee is required to prepare an activity report on the fiscal year just ended, which it will submit to the Board of Directors within three (3) months after the close of the said fiscal year.

Exceptional cases

Depending upon the agenda, the Committee Chairman:

- may convene any person of the Group likely to offer the committee relevant and useful clarifications for a proper understanding of an issue;
- must exclude from its discussions non-independent members of the committee for the assessment of points likely to pose ethical problems or conflicts of interest.

Methods of working

Members of the Audit and Risk Management Committee will benefit, as of their nomination, from information on the Company's accounting, financial, and operational details.

The time frames for examination of the accounts by the Audit and Risk Management Committee must be sufficient (at least two days prior to the assessment by the Board of Directors). For the purposes of its examination of the accounts, the committee will receive a memorandum from the statutory auditors highlighting the essential points not only of the results, but also of the accounting options applied, as well as a note from the Chief Financial Officer describing the exposure to risks and the Company's significant off-balance sheet commitments.

Appendix 2

Compensation and Appointments Committee

PURPOSE OF THE COMMITTEE

The purpose of the Compensation and Appointments Committee is as follows:

- to propose to the Board of Directors any questions relating to the personal status of the corporate secretaries, specifically compensation, retirement and any allocation of options for the subscription or purchase of Company shares, as well as provisions for the departure of members of the Company's management bodies;
- to put forward any proposals regarding the compensation of corporate secretaries and the allocation and distribution of Directors' attendance fees;
- to assess the conditions, amount, and distribution of any options for the subscription or purchase of shares;
- to define the rules for setting the variable portion of the compensation of corporate secretaries and ensure the consistency of these rules with the annual assessment of the performance of the corporate secretaries and with the Group's medium-term strategies;
- to evaluate all compensation and benefits received by Directors, as applicable, from other companies of the Group, including retirement benefits and benefits of any kind;
- to organise a procedure to select future Independent Directors and to perform its own research on potential candidates before any measure has been taken with regard to the latter;
- to verify annually the individual status of each Director with regard to the status of Independent Director and communicate the conclusions of its examination to the Board of Directors;
- to perform annually tasks involving the assessment of the Board of Directors' methods of working and to communicate the conclusions of these tasks to the Board of Directors.

MEMBERSHIP

The Compensation and Appointments Committee consists of a minimum of three (3) and a maximum of five (5) members appointed by the Board of Directors and chosen from among the Directors and non-voting Directors. At least one (1) of the committee members must be chosen from among the Company's Independent Directors.

The terms of office of committee members coincide with their terms as Director or non-voting member. The committee appoints its own Chairman. The Groupama SA General Secretary serves as Committee secretary.

The committee is chaired by an Independent Director. However, the committee may reserve the right to appoint, as a transitional measure, a Chairman chosen from among the Directors representing the controlling shareholder.

CONTENTS

OPERATION

Internal organisation of the committee

The Compensation and Appointments Committee will meet as often as is deemed necessary and at least once a year prior to approval of the agenda of the annual General Meeting, to examine the draft resolutions to be submitted thereto concerning the positions of members of the Board of Directors and, as applicable, of non-voting Directors, and prior to the assessment by the Board of Directors of the compensation of the Chairman, Chief Executive Officer and Deputy Chief Executive Officer. Members are convened by the Committee Chairman or two of its members. The Chairman of the Board of Directors, Chief Executive Officer, or Deputy Chief Executive Officer may also request that the Committee Chairman convenes the Compensation and Appointments Committee on a specific point.

Meetings of the committee are considered valid when at least half its members are in attendance. A committee member cannot be represented.

Minutes of the meeting will be prepared, recording the agenda and the discussions held between committee members. The Committee Chairman or a member of the committee appointed for this purpose will report the committee's opinions and recommendations to the Board of Directors for the purposes of its deliberations.

The committee is required to prepare an activity report on the fiscal year just ended, which it will submit to the Board of Directors within three (3) months after the close of the said fiscal year.

Exceptional cases

Depending upon the agenda, the Committee Chairman may convene any person of the Group capable of offering the committee relevant and useful clarification as to the proper understanding of an issue.

Appendix 3

Agreements Committee

PURPOSE OF THE COMMITTEE

The purpose of the Agreements Committee is as follows:

- to prevent any potential conflict of interest between the regional mutuals and Groupama SA and its subsidiaries, which is likely to result from their business relationships. In this context, the committee carries out ongoing checks, based on defined significance thresholds, to ensure the agreements are legally sound and ensure that the corporate interests of Groupama SA are complied with;
- to analyse any agreement signed under the conditions mentioned in Article L. 225-38 of the Commercial Code, including those signed between the Company and any of its non-voting Directors or with the Company that controls one of its shareholders (having a proportion of voting rights above 10%) as defined in Article L. 2333 of the Commercial Code.

  In this context, the committee must submit a report to the Board of Directors for each of these agreements, specifically regarding its purpose, its amount and its principal conditions, and draw its conclusions in particular as to the applicable procedure (prior authorisation or communication by the Chairman to members of the Board of Directors and the statutory auditors, provided that it involves agreements corresponding to current operations entered into under normal conditions under the terms of Article L. 225-39 of the Commercial Code).

  The committee will also report to the Board of Directors on the status of these agreements;
- to analyse any and all agreements between the regional mutuals and Groupama SA and its subsidiaries and, more specifically, to ensure that the terms of compensation and distribution of risk among the entities of the two divisions – mutual insurance and equity management – are in compliance with market practice;
- to analyse the conditions for application of the reinsurance agreement between Groupama SA and the regional mutuals.

MEMBERSHIP

The Agreements Committee consists of a minimum of three (3) and a maximum of five (5) members appointed by the Board of Directors, chosen from among the Directors and non-voting Directors. At least one (1) of the committee members must be independent and chosen from among the Directors external to the Company, on the understanding that independence is determined in accordance with the criteria listed by the AFEP-MEDEF task force. The committee cannot include the Chairman among its members.

The terms of office of committee members coincide with their terms as Director or non-voting member. The committee appoints its Chairman from among the Independent Directors. The Groupama SA General Secretary serves as Committee secretary.

OPERATION

Internal organisation of the committee

The Agreements Committee will meet as often as it deems necessary and at least once a year to assess the reinsurance agreement. Members are convened by the Committee Chairman or two of its members. The Chairman, Chief Executive Officer or Deputy Chief Executive Officer may also request that the Chairman convenes the Agreements Committee on a specific point.

Meetings of the committee are considered valid when at least half its members are in attendance. A committee member cannot be represented.

Minutes of the meeting will be prepared, recording the agenda and the discussions held between committee members. The Committee Chairman or a member of the committee appointed for this purpose will report the committee's opinions and recommendations to the Board of Directors for the purposes of its deliberations.

The committee is required to prepare an activity report on the fiscal year just ended, which it will submit to the Board of Directors within three (3) months after the close of the said fiscal year.

Exceptional cases

Depending upon the agenda, the Committee Chairman may convene any person of the Group capable of offering the committee relevant and useful clarification as to the proper understanding of an issue.

Working methods

The time frames for the assessment of agreements by the Agreements Committee must be sufficient (at least two days prior to the assessment by the Board of Directors of an agreement).

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Appendix 4

Criteria for independence

The criteria that the Compensation and Appointments Committee and the Board of Directors must examine in order to classify someone as an Independent Director and prevent the risk of conflict of interest between the Director and the Executive Management, the Company or its Group, are as follows:

- They are not an employee or corporate officer of the Company, or are not an employee or Director of the parent company or a company it is consolidating and have not been at any time over the past five years;
- they have not been paid by the Company, in any form whatsoever, with the exception of Directors' attendance fees, compensation of over one hundred thousand euros (€100,000) within the past five years;
- they are not a Corporate Secretary of a company in which the Company holds, directly or indirectly, the position of Director or in which an employee designated as such or a Corporate Secretary of the Company (currently or within the past five years) holds the position of Director;
- they are not a significant customer, supplier, investment banker or financing banker of the Company or its Group, or for which the Company or its Group represents a significant portion of business activity;
- they have no close family ties to a Corporate Secretary;
- they have not been the auditor of the Company over the previous five years;
- they have not been a Director of the Company for over twelve years.

With regard to Directors representing significant shareholders of the Company or its parent company, they may be considered independent as long as they do not participate in the Company's control.

Beyond this threshold of 10% of the capital or voting rights, the Board, on the recommendation of the Compensation and Appointments Committee, should routinely inquire into their status as independent by taking into consideration the composition of the Company's share capital and the existence of a potential conflict of interest.

The Board of Directors may consider a Director, although meeting the above criteria, not to be independent on the basis of their particular situation or that of the Company, given its share ownership structure or for any other reason. Conversely, the Board of Directors may consider a Director not meeting the above criteria to be independent.

7.2 INFORMATION CONCERNING SHARE CAPITAL AND PRINCIPAL SHAREHOLDERS

7.2.1 SHARE CAPITAL

Information relating to the Company's capital appearing in 7.2.1.1 and 7.2.1.3 results from, or is the consequence of, financial authorisations granted by the Combined General Meeting. Information of which the renewal is proposed to the Combined General Meeting on 18 June 2015 is that, which might allow the Board of Directors to carry out issues with the removal of preferential subscription rights reserved for certain current shareholders and certain categories of person, as well as Group employees, or to carry out transactions involving contributions in kind or incorporation of reserves.

7.2.1.1 Total share capital

- Total share capital issued: €1,686,569,399, represented by shares of all the same category
- Number of shares issued and fully paid: 329,086,712
- Par value of the shares: €5.125
- Authorised share capital not issued: maximum nominal amount of €1.1 billion as detailed below

Status of delegations of authority to the Board of Directors adopted by the Combined General Meetings of 12 June 2013 and 11 June 2014.

Securities	Resolutions	Duration of the authorisation	Expiry	Maximum nominal amount of capital increase
Issue with preferential subscription right (capital increase, all securities combined)	13th Resolution GM of 11 June 2014	26 months	August 2016	€1.1 billion to be charged against the total amount of capital increases authorised by the General Meeting, *i.e.* €1.1 billion
Issue without preferential subscription right of shares or securities giving access to the capital in order to compensate contributions in kind	14th Resolution GM of 12 June 2013	26 months	August 2015	10% of the share capital
Capital increase by capitalisation of premiums, reserves, profits, etc.	13th Resolution GM of 12 June 2013	26 months	August 2015	€400 million
Issue without preferential subscription right of shares or securities giving access to the capital in order to compensate contributions in kind	14th, 15th and 16th Resolutions GM of 11 June 2014	18 months	December 2015	€1.1 billion to be charged against the total amount of capital increases authorised by the General Meeting, *i.e.* €1.1 billion
Capital increase reserved for employees who are members of an employee savings plan	17th Resolution GM of 11 June 2014	26 months	August 2016	€150 million
Free allocation of existing bonus shares or those to be issued to some or all of the Group's employees	16th Resolution GM of 12 June 2013	26 months	August 2015	10% of the share capital as at the date of the Board's decision

A proposal will be made to the General Meeting of 18 June 2015 to renew the authorisation to carry out the following operations:

- the issue of shares and/or equity securities with preservation of the preferential subscription right in favour of Groupama Holding, in the 18th Resolution, which supersedes and replaces the one previously issued by the General Meeting of 11 June 2014 in the 14th Resolution;
- the issue of shares and/or equity securities, with preservation of the preferential subscription right in favour of Groupama Holding 2, in the 19th Resolution, which supersedes and replaces the one previously issued by the General Meeting of 11 June 2014 in the 15th Resolution;
- the issue of shares and/or equity securities, with preservation of the preferential subscription right in favour of categories of people, in the 20th Resolution, which supersedes and replaces the one previously issued by the General Meeting of 11 June 2014 in the 16th Resolution;
- the capital increase eliminating the preferential share subscription right in order to compensate for contributions in kind regarding equity securities or securities giving access to the capital, in the 21st Resolution, which supersedes and replaces the one previously issued by the General Meeting of 12 June 2013 in the 14th Resolution;
- the increase of capital by capitalisation of issue premiums, reserves, profits or other, in the 22nd Resolution, which supersedes and replaces the one previously issued by the General Meeting of 12 June 2013 in 13th Resolution;
- the issue of shares and/or equity securities reserved for members of savings plans, in the 23rd Resolution, which supersedes and replaces the one previously issued by the General Meeting of 11 June 2014 in the 17th Resolution;
- the free allocations of existing shares or shares to be issued to some or all Group employees in the 24th Resolution, which supersedes and replaces the one previously issued by the General Meeting of 12 June 2013 in the 16th Resolution.

7.2.1.2 Non-equity instruments

As of the date of the recording of this registration document, the Company had no non-equity instruments.

7.2.1.3 Shares held by the Company or its subsidiaries

As of this date, the Company holds none of its own shares. Similarly, none of its subsidiaries holds shares in the Company.

As the renewal of the authorisation of the buyback programme granted by the General Meeting of 25 May 2011, in its 10th Resolution, was not proposed to the General Meeting of 30 May 2012; said authorisation expired in November 2012. The authorisation of a new programme will not be proposed to the General Meeting of 18 June 2015.

7.2.1.4 Other equity interests

As at the registration date of this document, the Company had no other equity interests.

7.2.1.5 History of the share capital over the past three years

Shareholders	Position as at 31.12.2014 Number of shares	% of capital	% of voting rights	Position as at 31.12.2013 Number of shares	% of capital	% of voting rights	Position as at 31.12.2012 Number of shares	% of capital	% of voting rights
Groupama Holding	299,346,273	90.96%	90.96%	299,336,132	90.96%	90.96%	299,327,338	90.96%	90.95%
Groupama Holding 2	29,587,992	8.99%	8.99%	29,587,992	8.99%	8.99%	29,587,992	8.99%	8.99%
Autres*	152,447	0.05%	0.05%	162,588	0.05%	0.05%	171,382	0.05%	0.06%
TOTAL	**329,086,712**	**100.00%**	**100.00%**	**329,086,712**	**100.00%**	**100.00%**	**329,086,712**	**100.00%**	**100.00%**

* *Employees, former employees and exclusive officers and Directors.*

No change in the Company's share capital has been realised since the capital increase with preservation of preferential subscription rights, which took place on 28 December 2011.

7.2.1.6 Employee holdings of Groupama SA shares

As at the 1998 year end, in connection with Groupama's acquisition of Gan SA, employees, former employees and exclusive officers of Gan SA and its subsidiaries subscribed to an offer for the purchase of reserved Gan SA shares.

In order to mitigate the lack of liquidity of Gan SA shares as they were not traded, Groupama SA committed to guaranteeing the liquidity of the shares. As such, Groupama SA undertook to acquire at any time, with the exception of the months corresponding to account suspension periods, such shares as the shareholders wished to sell. The liquidity commitment was assumed by CCAMA following the merger between Groupama SA and Gan SA in June 2002, then by Groupama Holding following the simplification of the Group's national structures at the end of 2003.

The purchase price of the Groupama SA shares was calculated based on the change in the Groupama SA consolidated net assets twice a year:

- on the first day of the month after the month in which the Groupama SA annual consolidated financial statements were prepared;
- on the first day of the month after the month in which the Groupama SA consolidated mid-year financial statements were audited.

Moreover, by virtue of the laws relating to employee savings and the COB instruction of 17 June 2003 introducing new rules for the valuation of unlisted companies applicable to employee mutual savings funds, the value of the Groupama SA shares is also assessed once a year based on net assets adjusted in accordance with the most recent balance sheet. The assessment method has been validated by an independent expert.

The purchase price of the Groupama SA share applicable to each period is the higher of the value resulting from application of the liquidity commitment and the value resulting from application of the adjusted net asset method.

The liquidity commitment will become null and void if the shares are listed for trading on a regulated market and if the public holds a fraction of the Groupama SA share capital equal to at least 10%. Employee shareholders of Groupama SA will then be entitled to sell their Groupama SA shares at the price resulting from the liquidity commitment, for a period of 3 months, the period running from the listing of the shares for trading on a regulated market.

As at 31 December 2014, employees, former employees and exclusive officers of Groupama SA held 0.05% of the Groupama SA share capital.

7.2.2 PRINCIPAL SHAREHOLDERS

The following table shows the number of shares, the percentage of capital, and the percentage of corresponding voting rights held by the Company's principal shareholders as at 31 December 2014.

A double voting right is to be allocated to all fully paid shares, for which nominative registration is justified after at least two years in the name of the same shareholder either of French nationality, or originating from a Member State of the European Union.

99.99% of the Company's share capital has double voting rights.

Shareholders	Numbers of shares	% of capital	Number of voting rights	% of voting rights
Groupama Holding*	299,346,273	90.96%	598,674,580	90.96%
Groupama Holding 2*	29,587,992	8.99%	59,175,984	8.99%
Others**	152,447	0.05%	304,882	0.05%
TOTAL	**329,086,712**	**100.00%**	**658,155,446**	**100.00%**

* *Groupama Holding and Groupama Holding 2 are the holding companies of Groupama SA, the shareholders of which are the Regional Insurance Mutuals and the Agricultural Reinsurance Mutuals.*

** *As at 31 December 2014, employees, former employees, and exclusive officers held 152,391 shares, i.e., 0.05% of the Company's capital. Moreover, on the same date, Directors as a whole held 56 shares, i.e., four company shares each.*

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Through Groupama Holding and Groupama Holding 2, which they wholly own, the regional mutuals own the absolute majority of the capital and voting rights of Groupama SA. Note that Groupama Holding and Groupama Holding 2 are not Directors of Groupama SA.

7.3 GENERAL MEETING OF 18 JUNE 2015

7.3.1 AGENDA

Items within the scope of responsibilities of the Ordinary General Meeting

- Management report from the Board of Directors on the fiscal year 2014 and report from the Chairman on internal control procedures.
- General reports from the statutory auditors on the performance of their audit engagement during the fiscal year 2014 and special report from the statutory auditors on the report from the Chairman pursuant to section 6, Article L. 225-37 of the French Commercial Code.
- Approval of the individual and consolidated financial statements for the fiscal year 2014.
- Allocation of profit or loss.
- Special report from the statutory auditors on the transactions mentioned in Article L. 225-38 of the Commercial Code.
- Ratification of a Director's appointment
- Renewal of the terms of office of the nine Directors representing the controlling shareholder
- Opinion on the components of the compensation due or allocated for the fiscal year 2014 to Mr Jean-Yves Dagès, Chairman of the Board of Directors
- Opinion on the components of the compensation due or allocated for the fiscal year 2014 to Mr Thierry Martel, Chief Executive Officer
- Opinion on the components of the compensation due or allocated for the fiscal year 2014 to Mr Christian Collin, Deputy Chief Executive Officer

Items within the scope of responsibilities of the Extraordinary General Meeting

- Delegation of authority to the Board of Directors to increase share capital by issuing company shares and/or equity interests reserved for Groupama Holding 2, eliminating the preferential share subscription right on its behalf.
- Delegation of authority to the Board of Directors to increase share capital by issuing company shares and/or equity interests reserved for Groupama Holding 2, eliminating the preferential share subscription right on its behalf.
- Delegation of authority to the Board of Directors to increase share capital by issuing company shares and/or equity interests reserved for categories of person, eliminating the preferential share subscription right on their behalf.
- Issue of shares or equity securities in payment for in-kind contributions involving shares or equity securities.
- Delegation of authority to the Board of Directors to increase share capital through the incorporation of premiums, reserves, profits, etc.
- Delegation of authority to the Board of Directors to increase share capital by issuing company shares and/or equity interests reserved for members of savings plans, eliminating the preferential share subscription right on their behalf.
- Delegation of authority to the Board of Directors to undertake free allocations of existing shares or shares to be issued in favour of all or certain Group employees.
- Powers of attorney for registration procedures.

7.3.2 RESOLUTIONS

Items within the scope of responsibilities of the Ordinary General Meeting

First Resolution

(Approval of the parent company financial statements)

The General Meeting, ruling under the conditions of a quorum and majority required for Ordinary General Meetings, having taken note of the reports of the Board of Directors and the statutory auditors for the fiscal year ending 31 December 2014, approves the financial statements for this fiscal year as presented, *i.e.*, the balance sheet, income statement and notes, as well as the transactions posted to these statements and summarised in these reports, yielding a loss of €38,744,754.48.

Second Resolution

(Approval of the consolidated financial statements)

The General Meeting, ruling under the conditions of a quorum and majority required for Ordinary General Meetings, having taken note of the reports of the Board of Directors and the statutory auditors on the consolidated financial statements for the fiscal year ending 31 December 2014, approves these financial statements as presented, yielding a net profit (Group share) of €15,369 million.

Third Resolution

(Allocation of profit or loss)

The General Meeting, ruling under the conditions of quorum and majority required for Ordinary General Meetings, after having taken note of the report of the Board of Directors, has resolved to allocate the loss for the year, totalling €38,744,754.48, to the credit side of the "Retained Earnings" account of €359,938,101.59, which thus bring that account to a credit amount of €321,193,347.11.

Note that, in accordance with the provisions of Article 243 bis of the General Tax Code, the Company has paid no dividend with respect to the last three fiscal years.

Fourth Resolution

(Regulated agreements referred to in Article L. 225-38 of the French Commercial Code)

The General Meeting, ruling under the conditions of a quorum and majority required for Ordinary General Meetings, having taken note of the special report of the statutory auditors as provided for in paragraph 3 of Article L. 225-40 of the Commercial Code and Article R. 322-7 of the Insurance Code on agreements referred to in Article L. 225-38 of the Commercial Code, acknowledges the conclusions of this report and approves the agreements described therein.

Fifth Resolution

(Ratification of a Director's appointment)

The General Meeting, ruling under the conditions of quorum and majority required for Ordinary General Meetings, ratifies the appointment at the meeting on 31 July 2014 of Marie-Ange Dubost as Director, to replace Jean-Marie Bayeul, who resigned, for the remaining duration of his term of office, *i.e.*, until the Ordinary General Meeting convened in 2015 to approve the financial statements for the fiscal year ending 31 December 2014.

Sixth Resolution

(Renewal of a Director's term of office)

The General Meeting, ruling under the conditions of a quorum and majority required for Ordinary General Meetings, hereby resolves to renew the term of office of Jean-Yves Dagès as Director for a period of six years, *i.e.*, until the General Meeting convened in 2021 to approve the financial statements for the fiscal year ending 31 December 2020.

Seventh Resolution

(Renewal of a Director's term of office)

The General Meeting, ruling under the conditions of a quorum and majority required for Ordinary General Meetings, hereby resolves to renew the term of office of Jean-Louis Pivard as Director for a period of six years, *i.e.*, until the General Meeting convened in 2021 to approve the financial statements for the fiscal year ending 31 December 2020.

Eighth Resolution

(Renewal of a Director's term of office)

The General Meeting, ruling under the conditions of a quorum and majority required for Ordinary General Meetings, hereby resolves to renew the term of office of Michel Baylet as Director for a period of six years, *i.e.*, until the General Meeting convened in 2021 to approve the financial statements for the fiscal year ending 31 December 2020.

Ninth Resolution

(Renewal of a Director's term of office)

The General Meeting, ruling under the conditions of a quorum and majority required for Ordinary General Meetings, hereby resolves to renew the term of office of Annie Bocquet as Director for a period of six years, *i.e.*, until the General Meeting convened in 2021 to approve the financial statements for the fiscal year ending 31 December 2020.

Tenth Resolution

(Renewal of a Director's term of office)

The General Meeting, ruling under the conditions of a quorum and majority required for Ordinary General Meetings, hereby resolves to renew the term of office of Daniel Collay as Director for a period of six years, *i.e.*, until the General Meeting convened in 2021 to approve the financial statements for the fiscal year ending 31 December 2020.

Eleventh Resolution

(Renewal of a Director's term of office)

The General Meeting, ruling under the conditions of a quorum and majority required for Ordinary General Meetings, hereby resolves to renew the term of office of Amaury Cornut-Chauvinc as Director for a period of six years, *i.e.*, until the General Meeting convened in 2021 to approve the financial statements for the fiscal year ending 31 December 2020.

Twelfth Resolution

(Renewal of a Director's term of office)

The General Meeting, ruling under the conditions of a quorum and majority required for Ordinary General Meetings, hereby resolves to renew the term of office of Marie-Ange Dubost as Director for a period of six years, *i.e.*, until the General Meeting convened in 2021 to approve the financial statements for the fiscal year ending 31 December 2020.

Thirteenth Resolution

(Renewal of a Director's term of office)

The General Meeting, ruling under the conditions of a quorum and majority required for Ordinary General Meetings, hereby resolves to renew the term of office of Michel L'Hostis for a period of six years, *i.e.*, until the General Meeting convened in 2021 to approve the financial statements for the fiscal year ending 31 December 2020.

Fourteenth Resolution

(Renewal of a Director's term of office)

The General Meeting, ruling under the conditions of a quorum and majority required for Ordinary General Meetings, hereby resolves to renew the term of office of François Schmitt as Director for a period of six years, *i.e.*, until the General Meeting convened in 2021 to approve the financial statements for the fiscal year ending 31 December 2020.

Fifteenth Resolution

(Opinion on the components of the remuneration due or allocated for the fiscal year 2014 to Jean-Yves Dagès, Chairman of the Board of Directors)

The General Meeting, ruling under the conditions of quorum and majority required for Ordinary General Meetings, issues a favourable opinion on the components of the remuneration due or allocated with respect to the fiscal year 2014 to Jean-Yves Dagès, Chairman of the Board of Directors, as they appear in the 2014 registration document in section 3.3.4.1.

Sixteenth Resolution

(Opinion on the components of the remuneration due or allocated for the fiscal year 2014 to Thierry Martel, Chief Executive Officer)

The General Meeting, ruling under the conditions of quorum and majority required for Ordinary General Meetings, issues a favourable opinion on the components of the remuneration due or allocated with respect to the fiscal year 2014 to Thierry Martel, Chief Executive Officer, as they appear in the 2014 registration document in section 3.3.4.2.

Seventeenth Resolution

(Opinion on the components of the remuneration due or allocated for the fiscal year 2014 to Christian Collin, Deputy Chief Executive Officer)

The General Meeting, ruling under the conditions of quorum and majority required for Ordinary General Meetings, issues a favourable opinion on the components of the remuneration due or allocated with respect to the fiscal year 2014 to Christian Collin, Deputy Chief Executive Officer, as they appear in the 2014 registration document in section 3.3.4.3.

Items within the scope of responsibilities of the Extraordinary General Meeting

Eighteenth Resolution

(Delegation of authority to increase share capital by issuing company shares and/or equity interests reserved for Groupama Holding, eliminating the preferential share subscription right on its behalf)

The General Meeting, ruling under the required quorum and majority conditions for Extraordinary General Meetings, having taken note of the report by the Board of Directors and the special auditors' report, and in accordance with the provisions of Articles L. 225-129 *et seq.* of the Commercial Code, specifically Article L. 225-129-2 and L. 225-138 of the said Code:

1. delegates to the Board of Directors, with the option of sub-delegation under the conditions provided for by the law, the authority to determine the capital increase, on one or more occasions, in the proportions and at the times it deems appropriate, by issuing company shares or equity securities, on the understanding that the subscription of shares and other securities may be either in cash, or offset against receivables;
2. resolves to eliminate the preferential subscription rights of the shareholders for shares or other securities that may be issued pursuant to this resolution and to reserve the right to subscribe to these security issues for Groupama Holding, a *société anonyme* with share capital of €2,520,662,256, whose registered office is located at 8-10 rue d'Astorg, 75008 Paris and which is entered in the Paris Trade and Companies Register under number 428,734,818;
3. this decision automatically means that the Company's shareholders waive their preferential subscription rights to the Company's shares to which such securities could give entitlement on behalf of holders of issued equity securities based on this resolution;
4. resolves that the maximum par value of the capital increases likely to be carried out immediately or in the future under this authority is set at €1.1 billion; it is specified that, if applicable, the overall limit stated in paragraph 2 of the 13th Resolution approved by the Combined General Meeting of 11 June 2014 will be increased for the par value of the shares to be issued in the event of financial transactions, to safeguard the rights of holders of equity securities;
5. resolves that:
   - the issue price of the directly issued shares shall at least equal the portion of shareholders' equity per share, as stated in the most recently approved balance sheet as at the issue date;
   - the issue price of the equity securities shall be such that the sum received immediately by the Company, plus any sum likely to be received subsequently by it, shall, for each share issued as a consequence of the issue of those equity securities, be at least equal to the minimum subscription price defined in the previous paragraph;
6. resolves that the Board of Directors, with the option of sub-delegation under the conditions provided for by the law, shall have all powers to implement this authority and in particular:
   - to decide on the capital increase and determine the securities to be issued;
   - to decide on the amount of the capital increase, the issue price as well as the amount of the premium, which may, if applicable, be requested upon issue;
   - to determine the method of release in full of the shares or equity securities immediately or in the future; to set, as the case may be, the terms for exercising any rights attached to the shares or equity securities to be issued and, specifically, to set the date, even retroactively, from which the new shares will bear interest; to determine the terms for exercising any rights to conversion, exchange or redemption, including by tendering assets in the Company such as securities already issued by the Company; as well as any other terms and conditions for carrying out the capital increase;
   - to determine the dates and terms of the capital increase, the type and characteristics of the securities to be issued and, in addition, to decide in the case of bonds or other debt securities, whether or not they will be subordinated, to set the interest rate thereof (including fixed or variable rate, zero coupon or indexed) and stipulate any mandatory or optional cases of suspension or non-payment of interest; to stipulate the duration (fixed or open-ended), the possibility of reducing or increasing the par value of the shares and other terms of issue (including the granting of guarantees or pledges) and value write-downs (including redemption by tendering assets of the Company);
   - as applicable, such securities may entail the option for the Company of issuing debt securities (which may or may not be incorporated) in payment for interest, the payment of which would have been suspended by the Company, and to modify the terms set out above during the life of the securities concerned, in accordance with the applicable formalities;
   - to provide for the option of potentially suspending the exercise of the rights attached to such securities, pursuant to existing laws and regulations;

- on its sole initiative to charge capital increase costs on the amount of the premiums associated with them;
- to determine and make any and all adjustments aimed at taking into account the effect of transactions on the Company's share capital, particularly if there are changes in the par value of the share, a capital increase by capitalisation of reserves, an allocation of bonus shares, share splits or reverse splits, a distribution of reserves or any other assets, a write down of share capital or any other transaction involving shareholders' equity, and, as the case may be, to set the terms for preserving the rights of the holders of equity securities,
- to register every capital increase carried out and amend the bylaws accordingly;
- in general, to enter into any and all agreements specifically aimed at the successful execution of the issues planned, to take any and all measures and carry out any and all formalities required for issuing and accounting for the securities issued under this authority and to exercise the rights attached thereto;

7. sets the validity period of this authority at eighteen months with effect from the date of this meeting, and with immediate effect and for the unused portion, terminates the authority granted by the Combined General Meeting of 11 June 2014, in its 14th Resolution;

Nineteenth Resolution

(Delegation of authority to increase share capital by issuing company shares and/or equity interests reserved for Groupama Holding 2, eliminating the preferential share subscription right on its behalf)

The General Meeting, ruling under the required quorum and majority conditions for Extraordinary General Meetings, having taken note of the report by the Board of Directors and the special auditors' report, and in accordance with the provisions of Articles L. 225-129 *et seq.* of the French Commercial Code, specifically Article L. 225-129-2 and L. 225-138 of the said Code:

1. delegates to the Board of Directors, with the option of sub-delegation under the conditions provided for by the law, the authority to determine the capital increase, on one or more occasions, in the proportions and at the times it deems appropriate, by issuing company shares or equity securities, on the understanding that the subscription of shares and other securities may be either in cash, or offset against receivables;
2. resolves to cancel the preferential subscription rights of the shareholders to shares or securities that may be issued pursuant to this resolution and to reserve the right to subscribe to these issues for Groupama Holding 2, a limited company with share capital of €507,998,880, whose registered office is located at 8-10 rue d'Astorg, 75008 Paris and which is entered in the Paris Trade and Companies Register under number 411,955,404;
3. this decision automatically means that the Company's shareholders waive their preferential subscription rights to the Company's shares to which such securities could give entitlement on behalf of holders of issued equity securities based on this resolution;
4. resolves that the maximum par value of the capital increases likely to be carried out immediately or in the future under this authority is set at €1.1 billion; it is specified that, if applicable, the overall limit stated in paragraph 2 of the 13th Resolution approved by the Combined General Meeting of 11 June 2014 will be increased for the par value of the shares to be issued in the event of financial transactions, to safeguard the rights of holders of equity securities;
5. resolves that:

- the issue price of the directly issued shares shall at least equal the portion of shareholders' equity per share, as stated in the most recently approved balance sheet as at the issue date;
- the issue price of the equity securities shall be such that the sum received immediately by the Company, plus any sum likely to be received subsequently by it, shall, for each share issued as a consequence of the issue of those equity securities, be at least equal to the minimum subscription price defined in the previous paragraph;

6. resolves that the Board of Directors, with the option of sub-delegation under the conditions provided for by the law, shall have all powers to implement this delegation of authority and in particular:

- to decide on the capital increase and determine the securities to be issued;
- to decide on the amount of the capital increase, the issue price as well as the amount of the premium, which may, if applicable, be requested upon issue;
- to determine the method of release in full of the shares or equity securities immediately or in the future;
- to set, as the case may be, the terms for exercising any rights attached to the shares or equity securities to be issued and, specifically, to set the date, even retroactively, from which the new shares will bear interest; to determine the terms for exercising any rights to conversion, exchange or redemption, including by tendering assets in the Company such as securities already issued by the Company; as well as any other terms and conditions for carrying out the capital increase;
- to determine the dates and terms of the capital increase, the type and characteristics of the securities to be issued and, in addition, to decide in the case of bonds or other debt securities, whether or not they will be subordinated, to set the interest rate thereof (including fixed or variable rate, zero coupon or indexed) and stipulate any mandatory or optional cases of suspension or non-payment of interest; to stipulate the duration (fixed or open-ended), the possibility of reducing or increasing the par value of the shares and other terms of issue (including the granting of guarantees or pledges) and value write-downs (including redemption by tendering assets of the Company); as applicable, such securities may entail the option for the Company of issuing debt securities (which may or may not be incorporated) in payment for interest, the payment of which would have been suspended by the Company, and to modify the terms set out above during the life of the securities concerned, in accordance with the applicable formalities;

- to provide for the option of potentially suspending the exercise of the rights attached to such securities, pursuant to existing laws and regulations;
- on its sole initiative to charge capital increase costs on the amount of the premiums associated with them;
- to determine and make any and all adjustments aimed at taking into account the effect of transactions on the Company's share capital, particularly if there are changes in the par value of the share, a capital increase by capitalisation of reserves, an allocation of bonus shares, share splits or reverse splits, a distribution of reserves or any other assets, a write down of share capital or any other transaction involving shareholders' equity, and, as the case may be, to set the terms for preserving the rights of the holders of equity securities,
- to register every capital increase carried out and amend the bylaws accordingly;
- in general, to enter into any and all agreements specifically aimed at the successful execution of the issues planned, to take any and all measures and carry out any and all formalities required for issuing and accounting for the securities issued under this authority and to exercise the rights attached thereto;

7. sets the validity period of this authority at eighteen months with effect from the date of this meeting, and with immediate effect and for the unused portion, terminates the authority granted by the Combined General Meeting of 11 June 2014, in its 15th Resolution;

Twentieth Resolution

(Delegation of authority to increase share capital by issuing company shares and/or equity interests reserved for categories of person, eliminating the preferential share subscription right on their behalf)

The General Meeting, ruling under the required quorum and majority conditions for Extraordinary General Meetings, having taken note of the report by the Board of Directors and the special auditors' report, and in accordance with the provisions of Articles L. 225-129 *et seq.* of the Commercial Code, specifically Article L. 225-129-2 and L. 225-138 of the said Code:

1. delegates to the Board of Directors, with the option of sub-delegation under the conditions provided for by the law, the authority to determine the capital increase, on one or more occasions, in the proportions and at the times it deems appropriate, by issuing company shares or equity securities, on the understanding that the subscription of shares and other securities may be either in cash, or offset against receivables;
2. consequently resolves to cancel the preferential subscription rights of the shareholders for shares or other securities that may be issued pursuant to this resolution and to reserve the right to subscribe to these security issues for the following categories of person: (i) the elected representatives and agents of the local and/or regional mutuals of Groupama; and/or (ii) the employees and Managers or company officers referred to in Article L. 3332-2 of the Labour Code, businesses linked to the Company under the terms of Article L. 3344-1 of that Code, who or which are not beneficiaries of the issues effected in application of the 23rd Resolution below; and/or (iii) the persons and/or the employees and Managers or company officers of companies not referred to above but who meet the criteria referred to in the first paragraph of Article L. 3344-1 referred to above; and/or (iv) UCITS or other employee shareholding bodies holding investments in the Company's securities, whose share owners or shareholders consist of the persons referred to in (ii) and (iii) of this paragraph and/or the beneficiaries of the 23rd Resolution below;
3. this decision automatically means that the Company's shareholders waive their preferential subscription rights to the Company's shares to which such securities could give entitlement on behalf of holders of issued equity securities based on this resolution;
4. resolves that the maximum par value of the capital increases likely to be carried out immediately or in the future under this authority is set at €1.1 billion; it is specified that, if applicable, the overall limit stated in paragraph 2 of the 13th Resolution approved by the Combined General Meeting of 11 June 2014 will be increased for the par value of the shares to be issued in the event of financial transactions, to safeguard the rights of holders of equity securities;
5. resolves that:
   - the issue price of the directly issued shares shall at least equal the portion of shareholders' equity per share, as stated in the most recently approved balance sheet as at the issue date;
   - the issue price of the equity securities shall be such that the sum received immediately by the Company, plus any sum likely to be received subsequently by it, shall, for each share issued as a consequence of the issue of those equity securities, be at least equal to the minimum subscription price defined in the previous paragraph;
   - for issues to beneficiaries mentioned under (ii) and (iv) of point 2 above, the issue price for new shares or equity securities will be based on the terms specified under point 3 of the 23rd Resolution below or identical to the price at which securities of the same type will be issued pursuant to the 23rd Resolution;
6. resolves that the Board of Directors, with the option of sub-delegation under the conditions provided for by the law, shall have all powers to implement this delegation of authority and in particular:
   - to decide on the capital increase and determine the securities to be issued;
   - to prepare the exact list of the beneficiaries within the categories of person cited in paragraph 2 above, for whom shareholders' preferential subscription rights were eliminated;
   - to decide on the amount of the capital increase, the issue price as well as the amount of the premium, which may, if applicable, be requested upon issue;
   - to determine the method of release in full of the shares or equity securities immediately or in the future;
   - to set, as the case may be, the terms for exercising any rights attached to the shares or equity securities to be issued and, specifically, to set the date, even retroactively, from which the new shares will bear interest; to determine the terms for exercising

any rights to conversion, exchange or redemption, including by tendering assets in the Company such as securities already issued by the Company; as well as any other terms and conditions for carrying out the capital increase;

› to determine the dates and terms of the capital increase, the type and characteristics of the securities to be issued and, in addition, to decide in the case of bonds or other debt securities, whether or not they will be subordinated (and, if so, their rank, in accordance with the provisions of Article L. 228-97 of the Commercial Code), to set the interest rate thereof (including fixed or variable rate, zero coupon or indexed) and stipulate any mandatory or optional cases of suspension or non-payment of interest; to stipulate the duration (fixed or open-ended), the possibility of reducing or increasing the par value of the shares and other terms of issue (including the granting of guarantees or pledges) and value write-downs (including redemption by tendering assets of the Company); as applicable, such securities may entail the option for the Company of issuing debt securities (which may or may not be incorporated) in payment for interest, the payment of which would have been suspended by the Company, and to modify the terms set forth above during the life of the securities concerned, in accordance with the applicable formalities;

› to provide for the option of potentially suspending the exercise of the rights attached to such securities, pursuant to existing laws and regulations;

› on its sole initiative to charge capital increase costs on the amount of the premiums associated with them;

› to determine and make any and all adjustments aimed at taking into account the effect of transactions on the Company's share capital, particularly if there are changes in the par value of the share, a capital increase by capitalisation of reserves, an allocation of bonus shares, share splits or reverse splits, a distribution of reserves or any other assets, a write down of share capital or any other transaction involving shareholders' equity, and, as the case may be, to set the terms for preserving the rights of the holders of equity securities,

› to register every capital increase carried out and amend the bylaws accordingly;

› in general, to enter into any and all agreements specifically aimed at the successful execution of the issues planned, to take any and all measures and carry out any and all formalities required for issuing and accounting for the securities issued under this authority and to exercise the rights attached thereto;

7. sets the validity period of this authority at eighteen months with effect from the date of this meeting, and with immediate effect and for the unused portion, terminates the authority granted by the Combined General Meeting of 11 June 2014, in its 16th Resolution;

Twenty-First Resolution

(Issue of shares or equity securities in payment for in-kind contributions involving shares or equity securities)

The General Meeting, ruling under the conditions of quorum and majority required for Extraordinary General Meetings, having taken note of the report of the Board of Directors and the statutory auditors' special report, in accordance with the provisions of Articles L. 225-129 *et seq.* of the Commercial Code and specifically Article L. 225-147, 6th paragraph of said Code grants all powers to the Board of Directors to carry out an issue of the Company's shares or equity securities, up to 10% of share capital as at the issue date, in payment for in-kind contributions to the Company consisting of equity shares or other equity securities, whenever the provisions of Article L. 225-148 of the Commercial Code do not apply.

If it uses this authority, the Board of Directors will make a decision based on a report from one or more contribution auditors ("commissaires aux apports"), referred to in Article L. 225-147 of the French Commercial Code.

The General Meeting resolves that the Board of Directors shall have all powers to implement this authority, particularly to approve the valuation and confirmation of the asset contributions and to post all costs and dues on the issue premiums and amend the bylaws accordingly.

The authority granted to the Board of Directors is valid for a twenty-six month period with effect from this meeting. The General Meeting, with immediate effect and in respect of the unused portion, terminates the authority granted by the Combined General Meeting of 12 June 2013, in its 14th Resolution.

Twenty-Second Resolution

(Delegation of authority to increase the share capital by capitalisation of issue premiums, reserves, profits or other funds)

The General Meeting, ruling under the required quorum and majority conditions for Ordinary General Meetings, having taken note of the report by the Board of Directors, and in accordance with the provisions of Article L. 225-130 of the Commercial Code:

1. hereby delegates to the Board of Directors, with the option of sub-delegation under the conditions provided for by the law, the authority to approve a capital increase, on one or more occasions, in the proportion and at the times it deems appropriate, by capitalisation of issue premiums, reserves, profits or other funds that can be capitalised in accordance with existing laws and regulations, in the form of allocation of bonus shares or by raising the par value of any outstanding shares or by using both of these methods. The maximum par value of the capital increases likely to be carried out hereto may not exceed €400 million;
2. in the event this authority is used by the Board of Directors, (the meeting) hereby gives the Board full authority, with the option of sub-delegation, under the terms provided for by the law, to implement this authorisation for the following purposes:

› to set the amount and the nature of the sums to be capitalised; to set the number of new shares to be issued and/or the amount by which the par value of the existing shares comprising the share capital will be increased; to set the date, even retroactively, from when the new shares will bear interest or the date on which the increase in par value comes into effect;

- to make the following decisions if bonus shares are allocated:
  - that fractional shares will not be traded and that the corresponding shares will be sold; the sums from the sale shall be allocated to the owners of the rights under the conditions provided for by existing laws and regulations,
  - that the portion of the shares to be allocated in proportion to existing shares that are entitled to double voting rights will enjoy that right when issued,
  - to make any and all adjustments aimed at taking into account the effect of transactions on the Company's share capital, in particular if there are changes in the par value of the share, a capital increase by capitalisation of reserves, an allocation of bonus shares, share splits or reverse splits, a distribution of reserves or any other assets, a write down to share capital or any other transaction involving shareholders' equity, and, as the case may be, to set the terms for preserving the rights of the holders of equity securities,
  - to charge to one or more available reserve items the amount of the costs associated with the corresponding capital increase,
  - to register every capital increase carried out and to amend the bylaws accordingly,
  - in general, to enter into any and all agreements, take any and all measures and carry out any and all formalities necessary to issue and account for the securities issued under this authority and to exercise any rights attached thereto;

3. This authority is granted for a period of twenty-six months with effect from this meeting. The General Meeting, with immediate effect and in respect of the unused portion, terminates the authority granted by the Combined General Meeting of 12 June 2013, in its 13th Resolution.

Twenty-Third Resolution

(Delegation of authority to increase the share capital, by issuing shares and/ or equity securities in the Company reserved for members of savings plans, eliminating their preferential share rights)

The General Meeting, ruling under the required quorum and majority conditions for Extraordinary General Meetings, having taken note of the report by the Board of Directors and the special auditors' report and, in accordance with the provisions of Articles L. 225-129-6 and L. 225-138-1 of the Commercial Code and Articles L. 3332-1 *et seq.* of the Labour Code:

1. hereby delegates to the Board of Directors, with the option of sub-delegation under the conditions provided for by the law, the authority to approve the capital increase, on one or more occasions, of a maximum par value of €150 million, by issuing company shares or equity securities, reserved for members of one or more savings plans (or another plan for members, for which Article L. 3332-18 of the Labour Code would allow a reserved capital increase under equivalent terms) introduced within Groupama SA or the Groupama group comprising the Company and French and foreign companies included in the Company's accounting consolidation or combination in accordance with Articles L. 3344-1 and L. 3344-2 of the Labour Code;
2. sets the validity period of this authority at twenty-six months with effect from this meeting, and with immediate effect and for the unused portion, terminates the authority granted by the Combined General Meeting of 11 June 2014, in its 17th Resolution;
3. resolves that the subscription price of the shares or the equity securities shall be set under the conditions stipulated in Article L. 3332-20 of the Labour Code and shall be equal to at least 80% of the Reference Price (as this expression is defined below) or at least 70% of the Reference Price when the lock-in period provided for by the plan under Article L. 3332-25 and L. 3332-26 of the Labour Code equals or exceeds ten years; however, the General Meeting expressly authorises the Board of Directors, if it deems appropriate, to reduce or eliminate the above-mentioned discounts up to the legal and regulatory limits in order to take into account, inter alia, the legal, accounting, tax and corporate systems applicable locally; for the purposes of this paragraph, the Reference Price refers to the price set in accordance with the objective methods applied for the valuation of shares, taking into consideration, in accordance with an appropriate weighting in each case of the net assets, profitability and the firm's business prospects, pursuant to the provisions of Article L. 3332-20 of the Labour Code;
4. autvorises the Board of Directors to award future or previously issued shares or equity securities free of charge to the aforementioned recipients, in addition to the shares or equity securities to be subscribed for in cash, in order to make up for all or part of the discount on the Reference Price and/or employer's contribution, provided that the benefit resulting from this allocation does not exceed the legal or regulatory limits, pursuant to Article L. 3332-21 of the Labour Code;
5. resolves to eliminate the preferential subscription right of the shareholders to the securities subject to this authorisation in favour of the aforementioned recipients; the said shareholders also waiving any right to any bonus shares or equity securities which might be allocated free of charge under this resolution;
6. resolves that the Board of Directors shall have full powers, with the option of sub-delegation under the conditions provided for by the law, to implement this authority, with the option of sub-delegation, as stipulated by law, up to the limits and under the conditions specified above, in particular for the purpose of:

- preparing, as stipulated by law, a list of companies of which employees, early retirees and retirees may subscribe to the shares or equity securities thus issued and qualify, if appropriate, for bonus shares or equity securities;
- deciding that applications for shares may be made directly or through company mutual funds (FCPE) or other vehicles or entities allowed under the applicable laws and regulations;
- setting the terms, particularly as regards seniority, to be met by the recipients of the capital increases;
- determining the subscription opening and closing dates;
- setting the amounts of the issues to be carried out under this authority and determining the issue prices, dates, deadlines, subscription terms and conditions and terms for payment in full,

delivery and effective legal date of the securities (even if retroactive), as well as the other terms and conditions for the issues;

- if bonus shares or equity securities are awarded, setting the number of shares or equity securities to be issued and the number to be allocated to each recipient, and determining the dates, deadlines, and terms and conditions for awarding such shares or equity securities up to the limit allowed under existing laws and regulations and, in particular, choosing either to replace in full or in part the allocation of such shares or equity securities for the discounts off the Reference Price referred to above, or to charge the exchange value of such shares or equity securities to the total amount of the employer's contribution, or to combine these two options;
- registering the capital increases carried out in the amount of the shares to be subscribed, after any reduction in the event of over-subscription;
- charging any costs of the capital increases to the amount of the premiums associated with them;
- entering into any and all agreements, carrying out, either directly or indirectly by an agent, any and all operations, including any formalities subsequent to the capital increases and amending the bylaws accordingly; and
- in general, entering into any and all agreements aimed at the successful execution of the issues planned; taking any and all measures and carrying out any and all formalities required for issuing and accounting for the securities issued under this authority and exercising the rights attached thereto or subsequent to any capital increases completed.

Twenty-Fourth Resolution

(Delegation of authority to proceed with the free allocation of existing bonus shares or those to be issued to some or all of the Group's employees)

The General Meeting, ruling under the quorum and majority conditions required for Extraordinary General Meetings, having taken note of the report by the Board of Directors and the special auditors' report:

1. hereby authorises the Board of Directors, pursuant to the provisions of Articles L. 225-197-1 *et seq.* of the Commercial Code and L. 322-26-7 II of the Insurance Code, to carry out, on one or more occasions, bonus allocations of existing or future shares to any recipients to be determined by it among employees, or certain categories of them, of the company or companies or Groups affiliated to it under the conditions defined in Article L. 322-26-7 II of the Insurance Code and/or the corporate secretaries referred to in Article L. 225-197-1 II, under the conditions defined below;
2. resolves that the existing or future shares issued pursuant to this authority may not account for more than 10% of share capital as at the date of the Board of Directors decision;
3. resolves that the allocation of the shares to their beneficiaries will be final following a vesting period lasting at least 2 years;
4. resolves that the period during which the beneficiaries must hold their shares is set at a minimum of 2 years with effect from the final allocation of the shares if the vesting period applied is less than 4 years, on the understanding that the Board of Directors may reduce or even cancel this holding period in respect of beneficiaries for whom the vesting period applied equals or exceeds 4 years;
5. resolves that as an exception to the above, in the event of a beneficiary's disability as classified in the second or third category of the categories provided for in Article L. 341-4 of the Social Security Code or complete disability based on applicable foreign law, the Board of Directors may resolve that the allocation of the shares to the beneficiaries will be final prior to the end of the vesting period;
6. resolves that the Board of Directors shall determine the final durations of the vesting and holding period(s) in accordance with the limits established by the meeting, shall determine the procedures for holding the shares during the share holding period, shall make required charges to reserves, profits or issue premiums, which are available to the Company, in order to pay up the shares to be issued to the beneficiaries;
7. grants all powers to the Board of Directors for the purposes of implementing this authority and in particular:
   - determining the identity of the beneficiaries or the classes of beneficiaries, the share allocations among the employees and/or corporate secretaries of the company or the aforementioned companies or groups, and the number of shares allocated to each of them;
   - establishing the terms and, as applicable, the criteria for allocating the shares;
   - providing for the option of suspending allocation rights temporarily;
   - registering the shares allocated free of charge to a named account in the name of their holder, stating that such shares are unavailable and the period thereof;
   - adjusting, if appropriate, the number of shares allocated free of charge required to preserve the rights of the beneficiaries based on any transactions on the Company's share capital, particularly in the event of any change in the par value of the share, of the capital increase by capitalisation of reserves, in the allocation of bonus shares, in the issue of new equity shares with pre-emptive subscription rights for shareholders, in the distribution of reserves, in issue premiums or in any other assets, in the impairment of equity or any change in the distribution of earnings through the issue of preferred shares or any other transaction involving the shareholders' equity;
   - if new shares are issued, charging any sums necessary to pay for the said shares, to reserves, earnings or issue premiums, registering the capital increases carried out under this authority and amending the bylaws accordingly and in general carrying out any and all formalities required;
8. takes note of the fact that if new shares are issued, this authority shall entail, after the acquisition period, a capital increase by capitalisation of reserves, earnings or issue premiums for the recipients of the said shares. Accordingly, under this authority the shareholders may waive, in favour of the beneficiaries of the said shares, part of the reserves, earnings and premiums thus capitalised as well as their preferential share rights over the shares to be issued during the final share allocation period;

9. resolves that this authority is granted for a period of twenty-six months with effect from this meeting and terminates, with immediate effect, in respect of the unused portion, the authority granted by the Combined General Meeting of 12 June 2013, in its 16th Resolution.

Twenty-Fifth Resolution

(Powers for formalities)

The General Meeting, ruling under the required quorum and majority conditions for Ordinary General Meetings, grants full powers to the bearer of a copy or an extract of these minutes in order to carry out any formalities necessary.

7.4 PERSONS RESPONSIBLE FOR THE REGISTRATION DOCUMENT, FINANCIAL DISCLOSURES AND FOR AUDITING THE FINANCIAL STATEMENTS

7.4.1 PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

Thierry Martel, Chief Executive Officer of Groupama SA.

7.4.2 DECLARATION BY THE PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

I hereby declare, after taking every reasonable measure for this purpose, that the information contained in this registration document is, to my knowledge, a true reflection of the facts and does not contain any omissions liable to alter the scope thereof.

I hereby declare that, to my knowledge, the financial statements were prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, the financial position and the earnings of the Company and of all the companies included in its scope of consolidation, and the information disclosed in the management report presented under section 5.1 presents a true and fair view of the business trends affecting the Company and of the results and financial position of the Company and of all the companies included in its scope of consolidation as well as a description of the principal Risks and uncertainties they face.

I have received from the statutory auditors an end-of-engagement letter in which they indicate that they have audited the information on the Company's financial position and the financial statements given in this registration document and read the whole of the registration document.

The consolidated accounts for the fiscal year ending 31 December 2014 have been certified by a report from the statutory auditors, appearing in section 6.2 of this registration document, which contains an observation.

The statutory auditors prepared a report on the consolidated financial statements for the year ended 31 December 2013 and presented in the registration document no D14-0432 filed with the AMF on 29 April 2014. This report, which contained an observation, appears on pages 290 and 291 of that registration document.

Paris, 22 April 2015

Chief Executive Officer

Thierry Martel

7.4.3 PERSON RESPONSIBLE FOR THE FINANCIAL DISCLOSURE

› Christian Collin
Deputy Chief Executive Officer
Telephone: 01.44.56.35.00
Address: 8-10, rue d'Astorg - 75008 Paris (registered office)

7.4.4 PERSONS RESPONSIBLE FOR AUDITING THE FINANCIAL STATEMENTS

7.4.4.1 Principal statutory auditors

Entered on the Roll of Statutory Auditors in Versailles

› PricewaterhouseCoopers Audit
Represented by Eric Dupont and Christine Billy
Crystal Park
63, rue de Villiers
92208 Neuilly-sur-Seine
Whose first term of office began on 18 December 2003. The current term of office has a duration of six fiscal years, which will expire at the end of the General Meeting convened to approve the financial statements for the year ending 31 December 2016.

› Mazars
Represented by Jean-Claude Pauly and Christophe Berrard
Tour Exaltis
61, rue Henri-Régnault
92400 Courbevoie
Whose first term of office began on 12 September 2000. The current term of office has a duration of six fiscal years, which will expire at the end of the General Meeting convened to approve the financial statements for the year ending 31 December 2017.

7.4.4.2 Deputy statutory auditors

Entered on the Roll of Statutory Auditors in Versailles

› Yves Nicolas
Crystal Park
63, rue de Villiers
92208 Neuilly-sur-Seine
Whose first term of office began on 25 May 2011 for a duration of six fiscal years, which will expire at the end of the General Meeting convened to approve the financial statements for the year ending 31 December 2016.

› Michel Barbet-Massin
Tour Exaltis
61, rue Henri-Régnault
92400 Courbevoie
Whose first term of office began on 12 September 2000. The current term of office has a duration of six fiscal years, which will expire at the end of the General Meeting convened to approve the financial statements for the year ending 31 December 2017.

7.5 DOCUMENTS AVAILABLE TO THE PUBLIC

All the statements by the Company and the annual reports, including in particular the historical financial information on the Company, are available on the Company's website at the following address: www.groupama.com, "Finance" – under "Financial information", and a copy can be obtained at the Company's registered office at 8-10 rue d'Astorg - 75008 Paris.

The bylaws of the Company as well as the minutes of General Meetings, the auditors' reports and the parent company and consolidated financial statements can be reviewed at the Company's registered office: 8-10, rue d'Astorg – 75008 Paris, in the Legal Department.

GLOSSARY

Actuarial reserves

Sums which the insurer must record as liabilities on its balance sheet, corresponding to its commitments to policyholders.

Combined ratio

The combined ratio of Groupama SA is the ratio:

- of the total claims expense net of reinsurance and operating costs;
- to the premiums earned net of reinsurance.

Convexity

This notion supplements the notion of duration, which does not contain any information on the dispersion of flows, the duration of which is calculated. In some cases, this may be a poor approximation of the sensitivity to a distortion (and not only a simple conversion) or to a pronounced conversion in the yield curve Schematically the sequence of identical flows – one in period 0 and the other in period 10 – will have the same duration as a single flow in period 5.

Notions of duration and convexity are used when attempting to back liabilities with bonds. The process of backing liabilities with bonds is much more precise when the bond portfolio has a duration and convexity close to those of the liabilities.

Duration

The duration of a bond corresponds to the average duration of the funds generated by it weighted by their current values. On this order of magnitude, the value of the bond can be understood in terms of its sensitivity to conversions in the yield curve by extension, any flow sequence can be calculated, particularly those related to insurance liabilities based on projections of such flows.

Economic operating profit

Groupama SA's economic operating profit corresponds to the net profit, including any capital gains or losses on the share going to the shareholder, variations in fair value and one-time activities, net of corporate income tax.

Group insurance

A category of insurance allowing a legal entity called an underwriter to underwrite a policy with an insurance company for the purpose of having a group of persons join who are united by similar ties.

Guaranteed rates policy

Policy under which the insurer promises under contract to pay interest on the capital built up at a certain rate.

Individual insurance

A category of life and health insurance under which an individual can take out an insurance policy (death, life) with an insurance company.

Life and health insurance

Policies covering a personal risk. These policies include life and death insurance but also all risks affecting the physical integrity of the person due to accident or illness (disability, long-term care, healthcare reimbursement costs, etc.).

Long-term care policy

Policy designed to cover the risk of the loss of independence by the elderly.

Multi-vehicle policy

Insurance policy whose redemption value or the service paid by the insurer is denominated in euros and unit-linked assets The policyholder (or member) generally has a choice of currency in which he wishes to invest his premiums (in euros or in unit-linked assets) and may, depending on the possibilities provided under the policy, request that the initial choice be changed (arbitrage).

On a like-for-like basis

On a like-for-like basis means that the information related to the period of the relevant fiscal year are adjusted using the exchange rate applicable for the same period of the previous fiscal year (constant exchange rate), eliminating the income from acquisitions, disposals and changes in scope of consolidation (constant scope) and cancelling changes in accounting methods (constant methodology) in one of the two periods compared.

Policy in euros

Policy under which the redemption value or the service paid by the insurer are denominated in euros.

Profit-sharing

In life insurance and capitalisation, insurance companies include their policy-holders in their earnings by redistributing them.

Run-off

Discontinued operations for which the premium income consists exclusively of periodic premiums associated with old subscriptions.

Statutory solvency margin

Minimum risk coverage related to the insurance business required by oversight agencies to protect the interests of policy-holders.

Unit-linked policy

Insurance policy for which the redemption value and the service paid by the insurer are expressed not in euros but in another unit of value, generally in the number of shares or mutual fund units. Thus the exchange value in euros of the insurer's commitment depends on changes in the securities comprising the mutual fund on the financial markets.

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