Combined Financial Statements 2012 Groupama

Groupama

REPORT OF THE BOARD OF DIRECTORS ON THE COMBINED FINANCIAL STATEMENTS OF GROUPAMA 2012 FISCAL YEAR

1. ENVIRONMENT

MACROECONOMIC ENVIRONMENT

The analysis of the macroeconomic environment of 2012 distinguishes two periods during which the economic outlook and level of risk aversion were very different.

First of all, the financial markets were negatively affected in the first half of the year by fears of recession fuelled by:
- austerity measures taken in most eurozone countries;
- the recession in Spain in a context of unemployment figures that are already very high;
- major concerns about the health of the Spanish banking system;
- difficulties in establishing a European solidarity mechanism;
- signs of global slowdown, particularly from the United States and China.

In the second half of the year, the joint efforts of the central banks and political leaders lessened the threat of a major crisis in the eurozone. The principal measures implemented by the ECB were the establishment of the bond purchase programme and the ratification of the European solidarity mechanism.

The first half of 2012 focused investors' attention on risks that were already present at the end of 2011. The slight increase in confidence at the beginning of the year related to the combined actions of central bankers targeting European financial institutions was quickly cancelled out by the sudden intensification of pressures on the peripheral countries, primarily Greece and Spain.
Thus, although the eurozone's decision-makers increased the capacity of the European financial stability mechanisms (EFSF then ESM), the flight of capital from Greek banks and the absence of a European consensus about Greece's possible exit from the eurozone increased investor confidence with regard to the integrity of the zone.
In the aftermath, investors' awareness of the extent of the Spanish structural deficit and the potential recapitalisation requirements for the Iberian banking system intensified their concerns about the country. The possibility that the eurozone would break up in the short term once again became a very real threat for the markets.

In the United States, markets were negatively affected to a lesser degree by the increase in the public debt and the deterioration of business opinion surveys. Beyond the collateral effects of the crisis on the eurozone and on trade, operators focused on three key components for a recovery in US growth: the necessary budget cuts and their effects on future growth; the still-uncertain situation of the real estate market; and the difficulties faced by the US economy in creating sustainable employment.
In addition, the decline in growth in the emerging markets (particularly in India and China) was an additional unfavourable factor for western exports. High inflation did not allow central bankers to relax credit terms.

In the second half of the year, several factors reversed the trend seen over the first half of the year. The statements by the European Central Bank's Chairman in late July reassured the markets about the European Union's determination to implement the measures necessary to safeguard the integrity of the eurozone.
Market pressure on the peripheral countries of the eurozone was therefore greatly reduced; other signals helped to support this renewed confidence in the eurozone, in particular: the rather reassuring conclusions of the independent audit of Spanish bank recapitalisation requirements, structural reforms on track for implementation in Italy, renegotiation of the terms of the EU/IMF loans to Greece, the first signs of strengthened European integration with the establishment of the Banking Union and the budget deficit stabilisation mechanisms. Thus, even though growth forecasts for the eurozone for the second half of 2012 and for 2013 remain negative (-0.5% in 2012 and between -0.1% and -0.5% estimated for 2013), these events reassured the markets about the eurozone.

In the United States, real estate market indicators also recovered, suggesting the beginnings of a virtuous circle: an improvement in consumer wealth and confidence resulting in reduced unemployment and an improvement in the situation of the financial system and of credit conditions. These factors, combined with the stabilisation of the situation in the eurozone, brought about renewed confidence in US companies and a reversal of the trend on the employment market. The job market thus recovered significantly, with the quarterly rate of net job creations increasing from +66,000 in the second quarter to more than +160,000 in the second half-year. However, uncertainty about the triggering of automatic budget cuts and their impact on growth (consensus around 2% for 2013) still hung over the markets at the end of 2012.

In the emerging markets, the drop in inflation enabled the start of monetary easing, allowing recovery policies to be established. This recovery took the form of a simultaneous reduction in short-term rates and compulsory reserve rates and the announcement of investment measures on the real estate market and infrastructures.

FINANCIAL MARKETS

Changes in assets were marked by these various phases of appreciation of macroeconomic risk.

On the fixed-income markets, the weak growth forecasts for eurozone economies and the abundance of liquid assets favoured an environment of low yields. Thus, despite the loss of the AAA rating from S&P, the yield on 10-year French debt was 2% at the end of the year. On the equity market, annual growth was around 15% for the French equity market.

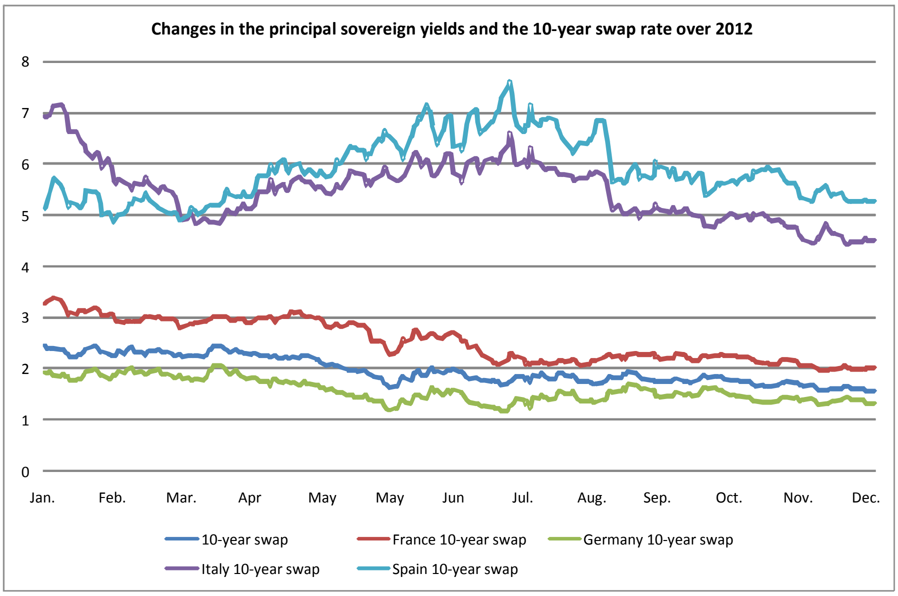
Changes in yields

The first part of the year was characterised by two contrasting movements:

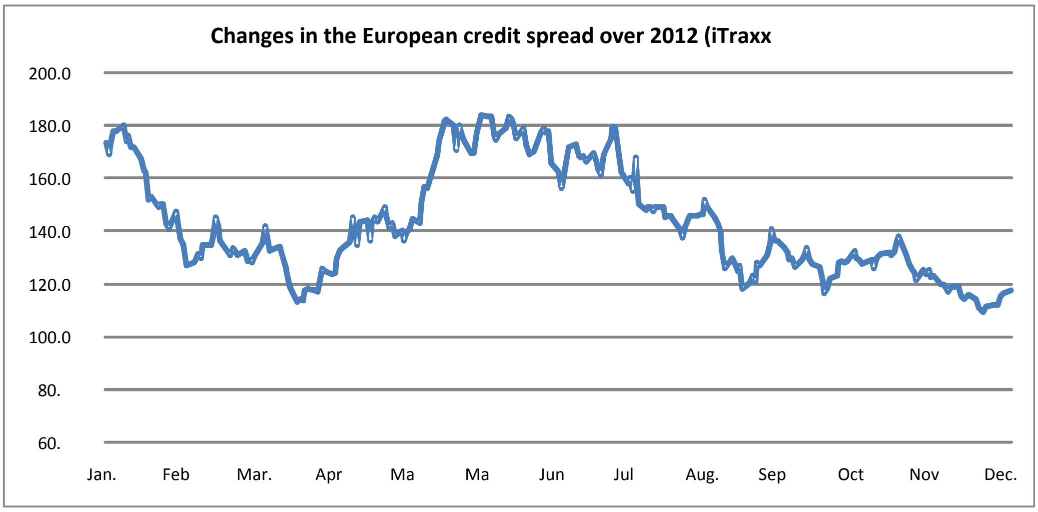
- The significant deterioration of peripheral sovereign debt: Italian and Spanish 10-year yields reached more than 7%. Spanish bonds widened by up to +251bp (for the 10-year) at the height of their decline (24/07/2012). Italian bonds reached their low point at the very beginning of the year then tightened significantly over the first two months of the year following the policy change before widening again during summer 2012;
- The simultaneous contraction of -128bp and -75bp of French and German sovereign bonds respectively as part of the carry-over of investor flows on assets perceived as having the best credit standing.

The ECB's resolute statements brought relief to the markets in the second half of the year with:

- Renewed confidence in the peripheral markets embodied by the fact that Spanish sovereign bonds returned to the levels seen at the beginning of the year (5.26% for the 10-year yield at the end of 2012 vs. 5.11% at the beginning of the year) and a significant tightening of Italian sovereign bonds, which lost -242bp over the year.
- French and German government yields maintained at low levels because of continued monetary policies. Against this background, the 10-year OAT finished the year at 2% and lost -124bp over 2012, whereas the 10-year Bund finished the year at 1.44% and lost 59bp over the period.

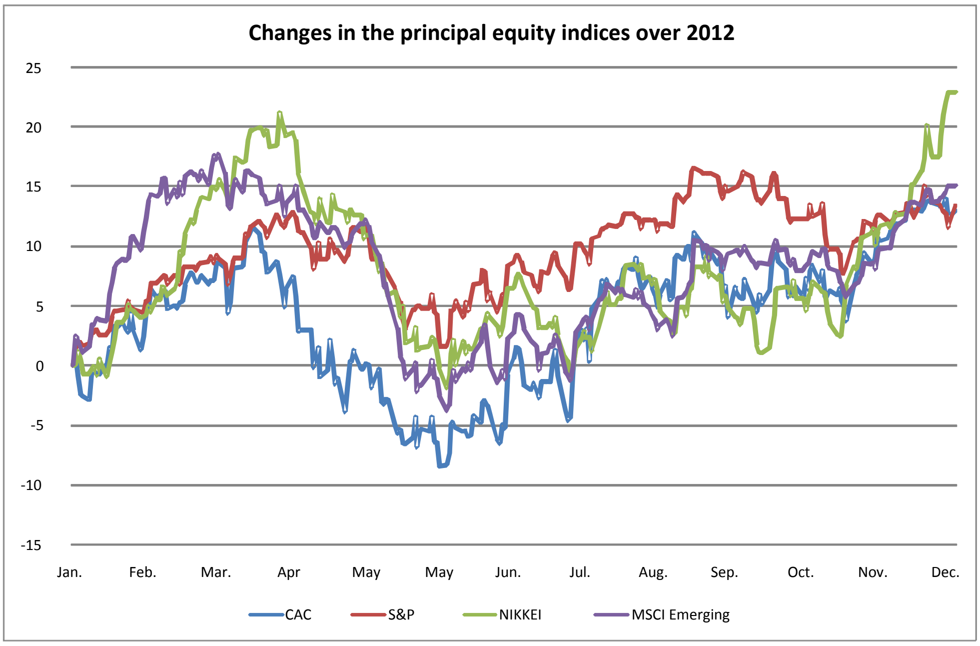


Changes in credit



2012 was very favourable for the credit market with a marked tightening of credit risk premiums over the second half of the year: the iTraxx Main index, made up of CDSs from issuers rated BBB or higher, lost -66bp between the end of May and the end of December 2012. In addition to this tightening, risk-free rates continued to decline, with the 10-year swap rate losing -88bp over the year. Note the performance over the year of more than 13% for Investment Grade credit bonds and more than 27% for non-Investment Grade credit bonds.

Changes in the equity market



The equity market was closely correlated to the perception of the risk discussed above:

- After confidence returned at the beginning of the year as a result of measures taken to support the banking system, the equity markets suffered a sharp drop with a low point in May due to tensions around the eurozone and the global economy;
- Over the second half of the year, the equity markets performed very well thanks to the lessening of the risk of the eurozone breaking up, as well as the first signs of recovery in the United States.

The balance sheet over the year is therefore positive across all stock markets with an increase of 15% on the CAC 40 and 14% on the US S&P 500 index for 2012 (performance with dividends reinvested).

2. Significant events

Group governance

Chairmanship of Fédération Nationale Groupama, Groupama SA and Groupama Holding

On 14 December 2012, Jean-Yves Dagès was elected Chairman of Fédération Nationale Groupama, the board of directors of Groupama SA and Groupama Holding, replacing Jean-Luc Baucherel.

Jean-Yves Dagès has been Chairman of the Groupama d'Oc regional mutual since June 2011 and is Chairman of Misso (Fire Mutual Insurance of Foresters of the Southwest) and Chairman of the board of directors of Gan Assurances. He is a member of the CSPSA (High Council on Agricultural Social Benefits) and mayor of Poyartin (Landes).

Draft law regarding the separation and regulation of banking activities

On 19 December in the Council of Ministers, the government adopted a law for the separation and regulation of banking activities.

The draft text also contains clauses (article 16) that concern Groupama. Subject to its adoption by Parliament, it aims to make Groupama SA a group central body on the existing mutual insurance and cooperative banking model.

The text of the law establishes the role of Groupama SA as reinsurer of the regional mutuals, jointly held, directly and indirectly, by the regional mutuals with an absolute majority of capital and voting rights and defines its responsibilities and prerogatives as a central body guaranteeing the consistency and proper operation of the mutual insurance Group.

By establishing Groupama SA as a central body of the group controlled with an absolute majority by the regional mutuals, the law confirms and reinforces Groupama's nature as a mutual insurance company for the future, based on the solidarity of the companies that make it up.

The law is under debate in Parliament during the first quarter of 2013. A Decree in the Council of State will specify the provisions and procedures for applying the article concerning Groupama.

MEASURES TO STRENGTHEN THE SOLVENCY MARGIN

In 2012, the group implemented measures to strengthen its solvency margin while reducing the sensitivity of its balance sheet to financial market fluctuations.

These measures include three components:

- Operations to reduce risk on securities

  The reduction of the balance sheet's sensitivity to equity risk resulted in disposals yielding a gross value of approximately €2,500 million and the extension of a hedge with a reinforced level of protection pertaining to nearly €1,100 million on the equity allocation. In addition, the group also reduced the credit risk of its bond portfolio by carrying out a significant withdrawal from Spanish bank debt, the disposal of all of its positions in Greek sovereign debt, the disposal of its exposure to Hungarian sovereign debt held by the French entities, as well as a reduction of its holdings in subordinated bank debt.

- Property disposals

  At the same time, the group sold properties under very good conditions. The withdrawal from the property allocation represents a divestment of approximately €1 billion.

- Strategic disposals of businesses

The completed business disposals are described below:

In France

Sale of the property and casualty businesses of Gan Eurocourtage to Allianz France and its maritime business in France to Helvetia

- Groupama sold the P&C business of Gan Eurocourtage to Allianz France on 1 October 2012.

The operation is a portfolio transfer involving the P&C business of Gan Eurocourtage, excluding transport, amounting to around €800 million in turnover and a total balance sheet of €1.9 billion. As part of this operation, 654 staff joined the Allianz group.

- On 3 December 2012, Groupama sold the maritime portfolio of Gan Eurocourtage subscribed in France to the Helvetia group.

This portfolio represented premium income of €166 million in 2011 and a total balance sheet of €238 million. Around 240 staff from Gan Eurocourtage joined the teams of Helvetia Assurance SA.

These two transactions were carried out through portfolio transfer operations subject to the approval of the ACP. They resulted in a portfolio selling price of approximately €180 million. As part of these operations, the equity of Gan Eurocourtage was not transferred and is still owned by Groupama.

Abroad

Sale of the Spanish subsidiary

On 19 June 2012, Grupo Catalana Occidente and INOCSA entered into an agreement with Groupama to acquire 100% of Groupama's subsidiary in Spain (including the subsidiary ClickSeguros).

Grupo Catalana Occidente (GCO) acquires 49% of the share capital of Groupama Seguros, and INOCSA (majority shareholder of GCO) acquires the remaining 51%.

The selling price of Groupama Seguros is €404.5 million.

Sale of the non-life insurance subsidiary in the United Kingdom to Ageas UK

On 14 November 2012, Groupama sold Groupama Insurance Company Limited (GICL), its non-life insurance subsidiary in the United Kingdom, to Ageas UK. This transaction excluded Groupama's brokerage firms in the United Kingdom.

The price paid for the acquisition of GICL was 116 million pounds sterling (€145 million). Before the actual completion of the operation, 40 million pounds sterling (€50 million) was injected by GICL into the pension fund transferred within Groupama SA.

Sale of Lark

Gan UK Broking Services sold the brokerage firm Lark on 19 July 2012.

Sale of the Proama branch in Poland

On 31 December 2012, Groupama sold its Proama branch to the Polish branch of the Czech company Ceska Pojistovna, a subsidiary of Generali PPF Holding.

OTHER ITEMS

Merger between Icade and Silic

After obtaining authorisation for the operation from the French Antitrust Authority on 13 February 2012, Groupama contributed the balance of its 35.8% interest in the capital of Silic to HoldCo SIIC, a company controlled by Caisse des Dépôts, which also holds 55.58% of the capital and voting rights of Icade, on 16 February 2012.
Following this contribution, HoldCo SIIC holds 43.95% of the capital and voting rights of Silic. Caisse des Dépôts and Groupama hold 75.07% and 24.93% of the capital and voting rights of HoldCo SIIC respectively.

In the IFRS financial statements, this contribution does not result in the recording of significant earnings on disposal in 2012.

Subscription by Caisse des Dépôts of preference shares of Gan Eurocourtage

On 30 December 2011, Caisse des Dépôts had irrevocably pledged to subscribe to a Gan Eurocourtage capital issue on the basis of preference shares with a priority dividend and without voting rights but giving access to certain rights relating to the protection of its investment.

The preference shares were issued on 15 March 2012 (after the general meeting of Gan Eurocourtage approving the annual financial statements and the meeting of the Gan Eurocourtage board of directors authorising the issue of preference shares as delegated by the extraordinary general meeting). Caisse des Dépôts thus subscribed €300 million.

These preference shares were repaid on 1 October 2012.

Exchange of Greek debt as part of the PSI

On 24 February 2012, the Greek Republic proposed an exchange of old debts for new Greek debts to private holders of Greek debt as part of the PSI (Private Segment Involvement). The board of directors meeting of 6 March 2012 approved the group's contribution of Greek debt securities that it holds as part of the exchange operation mentioned above. Following the acceptance of the PSI by private creditors, Groupama contributed its Greek debt securities to the exchange on 12 March 2012. In addition to the effects involving a decrease in the coupon, the exchange has resulted in the write-off of 53.5% of the initial debt's nominal value. The remaining balance (46.5% of the nominal value) is broken down into EFSF securities (15% of the nominal value) and new Greek securities (31.5% of the nominal value).

Since this exchange, Groupama sold all of its positions in Greek sovereign debt, registering a loss of approximately €50 million in 2012, net of profit sharing and taxes and reserves written back.

Groupama SA's decision not to proceed with the optional interest payment to holders of deeply subordinated notes issued in October 2007

For the first time, on an extraordinary basis, Groupama SA decided not to pay the coupon on undated deeply subordinated notes (TSSDI), in accordance with the option provided for in the bond's prospectus. The accrued coupons on all subordinated notes as at 31 December 2012 have been booked in the financial statements.

Financial rating

Fitch

On 5 October 2012, following the group's decision not to pay the coupon on the deeply subordinated note (TSS), Fitch lowered the rating of three hybrid debt securities issued by Groupama SA from "BB" to "B+", "B-" and "CCC" respectively and placed them on negative watch. At the same time, the rating agency lowered the insurer financial strength rating of Groupama and two of its main subsidiaries, Groupama Gan Vie and Gan Assurances, from "BBB" to "BB+", accompanied by a negative outlook.

On 17 December 2012, Fitch revised the outlook associated with the ratings of Groupama SA and its subsidiaries from negative to evolving.

Standard & Poor's

On 6 December 2012, Groupama SA asked Standard & Poor's Rating Services to stop the group's rating. Consequently, the request applies to the insurer financial strength rating by S&P of Groupama SA and its subsidiaries, Gan Eurocourtage, Gan Assurances and Groupama Gan Vie, the counterparty credit rating of Groupama SA, Groupama Banque and Groupama Gan Vie, as well as the rating of three subordinated bonds issued by Groupama SA.

On 7 December 2012, the rating agency Standard & Poor's confirmed the counterparty credit and insurer financial strength ratings of "BB-" for Groupama and its guaranteed subsidiaries then withdrew these ratings at the group's request.

Merger-absorption of Gan Eurocourtage by Groupama SA

Following the sale of the brokerage and French maritime portfolios of Gan Eurocourtage, Groupama SA took over Gan Eurocourtage with the objective of streamlining its organisation.

This operation was carried out on 31 December 2012, with retroactive effect for accounting and tax purposes from 1 January 2012.

The completion of this merger allowed the remaining businesses of Gan Eurocourtage to be consolidated within Groupama SA.

Increase in the equity of its subsidiary Groupama Gan Vie

During 2012, Groupama SA strengthened significantly the financial soundness of Groupama Gan Vie, its life insurance subsidiary.

In May and June 2012, Groupama SA subscribed to two capital increases via a cash contribution for €140 million and a contribution of properties for €120 million.

At the end of 2012, as part of a new capital increase, Groupama SA contributed several properties to Groupama Gan Vie as well as all securities of a company dealing mainly in real estate for an overall amount of €752.5 million.

Groupama Gan Vie's solvency was also strengthened by December's repayment of several loans taken out with Groupama Gan Vie for a total of €625 million.

Temporary implementation of a Group quota share treaty

In late December 2011, Groupama entered into a contract for a quota share treaty with a reinsurer with very good credit ratings, representing divestments of €1.1 billion for the year of occurrence of claims (2012), to take effect on 1 January 2012.

3. POST-BALANCE SHEET EVENTS

Sale of the asset management company Groupama Private Equity

On 7 January 2013, Groupama and the ACG group announced the signature of an agreement regarding the sale by Groupama of 100% of Groupama Private Equity's capital to the ACG group.

The conclusion of this transaction is subject to authorisation by the relevant authorities and should take place in the first half of 2013.

This operation is part of Groupama's strategy to dispose of its non-strategic businesses.

In connection with this sale, Groupama seized the opportunity to partially sell off units held by the group in direct equity investment funds (FCPR Acto and FCPR Acto Capital II) to Acto Capital, a simplified joint-stock company in the process of being set up, represented by Jean Marc Sceo, Luxempart and Five Arrows Secondary Opportunities III, a Rothschild group fund.

Sale of Bollington

On 11 February 2013, Gan UK Broking Services signed an agreement to sell 51% of its stake in the brokerage firm Bollington.

4. ANALYSIS OF FINANCIAL STATEMENTS

4.1 SUMMARY OF ACTIVITY AND RESULTS

Premium income (in millions of euros)	31/12/2011	31/12/2011 pro forma	31/12/2012	Change in value (like-for-like)	Actual change	Like-for-like
Property and casualty insurance - France	5.903	4.908	5.134	227	-13.0%	4.6%
Life and health insurance - France	6.768	6.768	6.063	-704	-10.4%	-10.4%
Total Insurance - France	**12.670**	**11.675**	**11.198**	**-477**	**-11.6%**	**-4.1%**
Property and casualty insurance - International	3.194	2.001	1.995	-6	-37.5%	-0.3%
Life and health insurance - International	1.099	808	731	-76	-33.4%	-9.4%
Total Insurance - International	**4.292**	**2.809**	**2.726**	**-82**	**-36.5%**	**-2.9%**
Others	8	8	6	-2	-25.2%	-25.2%
Banking and financial businesses	269	269	267	-2	-0.8%	-0.8%
Total - GROUPAMA	**17.239**	**14.760**	**14.197**	**-564**	**-17.6%**	**-3.8%**
Total - Insurance (excl. Assuvie)	**16.962**	**14.484**	**13.924**	**-560**	**-17.9%**	**-3.9%**
Property and casualty insurance	9.096	6.909	7.129	221	-21.6%	3.2%
Life and health insurance	7.866	7.575	6.795	-780	-13.6%	-10.3%

2011 data:
The pro forma premium income as at 31 December 2011 incorporates the sale of businesses in Spain and Groupama Insurances in the United Kingdom as well as the sale of brokerage and transport businesses in France, i.e., an impact of €989 million on insurance premium income in France and €1,468 million on international insurance premium income. The internal reinsurance business (assistance, group cover) related to these portfolios was also adjusted in the pro forma.
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 2011 were converted based on the exchange rate at 31 December 2012.

At 31 December 2012, Groupama's consolidated insurance premium income was €10.8 billion, down -5.9% on a like-for-like basis from 31 December 2011. Including the financial businesses, the group's consolidated income was down -5.8% on a like-for-like basis at €11 billion. The actual change was a decrease of -22.2%, mainly related to disposals of businesses.

The like-for-like change is explained to a very large extent by the drop in life and health insurance in the savings/pension segment (which represents nearly 19% of the group's total business). The group saw this decline mainly in France, where individual savings/pensions, representing 39% of the life and health insurance business, dropped -25.6% compared to 31 December 2011. This situation was the result of economic conditions unfavourable for savings/pensions products, characterised by:

- a financial and economic crisis not favourable to savings;
- an uncertain tax environment;
- competition from secure alternative savings products in an environment of low long-term rates;
- as well as a policy aimed at prioritising production quality rather than volume.

The group's performance levels on other segments were generally better than the market.

In property and casualty insurance, the group posted growth of +3.2%, driven by individual and professional insurance (+3.1%, or 64.5% of the segment's premium income). Passenger cars (+2.5%) and home insurance (+3.9%) contributed largely to this growth. In France, property and casualty insurance increased by +4.6% with a growth of +4.6% in passenger cars and +4.0% in home insurance. International property and casualty insurance remained virtually stable (-0.3%).

Although life and health insurance premium income (-10.3%) suffered significantly from the decline in the individual savings/pensions segment (-23.8%), the other segments posted growth of +3.0% in connection with the good performance in health insurance (individual and group: +4.3%). In France, life and health insurance excluding savings/pensions grew +4.3% (including +6.6% in individual and group health insurance). International life and health insurance premium income also decreased (-9.4%), particularly under the effect of the drop in individual savings/pensions (-10.0%).

Following the changes in scope, insurance premium income in France represents 78.9% of the group's overall business over the period, whereas International insurance premium income amounts to 19.2% of total premium income. The group's other businesses (financial and banking businesses) represent 1.9% of total premium income. Net banking income from these businesses amounted to €225 million at 31 December 2012.

Economic operating income (in millions of euros)	31/12/2011	PF 31/12/2011	31/12/2012	Change in value
Property and casualty insurance - France	198	123	-57	-180
Life and health insurance - France	27	27	36	9
Total Insurance - France	**225**	**150**	**-21**	**-171**
Property and casualty insurance - International	157	115	58	-57
Life and health insurance - International	-1	-13	22	35
Total Insurance - International	**156**	**102**	**80**	**-22**
Banking and financial businesses	11	11	12	1
Holding activities	-83	-84	-149	-65
Total - GROUPAMA	**309**	**181**	**-78**	**-259**
incl. Property and casualty insurance	355	238	1	-237
incl. Life and health insurance	26	14	58	44

The group's economic operating income totalled -€78 million in 2012 vs. +€181 million in 2011. While operating income in life and health insurance is experiencing slight growth in France and very significant growth internationally under the combined effect of recovery measures taken in 2012 and the lessening burden of the financial crisis, the fiscal year 2012 in property and casualty insurance is marked by a decline in underwriting income particularly due to fewer releases of reserves on prior fiscal years, the large number of weather events and major losses. The net combined ratio thus amounted to 101.6% in 2012 (excluding the Monte Carlo quota share treaty) vs. 97.9% in 2011.

In France, economic operating income for property and casualty insurance dropped to -€57 million in 2012. The net combined ratio was 102.3% in 2012, vs. 98.8% in 2011. The gross claims ratio was up +7.3 points at 72.7% in 2012 under the effect of the higher proportion of major losses and lower surpluses on previous years. However, it should be emphasised that the operating expense ratio decreased significantly by -1.7 point to 25.1% in 2012 thanks to the rigorous measures taken by the executive management to reduce overheads, which yielded results across the entire consolidation scope. Economic operating income for life and health insurance amounted to +€36 million in 2012, up +€9 million compared to the previous period.

Economic operating income for **International** insurance totalled +€80 million in 2012 versus +€102 million in 2011. In property and casualty insurance, economic operating income was burdened by a decline in the claims ratio in certain countries (Romania, Greece and Hungary), which absorbed the efforts to control overheads. In life and health insurance, the International segment generated increased economic operating income following technical recovery measures and because 2011 was affected by extraordinary reserves (rate guarantees, etc.) that weighed down the income of certain entities.

Banking and financial businesses contributed +€12 million to the group's economic income in 2012.

The group's holding activities posted an economic loss of -€149 million in 2012, vs. -€84 million in 2011. This was primarily due to the effects of tax consolidation, which focused on the holding, and especially a very significant reduction in holding costs.

Economic operating income (in millions of euros)	31/12/2011	31/12/2011	31/12/2012	Change in value
Property and casualty insurance - France	-190	-130	81	211
Life and health insurance - France	-1.434	-1.434	204	1.638
Total Insurance - France	**-1.624**	**-1.564**	**285**	**1.849**
Property and casualty insurance - International	30	-10	18	29
Life and health insurance - International	-165	-173	-10	163
Total Insurance - International	**-135**	**-183**	**9**	**192**
Banking and financial businesses	7	7	11	4
Holding activities	-67	-67	-218	-151
Accretive effect, minority UCITS, Cegid	-3	-3	4	7
Income excluding restructuring	**-1.822**	**-1.811**	**91**	**1.902**
Net income from discontinued activities		-11	-334	-323
Gan Eurocourtage		*-60*	*-153*	*-93*
Spain		*24*	*-23*	*-46*
GICL		*30*	*-136*	*-166*
Lark			*-15*	*-15*
Poland		*-5*	*-7*	*-2*
Extraordinary operations			**-47**	**-47**
Goodwill impairment	**60**		**-298**	**-358**
Total net income - GROUPAMA	**-1.762**		**-589**	**1.173**

Income excluding restructuring amounted to €91 million at 31 December 2012 vs. a loss of -€1,811 million in 2011. This result corresponds to net income restated for goodwill impairment, income from discontinued activities and restructuring costs.

As a reminder, in 2011, income excluding restructuring included a number of non-recurring items:
- impairment of Greek sovereign debt for -€2.3 billion (gross);
- reserves for long-term impairment and capital losses on strategic equities for -€2.5 billion (gross);

These operations were borne largely by the group equity. Net of taxes and profit sharing, they represent an expense of -€3.2 billion.

After taking into account income from discontinued activities of -€334 million, goodwill impairment for -€298 million mainly in Romania (-€245 million), as well as restructuring costs for €47 million net of taxes, the net income figure for 2012 is a loss of -€589 million compared to -€1,762 million in 2011 (including -€90 million in goodwill impairment on subsidiaries in Central and Eastern European countries).

Net income in millions of euros	31/12/2011	31/12/2011	31/12/2012
Insurance and services - France	**-1.624**	**-1.564**	**243**
Regional mutuals	57	57	45
Gan Assurances	-78	-78	58
Gan Eurocourtage	-60		
Groupama Gan Vie	-1.479	-1.479	137
Other entities	-18	-18	-1
Groupama SA - Operating activity	-47	-47	4
Insurance - international	**-135**	**-183**	**9**
Banking and financial businesses	**7**	**7**	**6**
Holdings	**-67**	**-67**	**-218**
Net income from discontinued activities		**-1**	**-334**
Gan Eurocourtage		-60	-153
Spain		24	-23
GICL		30	-136
Lark		0	-15
Poland		-5	-7
Goodwill impairment	60	60	-298
Reallocation of goodwill, accretive effect, minority UCITS, Cegid	-3	-3	4
Total - GROUPAMA	**-1.762**	**-1.762**	**-589**

4.2 ACTIVITY AND RESULTS - FRANCE

Premium income - France in millions of euros	31/12/2011			31/12/2012		
	Life & Health	Property & Casualty	Total	Life & Health	Property & Casualty	Total
Regional mutuals	1.609	3.393	5.002	1.671	3.509	5.180
Groupama SA	21	171	192	28	191	218
Groupama Gan Vie	4.965		4.965	4.176		4.176
Gan Assurances	152	1.159	1.311	157	1.211	1.368
Other entities[1]	28	185	213	37	224	261
Total	**6.775**	**4.908**	**11.683**	**6.070**	**5.134**	**11.204**

[1] Including Assuvie

Insurance premium income for France as at 31 December 2012 declined by -6.8% compared to 31 December 2011 and totalled €11,204 million.

Property and casualty insurance

Insurance premium income in millions of euros	Property and casualty - France		
	31/12/2011	31/12/2012	Change %
Regional mutuals	3.393	3.509	3.4%
Groupama SA	171	191	11.4%
Gan Assurances	1.159	1.211	4.5%
Other entities	185	224	21.4%
Total	**4.908**	**5.134**	**4.6%**

The growth of property and casualty insurance premium income (45.8% of premium income in France) remained steady at €5,134 million, posting growth +4.6% higher than the market (+4% – source: FFSA, end of December 2012). Individual and professional insurance premium income (58.2% of property and casualty premiums written, at €2,986 million) rose by +4.4%. This growth is very pronounced in the passenger car (+4.6%) and home insurance (+4.0%) segments and is primarily related to pricing effects. In these segments, growth in number was +0.3% and +0.9% respectively. Note that the group posted a performance far greater than the market's average in the passenger car segment (+3% – source: FFSA, end of December 2012). Premium income from businesses and local authority insurance (€854 million) also rose significantly (+4.4%) due in particular to the growth of the fleet and the business and local authority P&C segments (+5.1%).

In P&C insurance (€3,509 million), premium income in the regional mutuals advanced +3.4% as at 31 December 2012. In motor insurance (€1,298 million including fleets), premiums were up +2.9% compared to 31 December 2011, held up primarily by price adjustments (+37%) and, to a lesser extent, by an increase in the insured vehicle fleet. Premiums relating to atmospheric risks (€372 million) rose by +3.0%, led by the increase posted by the storms segment (+4.9%).

Premium income for **Groupama SA**, which corresponds to some national activities (inward reinsurance of La Banque Postale Assurance P&C, etc.), quota shares in professional pools (Assurpol, etc.) and some Gan Eurocourtage portfolios not sold (GSC, etc.) amounted to €191 million as at 31 December 2012 vs. €171 for the previous period, i.e. a rise of +11.4%. This advance arises primarily from the increase in activity in partnership with La Banque Postale (+€22 million), which is reinsured by Groupama SA via a quota share treaty.

Gan Assurances premium income rose by +4.5%, amounting to €1,211 million, led by private and professional insurance premiums. The increase in premium income on the passenger car (+5.6% - growth in number of +0.4%) and professional risk (+8.6%) segments can be explained largely by price increases. The home insurance segment grew by +4.1%, under the influence of price increases, whereas the portfolio in number was slightly down compared to the previous period (-0.5% under the effect of stricter selection measures). The fleet segments also posted strong performances (+8.4%, to €124 million).

As at 31 December 2012, **Amaline's** premium income increased by +20.6% compared to the previous period and amounted to €46 million, under the combined effect of development of the portfolio (+26% in number) and price corrections, mainly in motor and home insurance. It primarily involves motor insurance, with 113,000 policies in the portfolio. Home insurance (65,000 policies) grew by 24,000 additional policies at the end of 2012 compared to the previous year.

Groupama Assurance Crédit posted premium income of €37 million as at 31 December 2012, up +6.0%, driven mainly by specialised brokerage.

Premium income for **Mutuaide Assistance** as at 31 December 2012 was up +37.4% at €79 million. This strong growth is particularly related to the Crédit Agricole bank card call for tenders won in 2011, which will have its full effect in 2012, the good performance of other credit card assistance contracts and development on the financial loss segment, which is a focus for development.

Premium income for **Groupama Protection Juridique** grew by +15.1% as at 31 December 2012 to €62 million, due to the steady development of partnerships (particularly La Banque Postale).

In property and casualty insurance, economic operating income in France totalled -€58 million in 2012 compared to +€123 million in 2011. This growth is broken down as follows:

Property and casualty insurance in France - In millions of euros	31/12/2011		31/12/2011		31/12/2012		Change 2012-2011PF	
Gross earned premiums	5.927	100.0%	4.842	100.0%	5.208	100.0%	366	7.6%
Underwriting expenses (insurance policy servicing expenses)	-3.752	-63.3%	-3.164	-65.4%	-3.784	-72.7%	-619	19.6%
**Including claims management costs;*	-301	-5.1%	-265	-5.5%	-271	-5.2%	-3	1.0%
Net expenses from current underwriting operations	-1.667	-28.1%	-1.298	-26.8%	-1.305	-25.1%	-8	0.6%
Reinsurance balance	-380	-6.4%	-320	-6.6%	-240	-4.5%	80	-24.9%
Underwriting income net of reinsurance	**129**	**2.2%**	**60**	**1.2%**	**-122**	**-2.3%**	**-182**	**NA**
Recurring financial margin after tax	173	2.9%	121	2.5%	93	1.8%	-28	-23.3%
Other factors	-104	-1.7%	-58	-1.2%	-29	-0.6%	29	-49.8%
Economic operating income	**198**	**3.3%**	**123**	**2.5%**	**-58**	**-1.1%**	**-181**	**NA**
Restated income - Monte Carlo		0.0%		0.0%	3	0.1%	3	
Capital gains realised net of corporate income tax	117	2.0%	196	4.0%	179	3.4%	-17	
Allocations to provisions for permanent impairment net of corporate income tax	-474	-8.0%	-420	-8.7%	-21	-0.4%	399	
Gains or losses on financial assets recognised at fair value net of corporate income tax	-18	-0.3%	-16	-0.3%	16	0.3%	32	
Amortisation of intangible assets and impairment of goodwill net of corporate income tax		2.0%		2.4%	-5	-0.1%	-5	
Other operations net of corporate income tax	-13	-0.2%	-12	-.02%	-33	-0.6%	-21	
Income excluding restructuring	**-190**		**-130**		**81**		**210**	**NA**
Non-recurring items net of corporate income tax	117		117		-20		-137	
Net income from discontinued activities		0.0%	-60	-1.2%	-2	0.0%	58	
Group net income	**-73**	**-1.2%**	**-73**	**-1.5%**	**59**	**1.1%**	**132**	**NA**

In **France**, **net underwriting income** (gross premiums earned – gross underwriting expenses – net expenses from current underwriting operations and reinsurance balance) totalled -€122 million in 2012 vs. +€60 million in 2011. The net combined ratio amounted to 102.3% in 2012 vs. 98.8% in 2011, up +3.5 points over the period. This adverse movement is related to the current claims ratio influenced by an increased cost of serious claims and significant weather events, which were at high levels again in 2012. The proportion of this category of losses represents a further deterioration of 1 points of combined ratio. Also recall that the underwriting result for 2011 included the release of reserves established in the past as a precaution for pay-out for damages, representing a non-recurring favourable effect of 2.2 points. Although on mass risks, frequency was relatively stable compared to 2011, reinsurance coverage was more favourable (-2.1 points) and absorbed reinforcements on previous years of excess claims, particularly the increases resulting from the 2011 drought. Lastly, the group made very rigorous efforts to cut operating expenses, which were reduced by -1.7 points to 25.1% of gross earned premiums in property and casualty insurance.

The following key items should be noted as at 31 December 2012:

The regional mutuals posted a net combined ratio of 101.2% in 2012 (vs. 100% in 2011). This advance results from the combination of several factors:

- an unfavourable change of 3.6 points in current claims, which can be explained by claims on atmospheric risks declining by 18.5 points and motor claims declining by 1.6 points;
- a significant drop in surpluses on previous years, albeit marked by the very favourable effect in 2011 of measures taken on prudential reserves on annuities;
- a substantial improvement in the operating expense ratio (-1.3 points) due to reduced costs with respect to personnel, external services provided and IT expenses.

The net combined ratio for **Groupama SA** for 2012 was 105.4% (excluding the Monte Carlo quota share treaty), vs. 96.7% in 2011. The claims ratio net of reinsurance increased from 72.5% in 2011 to 82.2% in 2012. This increase in Groupama SA's claims ratio is explained by a significant increase in serious claims, the proportion of which was up €65 million compared to 2011. In addition, the portfolio maintained on the activities of Gan Eurocourtage (transport and brokerage) presents a claims ratio that has an unfavourable effect (+3.5 points) on the combined ratio. Lastly, over previous fiscal years, the change was unfavourable: 2011 was marked by non-recurring surpluses, particularly on annuities, while 2012 was characterised by increases in reserves, particularly following the issue of new drought decrees for 2011. Part of this adverse movement is covered through reinsurance. At the same time, on its non-holding business, Groupama SA significantly improved its operating expense ratio, amounting to 23.2% in 2012 (down -1 point compared to 2011);

the net combined ratio of **Gan Assurances** declined in 2012 by +0.9 points to 99.8% (excluding the Monte Carlo quota share treaty). The drop in surpluses over previous years, amounting to approximately €50 million and mainly due to deficits on the natural disaster segment (2011 drought decrees), weighed on the combined ratio. The current claims ratio improved by -1.8 points. This was particularly due, in the passenger car segment, to the reduction in the frequency of claims combined with lower expenses on serious claims, reflected in a significant improvement of -9.4 points in the current claims ratio to 74.3% in 2012. Also note that bad weather weighed on the current claims ratio for -€36 million (+3 points) and primarily affected the home segment (which deteriorated by +8.6 points) and local authority damage segment (+14.2 points). The operating expense ratio also underscores the ongoing effort of Gan Assurances. It decreased by -1.4 points to 24.4% in 2012.

Amaline's net combined ratio was still high at 151% in 2012. However, it fell -38.8 points compared to 2011. This change should be viewed in relation to the improvement in the gross claims ratio of -19.6 points to 92.3%. The measures taken in 2011 to improve the portfolio's claims ratio yielded results. The motor portfolio's current claims ratio dropped -18.2 points under the combined effect of the reduction in frequency and average costs. The reinsurance ratio is up by +1.5 points. The operating expense ratio dropped -20.7 points to 54.5% in 2012, reflecting a favourable change in this new business.

In **France**, the **recurring financial margin** (after tax) in the **property and casualty insurance business** dropped -€32 million over the period primarily as a result of the drop in equity and bond revenues.

Other items include in particular other non-underwriting income and expenses, tax on recurring income, income for companies accounted for under the equity method and minority interests.

In **France, earnings excluding restructuring** amounted to +€81 million in 2012 compared to a loss of -€130 million in 2011, a year that was nevertheless marked by impairments of financial assets.

After taking into account the restructuring costs and the earnings of sold businesses, **net income in France** amounted to +€59 million vs. -€73 million in 2011.

Life and health insurance

Insurance premium income in millions of euros	Life and health insurance - France 31/12/2011	31/12/2012	Change %
Regional mutuals	1.609	1.671	3.9%
Groupama SA	21	28	33.9%
Groupama Gan Vie	4.965	4.176	-15.9%
Gan Assurances	152	157	3.2%
Other entities[(1)]	28	37	31.6%
Total	**6.775**	**6.070**	**-10.4%**

Premium income for life and health insurance (54.2% of premium income in France) fell by 10.4% to €6,070 million. Group premium income for life and capitalisation fell by -21.1% in a market that was down -8.0% at the end of December 2012 (source FFSA). This change is mainly attributable to the decline in the individual savings/pensions business (-25.6%), while the proportion of unit-linked income from individual savings amounted to 14%, a slight increase compared to 2011. The drop in policies in euros led to net outflows of €1.2 billion in individual insurance in 2012.

Premium income in health and bodily injury insurance as at 31 December 2012 rose +5.7% compared to 31 December 2011, led primarily by the health segment (individual and group), which posted an increase of +6.6%, promoted mainly by price increases on certain niche markets; the change was net, however, such as in personal accident insurance policies, for example, with 41,000 additional policies, i.e. a rise of +8.4%. This growth was greater than the market, which posted a +5% increase in premiums written in the health and bodily injury segment (source: FFSA, end of December 2012).

The networks comprising **Groupama Gan Vie** posted a -15.9% decline in premium income as at 31 December 2012, totalling €4,176 million. By business line, Groupama Gan Vie's premium income was generated for the most part in individual insurance (67%), with premiums written down -22.7% compared to 31 December 2011 at €2,799 million. This change is mainly related to the drop in individual savings (-31.1%) and affects all the networks. Group insurance (33% of business) grew by +2.6% to €1,376 million thanks to pricing measures in a context of monitoring and improved selection of the portfolio (group health premium income increased by +14.9%).

The breakdown of the entity's premium income by network is as follows:

in millions of euros	31/12/2011	31/12/2012	Change 2012-2011
Regional mutuals	1.893	1.311	-30.8%
Insurance agents	1.139	1.065	-6.5%
Brokerage	830	849	2.3%
Gan Patrimoine	526	386	-26.7%
Gan Prévoyance	577	565	-2.0%
Total	**4.965**	**4.176**	**-15.9%**
Individuals	3.624	2.799	-22.7%
Groups	1.341	1.376	2.6%
Total	**4.965**	**4.176**	**-15.9%**

Premium income for the **network of regional mutuals** totalled €1,311 million as at 31 December 2012. Affected by the very unfavourable change in individual insurance (€1,266 million in premium income), it decreased by -30.8% compared to the previous period.

The network of agents earned €1,065 million in premium income as at 31 December 2012, down -6.5% compared to 31 December 2011. Premiums written in individual insurance held up better than on the regional mutuals network and dropped by -14.7%, still because of the decline in premium income on the individual savings segment. Group insurance businesses increased by +5.9%, driven by the growth of the health segment (+11.3%) and protection segment (+7.1%), which benefited particularly from price increases.

The brokerage network recorded premium income of €849 million as at 31 December 2012, up +2.3% compared to 31 December 2011, mainly under the effect of the strong growth in the group health segment (+17.3%), which benefited from price increases. However, these good performance levels were mitigated by the decline in group life (-33.4% of business characterised by large single premiums, which had fewer portfolio entries this year).

Premium income for the Gan Patrimoine network, which is very strongly tied to the individual savings segment, was down -26.7%, amounting to €386 million as at 31 December 2012.

The Gan Prévoyance sales network contributed €565 million to group premium income as at 31 December 2012 (a drop of -2.0 % compared to 31 December 2011). This change can be explained by the drop in individual savings premiums (-15.1), which was offset, however, by the growth in the health (+11.9%) and individual pension (+3.6%) businesses.

In life and health insurance, premium income directly brought by the regional mutuals (health, individual and group protection), i.e. €1,671 million, grew +3.9% compared to the previous period. In health, premiums written amounted to €1,236 million, up +3.7%, primarily due to price increases. Premiums for personal accident insurance (€64 million) were also up (+9.9%), in line with the continued development of this portfolio.

Premium income in life and health insurance for **Groupama SA**, which corresponds to some national businesses (inward reinsurance for ANIPS, etc.) and to quota shares in professional pools (Assurpol, etc.) totalled €28 million as at 31 December 2012 compared to €21 million for the previous period.

Gan Assurances posted premium income for individual health insurance up +3.2% to €157 million as at 31 December 2012, supported in particular by an increase in the average premium (+2,8%).

The **Caisses Fraternelles** earned €28 million in premium income as at 31 December 2012 compared to €20 million over the previous period. This change should be looked at in light of the relaunch of the Millésinium product as part of the development of unit-linked products.

The Assuvie subsidiary's discontinued business line was down over the period (-25.2%). Its premium income as at 31 December 2012 amounted to €6 million vs. €8 million as at 31 December 2011.

Economic operating income for **life and health insurance** in France increased by +€9 million to +€36 million in 2012.

Life and health insurance in France In millions of euros	31/12/2011		31/12/2011		31/12/2012		Change 2012-2011PF	
Gross earned premiums	6.776	100.0%	6.776	100.0%	6.067	100.0%	-709	-10.5%
Underwriting expenses (insurance policy servicing expenses)	-5.899	-87.1%	-5.899	-87.1%	-5.282	-87.1%	617	-10.5%
** Including claims management costs;*	-172	-2.5%	-172	-2.5%	-154	-2.5%	18	-10.3%
Net expenses from current underwriting operations	-1.143	-16.9%	-1.143	-16.9%	-1.089	-17.9%	55	-4.8%
Reinsurance balance	-1	0.0%	-1	0.0%	-6	-0.1%	-4	365.7%
Underwriting income net of reinsurance	**-267**	-3.9%	**-267**	**-3.9%**	**-309**	**-5.1%**	**-42**	**15.7%**
Recurring financial margin net of profit sharing and tax	159	2.3%	158	2.3%	270	4.5%	112	71.0%
Other factors	136	2.0%	136	2.0%	75	1.2%	-61	-45.0%
Economic operating income	**27**	**0.4%**	**27**	**0.4%**	**36**	**0.6%**	**9**	**NA**
Restated income - Monte Carlo					-2		-2	33.3%
Capital gains realised net of corporate income tax and profit sharing	505	7.5%	505	7.5%	230	3.8%	-275	
Provision for write-downs for permanent impairment net of corporate income tax and profit sharing	-1.924	-28.4%	-1.924	-28.4%	-51	-0.8%	1.873	
Gains or losses on financial assets recognised at fair value net of corporate income tax and profit sharing	-42	-0.6%	-42	-0.6%	**6**	0.1%	48	
Amortisation of intangible assets and impairment of goodwill net of corporate income tax		0.5%		0.5%	-3	0.0%	-3	
Other operations net of corporate income tax	-3	0.0%	-3	0.0%	-8	-0.1%	-5	
Income excluding restructuring	**-1.437**		**-1.437**		**208**		**1.645**	**NA**
Non-recurring items net of corporate income tax	33		33		-22		-55	
Net income from discontinued activities					2	0.0%	2	
Group net income	**-1.404**	**-20.7%**	**-1.404**	**-20.7%**	**188**	**3.1%**	**1.592**	**NA**

The gross underwriting margin (gross premiums earned – gross underwriting expenses) totalled €785 million in 2012 compared to +€877 million in 2011. This deterioration in the margin can be explained primarily by the fact that underwriting income for 2011 included the release of reserves established in the past as a precaution for pay-outs, with an influence on the net combined ratio of the health/bodily injury business of 3.4 points. Restated for this item, this segment's net combined ratio (103.6%) improved by -0.7 points over the period. Note that in life/capitalisation, the underwriting margin held up well over the period despite the very significant downturn in the business. Operating expenses were down €55 million, i.e. -4.8%, reflecting the efforts undertaken by the group in this area.

Net underwriting income for the regional mutuals in life and health insurance, which primarily concerns health and bodily injury, presents a current claims ratio that is almost stable over the period (75.9% in 2012); the improvement in the current claims ratio in health was offset by the decline recorded in the individual and group protection segments. Conversely, surpluses on previous years dropped due to the impact of the change in tables in 2011.

Groupama Gan Vie's underwriting margin (excluding expenses) declined in 2012 because of the contraction in business (-15.9%). Nevertheless, the margin rate grew by +1.3 points to 10.2% of gross earned premiums in 2012. The current underwriting margin improved slightly in both individual insurance and group insurance, substantiating the initial actions taken to improve the portfolio's underwriting profitability. Operating expenses were down -6.4% over the period particularly because of the reduction in overheads (professional fees, personnel expenses, IT and logistics costs). Commissions remained stable.

The net underwriting margin for life and health insurance for the **Groupama SA** entity totalled +€137 million in 2012 compared to +€181 million in 2011, which was marked by extraordinary surpluses.

The **recurring financial margin** (net of profit sharing and taxes) grew by +€112 million. Recall that in 2011, the situation led to the distribution of all of the recurring investment income in the participating funds to the policyholders.

In France, **income excluding restructuring** amounted to +€208 million as at 31 December 2012 vs. a loss of -€1,437 in 2011, a year which was marked by very large reserves on financial assets. The non-recurring financial margin for 2012 (capital gains realised, allocations to reserves for permanent impairment and gains or losses on financial assets recognised at fair value) was positive at +€185 million.

After taking into account restructuring costs, **net income** in France amounted to +€188 million in 2012.

4.3 ACTIVITY AND RESULTS - INTERNATIONAL

Premium income - International in millions of euros	31/12/2011			31/12/2012		
	Life & health	Property & Casualty	Total	Life & health	Property & Casualty	Total
Italy	**383**	**1.182**	**1.565**	**341**	**1.149**	**1.490**
Greece	**70**	**121**	**190**	**61**	**106**	**167**
Turkey	**90**	**296**	**386**	**79**	**318**	**398**
Portugal	**61**	**8**	**70**	**61**	**8**	**69**
Countries of Central and Eastern Europe	**197**	**299**	**495**	**182**	**311**	**493**
Hungary	177	147	324	164	138	302
Romania	13	148	162	11	170	181
Others	7	3	10	7	3	10
Gan Outre-Mer	6	95	102	7	102	110
Total	**808**	**2.001**	**2.809**	**731**	**1.995**	**2.726**

The group's **international** consolidated **premium income** was €2,726 million as at 31 December 2012, down -2.9% from 31 December 2011 pro forma.

Premium income for **property and casualty insurance** amounted to €1,995 million at 31 December 2012, down 0.3% from the previous period. The motor segment (including fleet), representing 70.5% of property and casualty premiums written, remained stable. The good performance posted by the home insurance segment (+3.5%) was offset by the decline in the agricultural risk segment (-4.1%) and business protection segment (-0.8%).

Life and health insurance premium income fell by -9.4% to €731 million. The individual life and health insurance segment declined -10.4% under the effect of the reduced premium income in individual savings/pensions (-10.0%) and individual health (-16.9% because of policy terminations in Italy). Group life and health insurance also decreased (-5.8%), with the good performance of the group protection segment (+12.2%) failing to compensate for the decline in business in group health (-44.6% in connection with the termination of a large unprofitable contract in Turkey).

Economic operating income for all International insurance totalled +€80 million in 2012, compared to +€102 million in 2011. Income from the property and casualty insurance business amounted to +€58 million in 2012, while earnings from the life and health insurance business totalled +€22 million as at 31 December 2012.

The net combined ratio for property and casualty amounted to 99.7% as at 31 December 2012, up +3.9 points compared to 31 December 2011. The gross claims ratio fell +4.0 points to 67.4% under the effect of reduced underwriting results in some countries (Greece, Hungary, Romania), which suffered in 2012 from the effects of the economic crisis (reduction in premium volumes in particular), and the difficult market environments in these countries. The operating expense ratio remained stable at 27.1% with rigorous management of expenditure continuing in all subsidiaries.

Net underwriting income in life and health insurance increased by +€15.5 million thanks to the recovery of the underwriting margin in Turkey and an increase in the underwriting margin in Hungary.

The **recurring financial margin** fell -20% to +€132 million as at 31 December 2012, under the effect of the drop in bond yields and the maintenance of money market investment allocations in an effort to confront the challenges on the financial markets.

Economic operating income in millions of euros	31/12/2011	PF 31/12/2011	31/12/2012
Italy	53	53	66
Greece	21	21	1
Turkey	-10	-10	-3
Spain	46	0	0
Portugal	0	0	1
Countries of Central and Eastern Europe	**24**	**24**	**3**
Hungary	25	21	18
Romania	2	2	-15
Others	-4	0	0
Great Britain	**38**	**11**	**5**
Gan Outre-Mer	**5**	**5**	**1**
Direct International (ClickSeguros and Poland)	**-19**	**0**	**0**
ClickSeguros	-14	0	0
Poland	-5	0	0
China	**-3**	**-3**	**2**
Others	**1**	**1**	**4**
Total	**156**	**102**	**80**

Net income from International insurance amounted to a profit of €9 million as at 31 December 2012 vs. a loss of -€183 million as at 31 December 2011 (marked by the reserves for impairment of the Greek sovereign debt). It incorporates elements of the non-recurring financial margin (impairment expense, capital losses realised and change in fair value of financial instruments) for -€7.5 million, amortisation of portfolio securities (-€26 million), increased reserves on the financial risk portfolio in Romania (-€10.3 million) and the tax on financial activities in Hungary (-€10 million).

The breakdown of net income, by entity, is as follows:

Net income in millions of euros (1)	31/12/2011	31/12/2011	31/12/2012
South Eastern Europe	**-186**	**-186**	**16**
Italy	-85	-85	4
Greece	-89	-89	9
Turkey	-12	-12	2
South Western Europe	**35**	**-3**	**3**
Spain	38	0	0
Portugal	-4	-4	0
Others	1	1	4
Countries of Central and Eastern Europe	**0**	**0**	**-16**
Hungary	-2	-2	6
Romania	1	1	-23
Others	0	0	0
Great Britain	**37**	**7**	**2**
Gan Outre-Mer	**1**	**1**	**2**
China	**-3**	**-3**	**2**
Direct International (ClickSeguros and Poland)	**-20**	**0**	**0**
Total	**-135**	**-183**	**9**

(1) excluding income from the Holding business.

Italy

Premium income for the Italian subsidiary **Groupama Assicurazioni** fell (-4.8%) to €1,490 million as at 31 December 2012.

In **property and casualty insurance**, premium income fell -2.8% to €1,149 million. This occurred in a market that experienced a -1.3% decline. This was intensified by premium cancellations following a severe tightening of management processes (particularly on unpaid debts) in the passenger car segment (more than 80% of premiums written in property and casualty insurance). The business protection segment was also significantly affected by the economic environment (-3.5%). However, the good performance of the home insurance segment (+10.0% tied to the portfolio's growth of +5.4% in number and an increase in the average premium) reduced the influence of these movements.

The **life and health insurance** business (€341 million) was down -11.0%, under the effect of a decline in individual savings/pensions (-11.7% related to a -28.3% drop in the production of policies in euros offset by a +63.6% increase on unit-linked vehicles) and individual health (-41.8% because of the termination of many non-profitable policies).

Economic operating income totalled +€66 million as at 31 December 2012 compared to +€53 million as at 31 December 2011.

The net combined ratio for property and casualty insurance increased by +0.3 points to 96.1% as at 31 December 2012. The current claims ratio improved by -3 points to 66.8% particularly because of the reduction in the frequency of claims in the motor segment (-5.3 points to 64.5%). Conversely, the current claims ratio for the home insurance segment worsened by +9.4 points, with 6.8 points explained by the earthquake in Emilia-Romagna. In the business and local authority protection segment, the portfolio's yield efforts were significant with a stable claims ratio, although the earthquake had an impact of 9.9 points on this ratio. However, the improvement in the current claims ratio was offset by the less favourable effect of liquidation of reserves over previous fiscal years. As in the group's other entities, the operating expense ratio dropped -0.6 points to 24.5% in 2012, particularly under the effect of the reduction in overheads (professional fees, logistics costs, etc.).

Underwriting income for **life and health insurance** amounted to -€22 million. It was marked by increased reserves on delayed claims in 2011. However, the portfolio's recovery policy yielded results with improvements in the current claims ratio for health and protection of 8.3 points and 14.1 points respectively. The decline in income can be attributed to a deficit with respect to unprofitable health policies terminated at the end of 2011. Underwriting income for life insurance was stable in 2012.

Net income amounted to +€4.0 million as at 31 December 2012 compared to -€85.2 million as at 31 December 2011 (including -€129 million in impairment on Greek debt). The result at 31 December 2012 included a capital loss of -€15 million realised on the disposal of Greek debt. In addition to this loss, the non-recurring financial margin was affected by impairments of securities (mainly on Tercas Bank for -€4.3 million) and an additional expense relating to profit sharing (following the decision not to pass on the loss on Greek debt to policyholders). The income figure also incorporates amortisation of portfolio securities (-€14.6 million after taxes).

Greece

Premium income for Groupama Phoenix as at 31 December 2012 totalled €167 million, a drop of -12.4% compared to 31 December 2011.

The **property and casualty insurance** business was down -12.3% at €106 million. Premium income in the passenger car segment dropped -11.6% in a market suffering the effects of the economic crisis (decline in the number of insured vehicles and reduction of coverage taken out by policyholders). In this unfavourable environment, various actions were undertaken to adapt to these new market conditions (offers targeted by geographic area, for example) and maintain profitability. Issues on the home insurance segment were also down (-14.4%) for the same macroeconomic reasons.

Life and health insurance premiums were down (-12.4%) at €61 million. Individual life and health insurance posted a drop of -10.9% because of the decline in the protection segment (-25.0%) due to the macroeconomic environment. Again for the same reasons, group life and health insurance (-14.1%) was affected by the decline in the pensions segment (-19.1%), which was also marked by an extraordinary payment in 2011.

Economic operating income for Groupama Phoenix totalled +€1 million as at 31 December 2012 vs.+€21 million as at 31 December 2011.

In **property and casualty insurance**, the net combined ratio amounted to 92.3%, up +14.1 points compared to the previous period. The current claims ratio deteriorated by +11.8 points to 62.8% as at 31 December 2012 mainly because of the occurrence of serious claims in fire and business protection after an exceptionally favourable 2011. The claims ratio for the vehicle damage segment deteriorated by +2.5 points under the effect of the decrease in the average premium related to the crisis environment and lower liquidation surpluses over prior years. Despite the reduction in overheads (excluding commissions and DAC) of -4% in absolute value, the expense ratio was up +0.9 points at 36.4% because of the decline in premiums.

The underwriting result in **life and health insurance** amounted to a loss of -€6.7 million at a level comparable to 2011.

Net income amounted to +€9.5 million as at 31 December 2012 compared to -€88.8 million as at 31 December 2011 (including -€111 million in gross impairment of Greek bonds). It also includes amortisation of VOBA (-€1.0 million) and tax receivables related to the recognition of a part of the tax loss from trading Greek sovereign bonds (+€4.8 million).

Turkey

Premium income for the Turkish subsidiaries, Groupama Sigorta and Groupama Emeklilik, increased by +3.0% to €398 million as at 31 December 2012. However, this trend hides disparities between the segments.

Premium income in **property and casualty insurance** (€318 million) saw growth of +7.5%, supported by the growth of the passenger car segment (+17.7% in both civil liability and damage, where the average premium increased by +11%). However, the drop in the agricultural risk segment (-13.7% including Tarsim) counteracted this trend.

The **life and health insurance business** (€79 million) posted a drop of -12.0%, under the effect of voluntary terminations of unprofitable group health policies (-61.9%). Against this background, the growth in the group protection segment (+27.6), which benefited from the good performance posted by the credit life insurance business of the partner TKK and a new bancassurance agreement, should be highlighted.

Economic operating income for the Turkish subsidiaries recovered significantly, although it was still negative at -€2.5 million compared to a loss of -€10 million as at 31 December 2011. This includes the share of the income posted by the subsidiary Günes (accounted for under the equity method in the group's financial statements) for +€3.1 million as at 31 December 2012, compared to +€1.4 million as at 31 December 2011. Economic operating income for Groupama Sigorta and Groupama Emeklilik amounted to -€6 million as at 31 December 2012.

The net combined ratio for property and casualty insurance amounted to 109.1%, up +1.6 points compared to 31 December 2011, under the effect of unfavourable changes in regulations that led to a file-by-file increase of €11.3 million in motor civil liability. The gross claims ratio increased by +4.1 points to 61.9%. Aside from this factor, the current claims ratio improved by -4.1 points, due in particular to the combined effect of price increases and the reduced frequency of claims in the vehicle damage segment. Reinsurance coverage also had a favourable effect on the combined ratio of 3.6 points compared to 2011. The expense ratio increased to 25.2%, particularly because of the increase in the commission rate related to the modification of the portfolio's product mix. Overheads excluding commissions dropped -2.4%.

Underwriting income for **life and health insurance,** which posted a loss in 2011, was positive for 2012 and improved by +€13.1 million thanks on the one hand to the recovery of the health insurance portfolio resulting from a policy of terminations outlined above, which improved the health/bodily injury net combined ratio (-6.8 points to 105.3% in 2012) and on the other hand to the increase in the underwriting margin of the protection portfolio of Groupama Emeklilik (credit life insurance in particular).

The **net income** of the Turkish subsidiaries thus moved slightly into positive territory (+€2 million) as at 31 December 2012 compared to a loss of -€12 million as at 31 December 2011. As at 31 December 2012, it includes capital gains on real estate (+€4.0 million) and a portfolio amortisation charge (-€2.4 million).

Portugal

The Portugal subsidiaries posted a drop of -1.1% in premium income to €69 million as at 31 December 2012. In life and health insurance, premiums written were down -0.9% to €61 million. This drop is due to the individual health segment, which posted a marked decline of -€0.7 million due to the end of a banking partnership. In a market down by -11.2%, life premiums remained virtually stable, with the growth generated in the group pensions segment (+6.6% due primarily to the payment of a single premium) counteracted by the decline in individual pensions (-20%) and individual protection (-23.9% related to an exceptional premium in 2011). Premium income in property and casualty (€8 million as at 31 December 2012) was also down (-2.9%) following the termination of an unprofitable policy at the end of 2011. Restated for this policy, premiums written in property and casualty insurance increased by +3.4%, led mainly by the good progress posted by the passenger car segment (+10.1%).

Net income was nearly at breakeven (-€0.5 million) compared to a loss of -€3.8 million as at 31 December 2011. The subsidiary undertook a recovery plan resulting in a significant reduction in expenses, generating a slight reduction in the underwriting loss, making it possible to reach a breakeven result after taking net financial revenues into account. As a reminder, the contribution in 2011 included a reserve for impairment of the Greek sovereign debt of -€7.0 million as well as income from the disposal of properties (capital gain of +€3 million).

Tunisia

The Tunisian company Star (accounted for by the equity method), posted income of +€3.8 million as at 31 December 2012, compared to +€1.0 million as at 31 December 2011.

Hungary

Premium income for the subsidiary Groupama Biztosito in Hungary (including the business of the Slovakian branch) amounted to €302 million as at 31 December 2012, down -6.8% compared to 31 December 2011.

Premium income for property and casualty insurance (€138 million) fell by -6.3%. The passenger car segment (-16.8%) was affected by strong price competition from certain market players, while the fleet segment (-33.0%) suffered the consequences of measures to improve the portfolio. The good performance posted by the agricultural risk segment (+12.9%) mitigated the overall decline in the property and casualty insurance business.

In **life and health insurance**, premium income amounted to €164 million, down -7.1%, because of the decline in the individual savings/pensions business (-9.4%, with investors favouring short-term products). However, this decline was offset by growth of +13.6% in the individual protection segment under the effect of the success of the credit product and a new family protection product.

Economic operating income for Groupama Biztosito (including the business of Slovakian subsidiaries) amounted to +€18 million as at 31 December 2012 vs. +€21 million as at 31 December 2011.

The combined net ratio for **property and casualty insurance** amounted to 97.6%, up +6.6 points compared to the previous period. The current claims ratio improved very slightly to 50.3% because of a more favourable claims ratio on agricultural risks as well as on business protection, while the passenger car segment suffered from the reduction in the average premium in a difficult economic environment. The home insurance segment performed well again despite a slightly more unfavourable atmospheric claims ratio. Vehicle fleets saw terminations, but the claims ratio for this segment has still not recovered sufficiently. Changes over previous years were down by -€3.3 million compared to 2011. However, because of a less favourable contribution from reinsurance coverage, the reinsurance ratio worsened, having a negative impact of +2.7 points on the combined ratio.

Underwriting income in **life and health insurance** was again negative (-€2.3 million) but improved significantly compared to the previous period (+€5.7 million) thanks to a more favourable product mix (development of unit-linked products).

The Hungarian subsidiary saw a reduction of -10.1% in its overheads excluding commissions thanks to a rigorous policy of controlling its spending.

Net income for the Hungarian subsidiary(including the business of the Slovakian subsidiaries) totalled +€6.0 million as at 31 December 2012 compared to a loss of -€1.8 million as at 31 December 2011. The contribution includes in particular the amortisation of the portfolio investments (-€4.5 million after taxes) and the tax on financial institutions in Hungary (-€10.0 million after taxes).

Romania

Premium income for the Romanian subsidiary **Groupama Asigurari** rose +12.1% to €181 million as at 31 December 2012.

The property and casualty insurance business (€170 million) was up +14.8% over the period, driven by the growth of the passenger car segment (+22.8%) under the effect of price increases, the establishment of a new distribution channel through brokers and the development of the motor vehicle liability segment. This segment represents nearly 69% of the premiums written in property and casualty insurance.

Premium income in **life and health insurance** (€11 million) was down -17.9% because of the discontinued subscription of part of the portfolio (financial risks).

Economic operating income for Groupama Asigurari amounted to a loss of -€15 million compared to a profit of +€2 million as at 31 December 2011.

The net combined ratio for property and casualty insurance amounted to 117.6% as at 31 December 2012 compared to 102.3% as at 31 December 2011, with the claims ratio increasing +9.9 points. This deterioration is related to poor economic conditions. It resulted in a slowdown in business, a marked decline in underwriting profitability in the motor segment and an increase in fire claims. In particular, the motor civil liability segment, negatively affected by a very competitive environment and legislation more favourable to victims, experienced a significant technical deterioration due to the increase in bodily injury claims. Measures for enhanced selection and termination of the portfolio are being taken to correct this situation. At the same time, the subsidiary initiated an effort to reduce overheads (excluding commissions), which were brought down by -1.2% in a context of a significant increase in business.

Underwriting income for life and health insurance remained stable and close to breakeven.

Net income amounted to a loss of -€22.7 million compared to a profit of +€1 million as at 31 December 2011. This result particularly includes an extraordinary expense of -€10.3 million related to the reserve funding of the debt portfolio in the credit insurance segment, the subscription of which was discontinued.

Bulgaria

In **Bulgaria**, premium income for the subsidiaries Groupama Zastrahovane and Groupama Jivotozastrahovane increased by +0.4% to €10 million as at 31 December 2012. Property and casualty insurance grew by +1.5% to €3 million, while life and health insurance (€7 million) remained stable over the period.

The Bulgarian subsidiaries posted a breakeven contribution to the group's net income as at 31 December 2012.

Great Britain

Groupama UK Broking Services posted **net income** of +€2 million in 2012, compared to +€7 million in 2011. It includes brokers' charges for amortisation of portfolio securities (-€3.5 million).

Gan Outre-Mer

Premium income for Gan Outre-Mer rose +8.0% to €110 million as at 31 December 2012.

The **property and casualty insurance** business grew +7.6% to €102 million, supported by the growth of the motor segment (+7.1% including fleets) and home insurance segment (+7.0% primarily due to price increases and a marketing campaign focusing on the Pacific region). The good performance posted by the business protection segment should also be noted (+6.1%).

Premium income in **life and health insurance** (individual health) amounted to €7 million, up +14.7% compared to 31 December 2011.

Economic operating income for Gan Outre-Mer totalled +€1 million in 2012 compared to €5 million in 2011.

The net underwriting margin in property and casualty insurance was down by -€8 million at €21 million. This resulted in a decline in the net combined ratio of +8.1 points to 103.1% as at 31 December 2012. The gross claims ratio was up by +6.9 points at 68.1% with an increase in the current claims ratio in the Pacific region (+1.8 points at 66.8% affected particularly by Cyclone Evan) and the Antilles region (+2.8 points at 41.9%, with Guadeloupe struck by two rainfall events in August and October 2012). Changes over prior fiscal years dropped nearly €7 million (more than 6 claims ratio points). The reinsurance ratio was up +3.3 points at 11.3% in 2012. The operating expense ratio amounted to 23.7% in 2012 vs. 25.8% in 2011, down -2.1 points, mainly due to the reduction in personnel expenses.

The underwriting margin in life and health insurance was slightly up because of the improved claims ratio in the health segment.

The recurring financial margin was stable at +€4 million.

Net income for Gan Outre-Mer totalled +€2.5 million in 2012, compared to +€1 million in 2011.

China

Groupama Insurances China, previously a branch of Groupama SA that became a subsidiary in 2011, posted a positive contribution of €1.6 million to the group's result in 2012. It should be highlighted that, consolidated using the equity method, the premium income of this subsidiary held equally with the local partner AVIC quadrupled between 2011 and 2012.

4.4. FINANCIAL AND BANKING ACTIVITIES

Premium income in millions of euros	31/12/2011	31/12/2012
Groupama Banque	123	125
Asset management	139	136
Employee savings scheme	7	5
Total	**269**	**267**

NBI in millions of euros	31/12/2011	31/12/2012
Groupama Banque	97	84
Asset management	135	130
Employee savings scheme	10	10
Total	**242**	**225**

Net income from banking and financial activities in millions of euros	31/12/2011	31/12/2012
Groupama Banque	-17	-18
Asset management	20	19
Others	4	5
Total	**7**	**6**

Groupama Banque

Turnover for Groupama Banque as at 31 December 2012 rose +1.5% to €125 million. Net banking income was down by -13.5% at €84 million, despite the good performance of the commercial banking business.

The **cost of risk** fell -€15 million over the period. As a reminder, in 2011, this item incorporated reserve funding for Greek sovereign debt.

Operating expenses were down by -6.7% in 2012 mainly because of the reduction in the number of IT projects.

Net income amounted to a loss of -€18 million in 2012 vs. a loss of -€17 million in 2011. It includes restructuring costs of €5 million.

Asset management

Turnover from **asset management subsidiaries** totalled €136 million as at 31 December 2012, a drop of -2.1%. This change arises both from the decline in Groupama Asset Management's turnover for the period (-1.3% in connection with the decrease in external services) but also the drop in the activity of Groupama Private Equity over the period (-8.5%). Their net banking income was down -3.2% at €130 million.

Outstanding assets managed by Groupama Asset Management and its subsidiaries increased by +€1.6 billion in 2012, a result of favourable market developments.

Economic operating income for these subsidiaries stood at +€19 million in 2012 vs. +€20 million in 2011.

Groupama Epargne Salariale

Turnover for **Groupama Epargne Salariale** totalled €5 million as at 31 December 2012, compared to €7 million over the previous period. This change is explained by the reduction in marketing commissions following the loss of a significant customer. Net banking income remained stable at €10 million.

Economic operating income was stable over the period at -€0.2 million.

Groupama Immobilier

Economic operating income for Groupama Immobilier, the group's property management subsidiary, totalled €6 million in 2012, compared to €4 million in 2011.

4.5 GROUPAMA SA AND HOLDINGS

Economic operating income - Holding in millions of euros	31/12/2011	31/12/2012
France	-81	-146
International	-2	-3
Total	**-83**	**-149**

Net income - Holding in millions of euros	31/12/2011	31/12/2012
France	-65	-215
International	-2	-3
Total	**-67**	**-218**

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.

Economic operating income for the holding companies was -€149 million in 2012, vs. -€83 million in 2011. This change conceals several elements with contradictory effects:

- a drop in holding expenses of more than €50 million, mainly communication and sponsoring expenses as well as project management and personnel expenses;
- an increase in financing expenses;
- a drop in tax consolidation income mainly under the effect of the decline in underwriting income.

Net income for the holding company amounted to a loss of -€218 million in 2012 compared to -€67 million in 2011. The non-recurring financial margin, which is down -€57 million resulted from lower capital gains realised in 2012.

The summary of the group's net income is broken down as follows:

Net income in millions of euros	31/12/2011	31/12/2011 Pro forma	31/12/2012
Total Insurance - France	-1.624	-1.564	285
Total Insurance - International	-135	-183	9
Banking and financial businesses	7	7	11
Holding activities	-67	-67	-218
Accretive effect, minority UCITS, Cegid	-3	-3	4
Total income excluding restructuring	**-1.822**	**-1.811**	**91**
Net income from discontinued activities		**-11**	**-334**
Gan Eurocourtage		*-60*	*-153*
Spain		*24*	*-23*
GICL		*30*	*-136*
Lark			*-15*
Poland		*-5*	*-7*
Extraordinary operations			**-47**
Goodwill impairment	**60**	**60**	**-288**
Total net income - GROUPAMA	**-1.762**	**-1.762**	**-589**

In 2012, goodwill impairment amounted to an expense of -€298 million, with the majority of this figure relating to the Central and Eastern Europe Countries CGU (-€259 million, primarily in connection with Romania).
In 2011, goodwill impairment for-€90 million (including -€39 million in connection with Greece and -€51 million on the Central and Eastern European Countries CGU with respect to Romania) had been booked in the financial statements.

4.6 COMBINED BALANCE SHEET

At 31 December 2012, Groupama's combined balance sheet totalled €94.8 billion compared with €95.9 billion in 2011, a drop of -1.1%.

- **Goodwill**

Goodwill totalled €2.2 billion as at 31 December 2012, compared to €3.0 billion as at 31 December 2011. The drop in this item is explained for €437 million by disposals of industrial assets during the fiscal year and for €298 million by impairments primarily linked to the goodwill of the CEEC CGU.

- **Other intangible assets**

Other intangible assets totalling €570 million as at 31 December 2012 (versus €719 million in 2011) are composed primarily of amortisable portfolio securities (€270 million) and computer software. The drop in this line item is also related to the disposal of various industrial assets.

Investments (including unit-linked investments)

Insurance investments amounted to €77.6 billion in 2012 compared with €73.0 billion in 2011, an increase of +6.3%. This change can be explained by trends on the equity markets (the CAC 40 grew by +15.2% during 2012) and the interest rate environment marked by a low level on the OAT (1.99% in 2012 vs. 3.15% in 2011) and by a marked easing of peripheral sovereign assets in the eurozone.

Thus, the group's unrealised capital gains (including real estate) grew +€6.1 billion to +€5.1 billion (compared to -€1 billion at the previous closing). All asset allocations contributed to this change. It should be recalled that under IFRS, bond assets and equities are recorded at market value (the concept of unrealised capital gain defined above corresponds to the difference between the amortised acquisition value and the market value of this asset).

By asset allocation, unrealised capital gains break down as follows: +€2.5 billion on bonds, +€0.6 billion on equities and +2.0 billion on real estate.

Unrealised capital gains on financial assets (excluding properties) totalled +€3.1 billion (gross value), with +€0.7 billion attributable to shareholders (after profit sharing and taxes), vs. -€0.9 billion as at 31 December 2011. The amounts are recorded in the financial statements as a revaluation reserve. Unrealised capital losses on properties attributable to the group (net of tax, deferred profit sharing and minority interests) totalled €0.7 billion as at 31 December 2012, compared to €1.03 billion as at 31 December 2011. The group has opted to recognise investment and operating property using the amortised cost method. Unrealised capital gains on properties are thus not recorded for accounting purposes. This drop is the result of the property disposal programme carried out in 2012.

- **Shareholders' equity**

At 31 December 2012, Groupama's combined shareholders' equity amounted to €6.3 billion compared with €5.3 billion as at 31 December 2011.

This drop can be summarised as follows:

(In millions of euros)

- **Shareholders' equity at 2012 opening**	**5,264**
Change in revaluation reserve: fair value of assets AFS	6,648
Change in revaluation reserve: shadow accounting	- 4,428
Change in revaluation reserve: deferred tax	- 636
Foreign exchange adjustment	69
Others	- 48
Income	**- 589**
- **Shareholders' equity as at 31 December 2012**	**6,280**

- **Subordinated liabilities, financing debts, and other debts**

Total subordinated and external debt was €1.9 billion as at 31 December 2012 versus €2.2 billion as at 31 December 2011.

At 31 December 2012, subordinated debt amounts to 1,238 million euros compared with 1,245 million euro over the previous period.

The group's external debt totalled €707 million, compared to €917 million, down -€210 million compared to 31 December 2011.

- **Technical reserves**

Gross technical reserves (including deferred profit sharing) totalled €72.2 billion, compared to €75.7 billion as at 31 December 2011.

As at 31 December 2012, deferred profit sharing represented a debt of +€129 million vs. an asset of €3.9 billion in 2011. Note that as at 31 December 2011, active deferred profit sharing was derived primarily from the unrealised capital losses on interest rate assets (related primarily to Spanish, Italian and, to a lesser extent, Portuguese sovereign debt).

- **Provisions for liabilities and charges**

Provisions for liabilities and charges totalled €647 million in 2012, up 6.9% compared to 2011, and are principally made up of pension commitments under IAS 19.

5. SOLVENCY/DEBT

Adjusted solvency resulted in a coverage ratio of the solvency margin requirement as at 31 December 2012 of 179.4% compared to 107.4% as at 31 December 2011. This margin incorporated the effect of firm agreements entered into before 31 December 2011 and operationally executed in early 2012, particularly pertaining to Silic and preference shares subscribed by the Caisse des Dépôts in the Gan Eurocourtage subsidiary.

The change in the margin is related to the implementation of a programme to reduce balance sheet risk and dispose of industrial assets. It is also driven by good financial market performance.

Groupama's debt-to-equity ratio, excluding revaluation reserves (including subordinated liabilities and minority interests) stood at 28.5%, compared to 29.1% in 2011.

6. RISK MANAGEMENT

Risk management is addressed in the internal control report.

7. FINANCIAL FUTURES POLICY

Interest rate risk

The hedges in place are intended to partially protect the portfolios against the risk of interest rate increases.

This is achieved by purchasing interest rate options (“caps”) on the one hand, and by converting fixed-rate bonds to variable-rate bonds (“payer swaps”) on the other.

- Purchases of caps: over the duration and horizon selected, a cap allows collection of the differential, if it is positive, between the market rate and a strike price, in consideration for the payment of a premium. This mechanism has the advantage of reproducing the behaviour of the liability which, when rates fall, is close to a fixed rate (minimum rate) and, when rates rise, to a variable rate. The cost of this strategy is a function of the different criteria that affect the value of the option.

- Interest rate swaps: the strategy may also consist of transforming a fixed-rate bond into a variable rate bond, either on a security held or via new investments. Their objective, if the bond portfolio is partially liquidated for the payment of benefits, is to limit the capital loss realised in the event of a rise in interest rates.

These strategies therefore aim to limit the impact of potential redemptions.

Hedging programmes were gradually implemented on behalf of the life insurance companies as from 2005. In accordance with the approval of the Board 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 system of “collateralisation” with the group’s leading banking counterparties.

Foreign exchange risk

Ownership of international shares entails foreign exchange risk (dollar, yen), 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 currency risk on the Hungarian forint was partially hedged in 2012. Opportunities to hedge this risk will continue to be monitored in 2013.

As with interest rate risk, all OTC transactions are secured by a system of "collateralisation" with leading bank counterparties selected by Groupama SA.

Equity risk

The reduction in equity risk sensitivity, begun at the end of 2011, was continued in 2012. More than €2 billion in equities were thus disposed of in 2012. The equity hedge established at the end of 2011 in the Group's principal equity UCITS – Washington Actions Euro – was renewed in 2012, still in the form of a EURO STOXX 50 collar, for a notional amount of €1,100 million, i.e., all of this UCITS's equity exposure.

Credit risk

As part of a strategy of tactical management of the credit asset class, the Groupama AM management can be exposed to or hedge credit risk by using financial futures like Credit Default Swaps. This type of operation only involves assets managed through UCITSs.

8. SOCIAL AND ENVIRONMENTAL INFORMATION

1- SOCIAL INFORMATION

a) Workforce

The Group workforce (consolidated scope [1]) as at 31 December 2012 numbered 31,806 employees. This is lower than at 31 December 2011 because of the implementation of programmes aiming to improve the group's solvency and economic position, and particularly because of the disposals of subsidiaries (Groupama Seguros in Spain, Groupama Seguros in the United Kingdom) or businesses (P&C brokerage and transport).

The breakdown of employees by gender, age and geographic area is as follows:
- 60.5% women and 39.5% men;
- 15.7% of employees are aged under 30, 57% are between 30 and 49 and 27.3% are aged 50 or over;
- 78% of the workforce of the consolidated scope are based in France and French overseas territories, and 22% are based in international locations.

New hires in 2012 numbered 5,213 (all contract types – excluding fixed-term summer contracts) and permanent contract departures (excluding transfers) numbered 3,767, including 845 redundancies.

Regarding payroll, the 2012 data could not be consolidated at the time of the preparation of this document. For 2011, the payroll for the consolidated scope amounted to €1,335,396,536 [2] (including for France: €1,120,408,390). In 2010, the payroll from the annual declaration of social data (DADS) for France amounted to €1,069,827,775. The international scope was not consolidated in 2010.

b) Organisation of work

Planned working time in the group's companies in France is between 32 hours 42 minutes and 35 hours per week without any significant modification compared to 2011. Absenteeism stood at 637,260 days[3] in 2011 (of which 55% were related to illness and 29% for maternity/paternity).

c) Labour relations

In addition to the employee representative bodies within the entities making up the group, social dialogue at Groupama is organised at the top level through bodies that cover various scopes: European, Group in France, the UDSG (Groupama Social Development Unit) and the UES (Economic and Social Unit).

European and Group division in France

The European Works Council (EWC) met twice in 2012. The EWC gathers information in order to discuss and engage in dialogue on transnational issues (Groupama projects and news, planned disposals, financial statements, etc.) Its scope is Europe-wide and it represents 33,045 employees as at 31 December 2012.

In 2012, the board of the EWC, made up of seven employee representatives elected from among its members, was consulted on 27 September 2012 regarding the planned closure of the IT subsidiary located in Bulgaria. An abstention was returned by the board members with the recommendation of supporting the employees of GISB for a return to employment.

[1] The consolidated scope includes all of the Group's Regional Mutuals and subsidiaries, in France and abroad, excluding Capsauto, Présence Verte, Confintex, FMB and China. HR data also excludes Centres Centaures, CIGAC, GISB, Poland, China and Vietnam.

[2] On a scope of 99.8% of the workforce of the consolidated scope.

[3] On a scope of 99.3% of the workforce of the consolidated scope.

Regarding negotiation, the agreement establishing the European Works Council dated 29 November 2000 was updated, resulting in a new agreement dated 22 November 2012 signed by a majority of the EWC members. In addition, a common declaration related to quality of life at work and non-discrimination is under discussion with the members.

The Group Committee, a body for dialogue and discussion, meets at least twice per year and gathers information about the Group's business, financial position, employment trends and forecasts and economic outlook for the coming year. Its scope is limited to France and it represents 26,398 employees as at 31 December 2012.

In 2012, this body met seven times to discuss the following principal topics: presentation of the combined financial statements for 2011, proposed disposals of French and European subsidiaries, news about the Group (Group financial position, strategy, governance), results of the Group Opinion Poll, report on employment, etc.

As of the end of 2012, the agreement of 21 April 1999 relating to the Groupama/Gan Group Committee was being renegotiated; this process should continue into 2013.

The Group Corporate Dialogue Committee (CDSG), an offshoot of the Group Committee, is a body for negotiation at Group level. Group-level agreements negotiated and signed within this body are intended to be applied to all companies and employees of the group in France.

In 2012, negotiations on lifelong professional training were initiated within the Group Corporate Dialogue Committee.

The Group Committee for Quality of Life at Work (CQVT), a forum for discussion and recommendations, is part of an initiative to encourage dialogue on quality of life at work. This Committee was established by a group agreement dated 28 February 2011 relating to quality of life at work (see below).

Groupama Social Development Unit (UDSG)

The Groupama Social Development Unit (UDSG) is an association governed by the French law of 1901 that brings together the 20 companies of the agricultural mutual insurance scope (Groupama SA, the regional mutuals, Groupama Support & Services, etc.), i.e. 19,184 employees as at 31 December 2012.

The UDSG has a negotiation role with respect to collective status at inter-company level (the Groupama national agreement of 10 September 1999), which complements company-level negotiations.

The UDSG facilitates collective labour relations at national level via four joint bodies:

The National Negotiating Committee (CNN). The CNN is the negotiating body for the application of conventional status and for wages at a national level. Negotiations held in 2012 have so far led to the signature of five agreements:

- Additional clause dated 5 April 2012 relating to the increase in the childcare allowance (integration of changes in family situations such as divorce/separation, shared custody of children, etc. in the payment of the childcare allowance and the family benefit);
- Additional clause dated 5 April 2012 (carryover of paid leave days not taken due to the death of a family member during the employee's paid leave period, and extension of the statutory notice period for compensation payable in the case of dismissal due to unfitness for occupational reasons);
- Additional clause dated 5 April 2012 relating to leave taken for family reasons (extension of planned maintenance of salary at 50% for two months in the event of family support leave, childcare leave or leave taken to care for a sick partner);
- Additional clause dated 29 June 2012 renewing for three years the choice of CCPMA Prévoyance for the coverage of temporary and permanent work disability, death and funeral expenses;
- Additional clause dated 29 June 2012 on collective labour relations (maintaining security of social dialogue and improving methods of operation of labour organisations at a national level).

The National Interpreting Committee (CNI) The CNI is responsible for interpreting the provisions of the ANG and its appendices at the request of the UDSG or a representative labour organisation at a national level.

The Committee for Employment, Training and Skills (CEFC). This body meets once a year to review questions of employment and training with respect to Groupama companies.

The National Committee for Monitoring the Application of Classification (CNSAC). This body is responsible for establishing, every three years, an assessment of the changes observed in the business units and examining the consequences in terms of changes in classification, and for reviewing any modification, creation or removal of a professional family or sub-family or of a generic function.

Economic and Social Unit Division

This division covers Groupama SA, Gan Assurances, Groupama Gan Vie, Gan Eurocourtage, Gan Réseaux Spécialisés and Groupama Supports & Services and represents 7,979 employees as at 31 December 2012.

The body of reference is the UES Central Works Committee (CCE): the CCE exercises economic powers relating to the general operation of the company and exceeding the limits of the powers of establishment heads. It must be informed and/or consulted about economic and financial projects concerning the UES. It has access to a wide range of information about the groups and establishments of the UES.

- Information-consultation during fiscal year 2012;
- Information-consultation about the 2012 apprenticeship tax;
- Information-consultation about the draft memorandum of understanding relating to the central works council;
- Information-consultation about the draft agreement relating to gender equality in the workplace within establishments of the UES;
- Information-consultation about the planned development of the partnership with Groupe Réunica;
- Information-consultation about the planned disposal of the property and casualty portfolio of Gan Eurocourtage – 4 meetings;
- Information-consultation about the planned disposal of Groupama Seguros – 2 meetings;
- Information-consultation about the principal foreseeable effects on employment of the major strategic areas involving establishments of the UES;
- Information-consultation about draft amendment no. 2 to the 2010-2011-2012 Gan-Groupama Gan Vie profit-sharing agreement dated 18 June 2010;
- Information-consultation about the planned disposal of Proama's portfolio – 2 meetings;
- Information-consultation about the planned disposal of the transport portfolio of Gan Eurocourtage – 2 meetings;
- Information-consultation about projects relating to the foreign establishments of Gan Eurocourtage and merger/takeover of Gan Eurocourtage within Groupama SA – 2 meetings;
- Information-consultation about the planned closure of Groupama Information System Bulgaria – 2 meetings;
- Information-consultation about the planned disposal of Groupama Insurances – 2 meetings;
- Information-consultation about the planned transfer of the SAP configuration of Groupama Supports & Services to the Group Financial Controlling Department of Groupama SA – 2 meetings;
- Information-consultation about the planned restructure of the Life activities – 3 meetings;
- Information-consultation about the draft framework agreement relating to voluntary departure plans within establishments of the UES;
- Information-consultation about the planned disposal of Présence Assistance Tourisme.

It is also kept informed about various topics.

The UES also includes a Central Trade Union Delegation: A collective bargaining body at UES level.

- Agreement relating to gender equality in the workplace within establishments of the UES signed on 7 March 2012;
- Memorandum of understanding relating to the Central Works Council of the UES signed on 7 March 2012;
- Framework agreement relating to voluntary departure plans within establishments of the UES signed on 26 October 2012.

Review of collective agreements:

121 collective agreements were entered into in 2012 involving all Group companies (including 109 in French companies). The topics of these agreements concern:

- social dialogue/employee representation;
- remuneration and benefits;
- working conditions;
- company mergers;
- diversity/equal opportunities;
- employment and organisation of the companies.

d) Health and safety

A Group agreement relating to Quality of Life at Work, applicable to all companies and employees of the group in France, was signed on 28 February 2011. Its purpose is to define a common framework across all Group companies to improve the quality of life at work and, as part of this, going beyond the actions and measures already implemented within the group's companies, to prevent, deal with and eliminate, and failing that, to reduce, any problems related to psychosocial risks such as, in particular, stress, harassment and violence in the workplace as well as internal or external incivility and particularly public incivility.

The agreement mainly focuses on the following areas:

1. At group level and as part of an annual assessment, consolidating indicators that enable the detection of possible problems at work (absenteeism, accidents at work, abnormal working hours, etc.);
2. Establishing prevention actions to train directors, managers and all employees on psychosocial risks, raise awareness about improving well-being in the workplace, put in place actions for prevention and support for employees in case of public incivility or aggression;
3. Providing mechanisms for internal regulation including a PSYA psychological counselling centre open to all employees and a mechanism to seek a joint solution for any event likely to affect the physical and/or mental health of an employee;
4. Creating a Group Committee for Quality of Life at Work: this joint committee, a place for discussion and recommendations, examines the "quality of life at work" component of growth and development projects presented to the Group Committee. It is informed of the implementation, deployment and monitoring of these major projects, any impacts on working conditions and HR support implemented.

In 2012, the Group Committee for Quality of Life at Work met twice for a presentation of the OPC and APOGEE tools and discussions relating to the Group psychosocial risk prevention plan. These discussions are still in progress. In the long term, this plan will need to be deployed in all Group companies.

The Commission for Monitoring the Group Agreement on Quality of Life at Work is intended to monitor the application of the Group agreement on the same (presentation of an annual assessment with the indicators relating to the agreement and the actions taken).

The main components of the 2012 assessment on the fiscal year 2011 show that all companies communicated the provisions of the Group agreement to their employee representative bodies as well as their employees. Some companies initiated actions in favour of quality of life at work and trained their employees in accordance with the provisions of the agreement. The agreement is being deployed in all of the companies. The companies' efforts were emphasised over 2012.

In 2011, 349 workplace and commuting accidents leading to a stoppage of work were recorded[4] in France and six occupational diseases were declared to Social Security in 2011.

e) Training

The training policy is implemented within each group company in order to take into account local circumstances (strategy, activities, business lines, age pyramid, etc.). Based on this premise, the Group provides the companies, through the University, with a training catalogue that is put together based on the needs expressed by the companies via the network of company training managers, who meet two to three times per year.

However, the group wished to include professional training in the framework of a negotiation currently taking place for France only.

The objective involves:

1. Establishing a framework for professional training for group companies in order to:
   - harmonise practices within the group;
   - and adapt them to legislative and regulatory changes in this area;
2. Bringing back training as a development tool common to the companies and employees of the group. It constitutes a way to update and acquire skills:
   - offering employees the opportunity for professional development and/or mobility;
   - providing companies with the skills required for strategic directions and the market.
3. Optimising sources of funding for training by:
   - reminding of the existence of "external" sources of funding for training;
   - establishing training/professional development priorities consistent with the skill requirements in order to assert the distinctive features of the Group companies with the OPCAs;
4. Establishing a monitoring system via indicators drawn from tax return 2483 relating to employer involvement in continued professional training.

[4] Source: 2011 consolidated social responsibility audits - Scope UES and UDSG

In this regard, a situational analysis was carried out on the basis of the aforementioned tax return for 2011[5]. This highlights statistics that are comparable to those of other companies of the insurance segment on the following main indicators at Group level in France. In 2011:

- 4.2% - the rate of participation in professional training;
- 67.7% - the rate of access to continued professional training;
- 66.8% - the rate of access to continued professional training for female employees of the Group;
- 69.1% - the rate of access to continued professional training for male employees of the Group;
- 626,110 training hours were provided;
- 34 training hours were provided on average per trainee.

f) 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 Officer and Deputy Chief Executive Officer of Groupama SA, meets twice per year, including one meeting on the topic of equal opportunities.

As a socially responsible employer, actions taken by the Groupama Group and its companies to prevent discrimination and promote diversity are consistent with the CSR priority areas.

The Groupama Group's commitment against discrimination and for diversity is particularly reflected by:
- its adherence to the United Nations Global Compact. The signature of this Compact, effective since 7 February 2007, binds the entire group to respecting the ten principles of the Compact. Each year, Groupama 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 adherence to the Diversity Charter. The Charter was entered into on 26 June 2007 and binds the entire group in France to establishing a policy that promotes diversity;
- its adherence to the Parenthood Charter dated 14 December 2010. This Charter confirms the group's commitments in France regarding gender equality in the workplace. 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.

Groupama 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, posted on the website www.groupama-gan-recrute.com, to be published on the AGEFIPH website.

The Groupama Group's commitment has been documented since 24 October 2008 by the Group agreement with the trade union organisations, relating to diversity and equal opportunities, concluded 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:
- gender equality in the workplace;
- retaining senior workers in employment;
- professional inclusion and retaining people with disabilities in employment;
- integration of young people in working life.

The deployment of the Group Diversity policy is primarily ensured by the network of Diversity Correspondents in connection with the HR Departments of the Group's companies in France.

A Diversity Correspondent is appointed within each of the Group's companies in France, by the Human Resources Department or by the company's management. This person:
- ensures the implementation of the group's diversity policy;
- is the point of contact for the Group Diversity Correspondent;
- is the liaison with staff representative bodies and the wider diversity committee, and for action plans developed on this subject.

A Group Diversity Correspondent appointed by Group HR implements the Group policy regarding the prevention of discrimination, the promotion of diversity and equality of treatment by ensuring that these topics are communicated and relayed internally by the local Diversity Correspondents.

The Group Diversity Correspondent has the following responsibilities:
- to support companies in the implementation of actions;
- to ensure the proper appropriation and application of the Group policy by the HR teams in the various companies and communicate the good practices of the Group's entities;

[5] Use of tax return 2483 relating to the funding of continued training for 35 group companies for a total workforce of 27,505 employees as at 31 December 2011.

- to promote the development of actions to raise awareness among all employees;
- to 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;
- to present to the Group Committee an assessment relating to the implementation of the agreement within the entities, surveys and research conducted, as well as good practices identified in the various companies of the group.

In 2012, the particular purpose of the meetings of the Diversity Network was:
- to communicate about the group's various partnerships;
- to discuss the review of the 2011 national disability week;
- to join the *Club handicap de l'assurance*;
- to review the participation of the group's companies in various exhibitions, employment forums, events and diversity awards planned over the year;
- to collaborate in the design of a guide entitled "Everyday management of diversity";
- to hold discussions following involvement or action by professionals;
- to take note of French social, legal and case-law news and projects in progress within the Group.

Between 2009 and 2011, pursuant to the agreement relating to diversity and equal opportunities of 24 October 2008, the Group Human Resources Department established training actions on topics relating to diversity. This training was made available by Groupama University to the Group's companies in France, for all of their employees.

The following training was offered:
- "Diversity awareness for management". The purpose of this training is to raise awareness among managers, provide them with the academic knowledge necessary for managing diversity, provide a forum for them to discuss discrimination and encourage them to think about the benefits and challenges for the company in dealing with this subject;
- "Persons with disabilities: integrating them and retaining them in employment". This training provides basic knowledge about the legislation and regulations applicable to the employment of persons with disabilities, identifies the institutional and associative players in the area of professional inclusion and defines criteria for success, inclusion and retention of employment.

After more than four years of application of the agreement, the companies have developed their own training actions for their employees, adapted to their particular circumstances.

In 2012, the members of the committee to monitor the Group agreement of 24 October 2008 underwent training on the legal obligations regarding non-discrimination in the company. The training was intended to enable them to prevent discrimination, identify prohibited practices, anticipate risks of litigation, maintain security of HR processes and develop the right reflexes.

Measures taken to promote gender equality

With 59.2% of employees on permanent contracts within the Group in France as at 31 December 2012 being women, Groupama considers gender equality to be one of the Group's key successes. 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 established a number of actions, resulting in the following positive developments:

At 31 December 2012 in France, women represented:
- 43.8% of managers (+0.3 points compared to 2011);
- 70.3% of non-managers (+0.8 points compared to 2011);
- 20.2% of senior managers/directors (+0.5 points compared to 2011).

Within the group in France at 31 December 2012:
- 62.5% of employees in the "administrative" business units were women (stable compared to 2011);
- vs. 58% in the "sales" business units (+2 points compared to 2011).

Furthermore, in the "Insurance" segment, 5% of women were promoted in 2012.

Measures taken to promote employment and inclusion of persons with disabilities

In order to realise its commitments on inclusion and retention employees with disabilities, the Group:

- Communicates regularly on the subject of disability with all employees internally, through items posted online on the Kiosque[6] (articles, interviews, brochures, videos, etc.) and externally (through guides, directories, press articles, participation in conferences, exhibitions and forums, intended for professionals or the general public);

[6] Group Intranet

- Renews its partnership each year with ADAPT, the association behind the week for employment of persons with disabilities, in which the Group has participated for five years.

During 2011, 544[7] job vacancies posted by Group companies were published on the AGEFIPH website:

- 224 people clicked 'Apply' and were redirected to the website www.groupama-gan-recrute.com.
- 97 employees were recruited by Group companies.

In 2011, the group (France) achieved an average employment rate of 2.81%[8].

Out of the entire workforce employed in France as at 31 December 2012, 734 are disabled.

Retention of senior workers in employment

In an environment where working life is tending to last longer, the Groupama Group encourages employees to breathe new life into the later stages of their careers and promotes a non-discriminatory age management policy.

Among the Group's companies in France, 19 action plans and 8 collective agreements have been entered into. These are primarily concerned with the following areas:

- recruitment and retention of senior workers;
- improvement of their working conditions and prevention of work overload;
- anticipating their career development;
- developing their skills;
- planning for the end of their career;
- transmission of their knowledge.

Each company negotiated its agreement or presented its "senior" action plan by taking into account its needs, its age pyramid and its trends in connection with the company's development strategy. The assessments of these agreements or action plans were presented in the companies to the relevant representative bodies. These agreements and action plans expire at the end of 2012. Negotiations may be conducted within the framework of new provisions relating to the "generation contract".

In France, the percentage of the Group's employees aged 50 or over was 28% as at 31 December 2012. Of these:

- 56.9% are non-managers (+0.1 points compared to 2011);
- 40% are managers (-0.1 points compared to 2011);
- 3.1% are senior managers/directors (stable compared to 2011).

Among senior workers aged 50 or over:

- 27.9% are employed in a sales business (+1.5 points compared to 2011);
- 72.1% are employed in an administrative function (-1.5 points compared to 2010);

g) Promotion of and compliance with the terms of the relative ILO fundamental conventions

Groupama reiterates its commitment to comply with the terms of the ILO fundamental conventions in its Ethics Charter, which is deployed in all of its companies and shared with all its employees.

[7] Source: AGEFIPH 2011
[8] Compulsory declaration of employment of disabled workers

2- ENVIRONMENTAL INFORMATION[9]

a) General environmental policy:

As our businesses are service-oriented (insurance and banking), Groupama's direct impact on the environment is limited: our businesses do not constitute threats to biodiversity, water or soil use. However, we have developed a policy that aims to reduce our consumption (paper, water, energy), our CO_2 emissions and our waste, particularly WEEE. In addition to these in-house commitments, Groupama 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.

The Department of Ethics and Sustainable Development, reporting to the group's General Secretary, is responsible for promoting and coordinating the group's CSR policy. This department is empowered for action and mobilisation on environmental issues, specifically by leading a network of 50 correspondents from all Group entities (regional mutuals, French and international subsidiaries).

In terms of environmental certification, the HEQ initiative is implemented when a new operating site is created. The evaluation by rating agency Vigeo, carried out in 2011, highlighted the positive dynamics of the group's environmental effort. Our Datacenter IT centres in Bourges and Mordelles follow the best practices of the Green Grid, and the majority of our companies have carried out or are currently producing their greenhouse gas emissions assessments (BEGES).

Regarding protection of the environment, our employees are regularly informed of environmental issues, particularly through the Sustainable Development week, the provision of a manual of eco-friendly actions in the office and the distribution of an Eco Pass Responsible Events charter enabling internal communicators to organise their events to be as environmentally friendly as possible. 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 limited environmental impact involving only low-pollution consumption (paper, electricity, etc.), Groupama has no financial provision for environmental risk.

b) Pollution and waste management

Groupama's service businesses 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 through selective sorting. Organisation of this initiative, involving other players such as local authorities, is under way.

c) Sustainable use of resources

Groupama's businesses 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 2012, the group consumed 338,605 m3 of water[10].

In 2012, 1,285 tons[11] of office paper were consumed, of which 92% was certified[12]. In order to reduce this consumption, there is an ongoing plan in place to rationalise the use of printers and copiers for companies (excluding regional mutuals) that are members of EIG Groupama Support & Services (G2S). Moreover, the Group continues to work towards paperless exchanges with its customers in order to achieve a sustainable reduction in the number of hard copy documents sent and thus in the corresponding carbon emissions.

In 2012, the Group's energy consumption totalled 174,990,763 kWh[13] (electricity consumption: 118,100,502 kWh, gas: 41,056,963 kWh, fuel oil: 5,806,131 kWh, heat: 5,511,767 kWh, and chilled water: 4,515,400 kWh). Over several years, Groupama has implemented many measures to reduce these consumption levels, including establishing free cooling in the Mordelles Datacenter, reducing the temperature set points in offices and systematically turning off office lights outside of hours of occupation for most of the buildings managed by EIG G2S.

As our businesses are service-oriented (insurance and banking), Groupama is not affected by the issue of soil use.

[9] All environmental indicators have been collected on a rolling 12-month basis, covering the period from 1 November 2011 to 31 October 2012. FTEs are consolidated as of 30 September 2012. For each of the environmental indicators, the consumption figures submitted by the Regional Mutuals correspond to those of their entire scope.
[10] Corresponds to consumption of 96.81% of FTEs within the 2012 CSR Reporting scope.
[11] Corresponds to consumption of 98.12% of FTEs within the 2012 CSR Reporting scope.
[12] Corresponds to 87.3% of FTEs within the 2012 Reporting scope. Paper with Ange bleu, Nordic Swan or Ecolabel certification or from sustainably managed forests, meeting FSC or PEFC criteria.
[13] Electricity: 97.95% of FTEs within the 2012 CSR Reporting scope; gas: 92.11%; fuel oil: 92.17%; heat and chilled water: 98.12%

d) Climate change

In 2012, CO_2 emissions arising from energy consumption at Groupama's sites reached 25,294 Teq CO_2[14] (14,966 Teq CO2 linked to electricity consumption; 7,390 Teq CO2 linked to gas; 1,568 Teq CO2 linked to fuel oil; 1,231 Teq CO2 linked to heat and 139 Teq CO2 linked to chilled water) and those arising from travel amounted to 31,607 Teq CO_2[15] (1,789 Teq CO2 linked to air travel, 529 Teq CO2 linked to train travel and 29,289 Teq Co linked to travel in owned or rental cars).

In terms of indirect emissions, the Group's companies take recurring actions to prevent environmental risk with farmers, local authorities and manufacturers. Our "Climate" product covers weather risks on crops, and our "Predict Services" product covers flood risk prevention with local authorities. In motor insurance, the Pay As You Drive product offered by Amaguiz encourages virtuous green behaviours (cost of insurance by number of km travelled); at the same time, in 2012, the Group continued its policy of repairing instead of replacing damaged parts with a view to further reducing our CO_2 emissions and waste, promoting the qualification of the workforce, satisfying our customers and thus increasing their loyalty. 36.4% of bumpers and shields were able to be repaired in 2012. The group is supported in particular by training on repair techniques developed by CESVI with repairers and automotive experts. Lastly, the Privatis Multi-Risk Home insurance offers a “green” new-for-old equipment replacement plan and an insurance policy for equipment that produces renewable energy.

e) Protection of biodiversity

Groupama is the leading private owner of forests and the leading insurer of forests in France. In addition, all forests managed by Groupama are PEFC-certified (certification guaranteeing sustainable management of wood resources in forests).

3- SOCIETAL INFORMATION

a) Territorial, economic and social impact of the company's business

The Group's decentralised structure favours strong local integration and contributes to the development of the regions. Thus, Groupama is a major employer in the regions:

Alsace - Group workforce in 2012: 737 - Company weighting in the employment base: 0.15%
Aquitaine - Group workforce in 2012: 1532 - Company weighting in the employment base: 0.21%
Auvergne - Group workforce in 2012: 640 - Company weighting in the employment base: 0.23%
Lower Normandy - Group workforce in 2012: 550 - Company weighting in the employment base: 0.17%
Burgundy - Group workforce in 2012: 892 - Company weighting in the employment base: 0.25%
Brittany - Group workforce in 2012: 1950 - Company weighting in the employment base: 0.28%
Centre - Group workforce in 2012: 1340 - Company weighting in the employment base: 0.23%
Champagne-Ardenne - Group workforce in 2012: 767 - Company weighting in the employment base: 0.27%
Corsica - Group workforce in 2012: 24 - Company weighting in the employment base: 0.04%
Franche-Comté - Group workforce in 2012: 177 - Company weighting in the employment base: 0.07%
Upper Normandy - Group workforce in 2012: 442 - Company weighting in the employment base: 0.10%
Ile de France - Group workforce in 2012: 6284 - Company weighting in the employment base: 0.15%
Languedoc-Roussillon - Group workforce in 2012: 1302 - Company weighting in the employment base: 0.27%
Limousin - Group workforce in 2012: 321 - Company weighting in the employment base: 0.23%
Lorraine - Group workforce in 2012: 381 - Company weighting in the employment base: 0.08%
Midi-Pyrénées - Group workforce in 2012: 1202 - Company weighting in the employment base: 0.18%
Nord Pas de Calais - Group workforce in 2012: 819 - Company weighting in the employment base: 0.09%
Provence-Alpes-Côte d’Azur – Group workforce in 2012: 1095 - Company weighting in the employment base: 0.10%
Pays de la Loire - Group workforce in 2012: 1680 - Company weighting in the employment base: 0.19%
Picardy - Group workforce in 2012: 693 - Company weighting in the employment base: 0.18%
Poitou-Charentes - Group workforce in 2012: 1002 - Company weighting in the employment base: 0.27%
Rhône-Alpes - Group workforce in 2012: 1893 - Company weighting in the employment base: 0.11%

The Group encourages this dynamic in particular via regular Jobmeetings throughout France (eight major regions involved in 2012). Groupama has also been a partner of the ADIE (Association for the Right to Economic Initiative) since 2007 and thus works to promote micro-lending in France's deprived rural areas.

[14] Electricity: 96.52% of FTEs within the 2012 CSR Reporting scope; gas: 92.11%; fuel oil: 92.17%; heat and chilled water: 98.12%. These are the IEA emission factors for 2008.
[15] Air travel: 98.00 % of FTEs within the 2012 CSR Reporting scope; train travel: 91.24%; car travel (in owned or rental cars): 90.50%. These are the IEA emission factors for 2008.

b) Relationships with people or organisations having an interest in the company's business, particularly inclusion associations, learning institutions, environmental protection associations, consumer associations and local communities

Membership, the basis for Groupama's decentralised operating model, allows our 8 million French members and customers to take part in each level of the elective system: Local Mutual, Regional Mutual, Departmental Federation or National Federation. Thus, 300,000 members participate each year in the general meetings of our approximately 3,600 local mutuals, which gives them decision-making power within the mutual company. In addition, we are particularly tuned in to our customers, thanks to satisfaction polls on claims management carried out with our private customers every month, as well as regular, detailed satisfaction surveys, which canvas a very large number of respondents from all of our customer types.

Regarding dialogue with professional organisations, Groupama participates in the CSR working groups of many federations or institutes: Association Française de l'Assurance, MEDEF, AFEP, Institut des Responsables du Reporting RSE, Club Finance de l'Orse, Agrion. Our subsidiary, Groupama Asset Management, has been a member of UNEP-Fi since 2002 (Asset Management Working Group) and is Chair of the Sustainable Finance and Responsible Investment Forum of AFG (French Asset Management Association), board member of the AFG's SRI Committee, General Secretary of the FIR (Responsible Investment Forum) and executive member of EUROSIF.

With regard to relationships with learning institutions, many partnerships have been forged between our regional mutuals or subsidiaries and the institutions in their region or employment base: workshops or conferences, sponsorship, taking on trainees and interns, simulation of interviews and participation in juries, presence in employment forums and support for teaching chairs. For several years, Groupama 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 risk, industrial risk, environmental risk, wealth risk and individual health in particular) in close collaboration with partner institutions: Polytechnique, Centre d'Études Actuarielles, Université Paris-Dauphine and ENSAE.

In terms of sponsorship, the Groupama Health Foundation has helped in combating rare diseases for more than 10 years, by taking action in three areas: improving medical information to reduce diagnosis times, supporting patients to alleviate their isolation and promoting medical research by awarding PhD scholarships to young researchers. In 2012, €1,011,500 in sponsorship grants were awarded by the Foundation

The Groupama Gan Foundation for Cinema has supported the art of film for more than 25 years..
It has a dual purpose: it contributes to safeguarding the world's cinematic heritage and also supports the development of contemporary cinema, from production to distribution. In 2012, the amount allocated by Groupama SA to the Groupama Gan Foundation totalled €1 million. 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 are allocated each year to the Cinémathèque française, giving Groupama the title of "Grand Mécène" (major sponsor).

With regard to dialogue with employees, an opinion poll is conducted every two years in collaboration with Ipsos, with all employees of the Group; the third of these polls was carried out in April 2012. 73% of employees took part, in France and abroad. Based on the results, the Group and its companies developed action plans aimed at meeting the expectations expressed by employees concerning the different subjects: talent and career development, management, quality of life at work, engagement and recognition.

In addition, the evaluation carried out by Vigeo at the Group's request, published in early 2012, recognised the social performance of the Group by giving it a high ranking in the HR and Human Rights components.

c) Subcontractors and suppliers

Groupama has very limited recourse to subcontracting.

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. Groupama has signed the inter-company charter, which in particular promotes long-term relationships with SMEs, incorporation of CSR criteria in the choice of suppliers and consideration of the territorial responsibility of a large group. In this regard, Groupama participates in "working groups" with the ombudsman of the Ministry for Industrial Renewal.
A guide to eco-responsible purchasing, produced by our Group Purchasing Department, was distributed to all group buyers starting in 2007 in order to help them integrate social and environmental criteria into their calls for tenders and purchases.
Lastly, a CSR charter intended for suppliers is currently being prepared and is scheduled for roll out in 2013.

d) Fairness of business practices

Actions taken to prevent corruption:
The main purpose of the ethics charter is to unite and mobilise the Group's employees around its policy principles of proximity, responsibility and solidarity, by defining the Group's commitments in terms of ethics; for example: always honouring the trust placed in 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 out in rules of conduct to be adopted by employees. In

particular, staff are required to demonstrate integrity and fairness in carrying out their duties, both internally as well as externally when they are representing their company, and are prohibited from carrying out any act of active or passive corruption. The ethics charter also defines the responsibilities of the Ethics Committee, which meets twice per year.

The Groupama ethics charter was developed by a dedicated working group and presented to the Steering Committee, the Group Executive Committee and the Board of Directors, before being appended to the internal regulations of the Group's companies in compliance with the procedures for informing and consulting the employee representative bodies (Group Committee and European Works Council, WHSC, EC, labour inspector, registry of the labour tribunal and publication). It was also distributed to all employees (electronically and on the Group Intranet) as well as to the insurance agents of Gan Assurances, the agents of Gan Patrimoine and the secretaries/agents of Groupama d'Oc.

In addition, Groupama has established a major compliance system, governed by a Compliance Charter. This charter covers all Groupama businesses and aims to ensure that Group practices comply with legal provisions, regulations, administrative requirements and trade standards, as well as the Group’s internal rules, charters and procedures.
In this regard, a network of managers has been established, covering the entire Group, responsible for the fight against money laundering and the financing of terrorism. 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 key elements of the system include risk mapping, incorporating an evaluation of the risks of money laundering and financing of terrorism based on products, operations, customers and methods of distribution; the collection of information about customers and the source of funds depending on the significance of the risks; a tool for automatic detection of individuals appearing on lists of terrorists and persons considered to be politically exposed; the implementation of a profiling tool; a system for checking proper application of procedures; e-learning training tools on the principles of anti-money laundering and financing of terrorism.

Lastly, in 2007 Groupama created the Group's data protection agent (CIL) function, whose responsibilities are defined by law; these particularly consist in establishing and maintaining the list of computer and data processes used within the group in order to guarantee compliance with regulation in this area. This function maintains relations with the CNIL.

Measures taken for consumer health and safety:

In March 2011, Groupama, an acknowledged leading player and pioneer in the area of prevention, opened a Web 2.0 site (www.vivons-prevention.com) dedicated to all prevention actions taken by Groupama to serve its stakeholders in five major involvement areas (road safety, health, agriculture, domestic risks, and companies and local authorities).

In the regions, our Regional Mutuals and subsidiaries have established a number of partnerships for the benefit of consumers: with the Gendarmerie Nationale for training and road safety; with Météo France for the prevention of weather-related risks in local communities; with the SNSM (lifeboat association) for the financing of rescue stations; with the MSA (agricultural mutual assistance association) for the "Pays de Santé" (Health in the Country) initiative, which aims to combat the lack of medical care in rural areas. During 2012, more than 100,000 customers or non-customers were informed or trained on prevention by Groupama's teams[16].

e) Other human rights actions undertaken with respect to this 3-

Groupama adheres to the Universal Declaration of Human Rights of 1948 and the European Convention on Human Rights, and to the principles of the International Labour Organization (ILO) and the guidelines of the OECD for multinational enterprises.

[16] Corresponds to 89.7% of FTEs within the 2012 CSR Reporting scope.

9. OUTLOOK

2012 was marked by the definition and implementation by the General Management of measures to strengthen the group's financial position, focusing on a number of key areas:

- reduction of the scope of business;
- reduction of exposure to risk assets;
- vigorous effort to restore underwriting income and control overheads;
- strengthening of the Group's governance.

Tangible results have been observed in these various areas since 2012, particularly with the implementation of a programme to dispose of certain businesses that is as of now fully achieved, a significantly reduced asset allocation in real estate and equities, a very significant reduction in overheads of €180 million across the entire group (like-for-like and excluding commissions), as well as reinforcement of the rules of governance and improved control of the group's risks.

All of these actions led to a positive result excluding restructuring effect of €91 million in 2012. Net book income, which remained negative, was affected by non-recurring items resulting from operations undertaken as part of the recovery programme developed by the General Management:

- disposal of industrial assets resulting in a non-recurring loss of -€334 million;
- reserves for goodwill impairment on the retained entities for -€298 million, relating primarily to the CEEC;
- extraordinary provisions relating to the implementation of voluntary departure plans (VDPs) in various entities of the Group (-€47 million net of corporate income tax).

As a result of all of these measures, but also thanks to a more favourable financial environment, the group witnessed a significant recovery in its adjusted solvency margin, which amounted to 179.4% at the end of 2012.

In 2013, the group intends to continue the actions undertaken and will focus on improving the underwriting profitability of its businesses.

It is with this in mind that work has been undertaken to define the group's new strategic plan, which will be finalised in 2013.

COMBINED FINANCIAL STATEMENTS GROUPAMA

GROUPAMA
COMBINED BALANCE SHEET (in millions of euros)

ASSETS		31.12.2012	31.12.2011
Goodwill	Note 2	2,240	2,955
Other intangible assets	Note 3	570	719
Intangible assets		**2,809**	**3,674**
Investment property excluding unit-linked items	Note 4	1,348	1,602
Unit-linked investment property	Note 7	102	99
Operating property	Note 5	1,095	1,255
Financial investments excluding unit-linked items	Note 6	71,141	66,505
Unit-linked financial investments	Note 7	3,856	3,408
Derivatives and separated embedded derivatives	Note 8	80	121
Insurance business investments		**77,622**	**72,990**
Funds used in banking sector activities and investments of other activities	Note 9	**3,487**	**3,302**
Investments in related companies	Note 10	**1,039**	**984**
Share of outward reinsurers and retrocessionnaires in liabilities related to insurance policies and financial contracts	Note 11	**1,441**	**1,111**
Other property, plant and equipment	Note 12	286	321
Deferred acquisition costs	Note 13	383	647
Deferred profit-sharing assets	Note 14	75	3,951
Deferred tax assets	Note 15	330	722
Receivables from insurance and inward reinsurance	Note 16	2,676	3,498
Receivables arising from outward reinsurance	Note 17	226	133
Current tax receivables and other tax receivables	Note 18	219	171
Other receivables	Note 19	2,226	2,594
Other assets		**6,421**	**12,037**
Assets held for sale and discontinued activities			
Cash and cash equivalents	Note 20	**1,933**	**1,773**
TOTAL		**94,753**	**95,872**

The notes on pages 48 to 223 are an integral part of the combined financial statements.

GROUPAMA
COMBINED BALANCE SHEET (in millions of euros)

LIABILITIES		31.12.2012	31.12.2011
Capital		32	32
Revaluation reserve	Note 21	720	(901)
Other reserves		6,438	8,284
Foreign exchange adjustments		(321)	(389)
Combined income		(589)	(1.762)
Shareholders' equity (Group share)		**6,280**	**5,264**
Minority interests		18	12
Total shareholders' equity		**6,298**	**5,276**
Contingent liabilities	Note 22	**647**	**605**
Financing debt	Note 24	**1,946**	**2,162**
Liabilities related to insurance policies	Note 25	**51,112**	**53,576**
Liabilities related to financial contracts	Note 26	**20,935**	**22,148**
Deferred profit-sharing liabilities	Note 14	**204**	
Resources of banking sector activities	Note 9	**3,120**	**2,996**
Deferred tax liabilities	Note 15	561	279
Debts to unit holders of consolidated UCITS	Note 28	769	476
Operating debts to banking sector companies	Note 20	338	364
Debts arising from insurance or inward reinsurance operations	Note 29	787	955
Debts arising from outward reinsurance	Note 30	430	335
Current tax debts and other tax debts	Note 31	280	321
Derivatives liabilities	Note 8	429	290
Other debt	Note 32	6,898	6,088
Other liabilities		**10,491**	**9,110**
Liabilities of activities to be sold or discontinued			
TOTAL		**94,753**	**95,872**

The notes on pages 48 to 223 are an integral part of the combined financial statements.

GROUPAMA
COMBINED INCOME STATEMENT (in millions of euros)

INCOME STATEMENT		31.12.2012	31.12.2011 *pro forma*	31.12.2011
Written premiums	Note 33	13,931	14,320	16,971
Change in unearned premiums		(12)	27	(78)
Earned premiums		**13,919**	**14,347**	**16,893**
Net banking income, net of cost of risk		**231**	**234**	**234**
Investment income	Note 34	2,625	2,943	3,144
Investment expenses	Note 34	(611)	(609)	(651)
Capital gains or losses from disposal of investments net of impairment and depreciation write-backs	Note 34	519	398	321
Change in fair value of financial instruments recorded at fair value through income	Note 34	462	(435)	(439)
Change in impairment on investments	Note 34	(288)	(4,102)	(4,195)
Investment income net of expenses	Note 34	**2,706**	**(1,807)**	**(1,821)**
Total income from ordinary activities		**16,856**	**12,774**	**15,306**
Insurance policy servicing expenses	Note 35	(12,711)	(10,388)	(12,044)
Income on outward reinsurance	Note 36	1,344	122	229
Expenses on outward reinsurance	Note 36	(1,715)	(529)	(701)
Net outward reinsurance income (expenses)		**(13,081)**	**(10,795)**	**(12,516)**
Banking operating expenses	Note 37	(223)	(225)	(225)
Policy acquisition costs	Note 38	(1,921)	(1,951)	(2,485)
Administration costs	Note 39	(724)	(746)	(916)
Other current operating income and expenses	Note 40	(607)	(701)	(763)
Total other current income and expenses		**(16,556)**	**(14,418)**	**(16,905)**
CURRENT OPERATING INCOME		**300**	**(1,644)**	**(1,599)**
Other operating income and expenses	Note 41	(317)	(38)	(43)
OPERATING INCOME		**(16)**	**(1,682)**	**(1,642)**
Financing expenses	Note 42	(129)	(90)	(90)
Share in income of related companies	Note 10	(5)	19	19
Corporate income tax	Note 43	(103)	(1)	(53)
OVERALL NET INCOME		**(253)**	**(1,754)**	**(1,765)**
Net income from discontinued activities	Note 2	(334)	(11)	
OVERALL NET INCOME		**(587)**	**(1,765)**	**(1,765)**
of which, minority interests		2	(3)	(3)
OF WHICH, NET INCOME (GROUP SHARE)		**(589)**	**(1,762)**	**(1,762)**

Pro forma: restated for discontinued activities (Gan Eurocourtage, Groupama Insurances, Poland and Spain)

The notes on pages 48 to 223 are an integral part of the combined financial statements.

GROUPAMA
STATEMENT OF NET INCOME AND GAINS (LOSSES) RECOGNISED DIRECTLY IN SHAREHOLDERS' EQUITY
(in millions of euros)

(in millions of euros)	31.12.2012			31.12.2011		
	Group share	Minority interests	Total	Group share	Minority interests	Total
Net income for fiscal year	**(589)**	**2**	**(587)**	**(1,762)**	**(4)**	**(1,766)**
Change in foreign exchange adjustments	69		69	(99)	(1)	(100)
Change in gross unrealised capital gains and losses on available-for-sale assets	6,648	25	6,673	(788)	(8)	(796)
Revaluation of hedging derivatives	49		49	10	42	52
Change in actuarial gains (losses) of post-employment benefits	(35)		(35)	1		1
Change in shadow accounting	(4,428)	(19)	(4,447)	566	6	572
Change in deferred taxes	(636)	(2)	(638)	179	1	180
Other	(62)	1	(61)	69		69
Gains (losses) recognised directly in shareholders' equity	**1,605**	**5**	**1,610**	**(62)**	**40**	**(22)**
Net income and gains (losses) recognised in shareholders' equity	**1,016**	**7**	**1,023**	**(1,824)**	**36**	**(1,788)**

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 gross unrealised capital gains (losses) on available-for-sale assets, minus 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.

The notes on pages 48 to 223 are an integral part of the combined financial statements.

GROUPAMA
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (in millions of euros)

(in millions of euros)	Capital	Income (loss)	Deeply subordinated instruments	Consolidated reserves	Revaluation reserve	Foreign exchange adjustment	Shareholders' equity Group share	Share of minority interests	Total shareholders' equity
Shareholders' equity as at 31.12.2010	**32**	**398**	**999**	**6,771**	**(869)**	**(290)**	**7,041**	**128**	**7,169**
Allocation of 2010 income (loss)		(398)		398					
Dividends				(41)			(41)	(47)	(88)
Change in capital				,				1	1
Business combination				88			88	(106)	(18)
Impact of transactions with shareholders		**(398)**		**445**			**47**	**(152)**	**(105)**
Foreign exchange adjustments						(99)	(99)	(1)	(100)
Available-for-sale assets					(788)		(788)	(8)	(796)
Shadow accounting					566		566	6	572
Deferred taxes				(1)	180		179	1	180
Actuarial gains (losses) of post-employment benefits				1			1		1
Other				69	10		79	42	121
Net income for fiscal year		(1,762)					(1,762)	(4)	(1,766)
Total income (expenses) recognised over the period		**(1,762)**		**69**	**(32)**	**(99)**	**(1,824)**	**36**	**(1,788)**
Total changes over the period		**(2,160)**		**514**	**(32)**	**(99)**	**(1,777)**	**(116)**	**(1,893)**
Shareholders' equity as at 31.12.2011	**32**	**(1,762)**	**999**	**7,285**	**(901)**	**(389)**	**5,264**	**12**	**5,276**
Allocation of 2011 income (loss)		1,762		(1,762)					
Dividends									
Change in capital									
Business combination								(1)	(1)
Impact of transactions with shareholders		**1,762**		**(1,762)**				**(1)**	**(1)**
Foreign exchange adjustments						69	69		69
Available-for-sale assets					6,648		6,648	25	6,673
Shadow accounting					(4,428)		(4,428)	(19)	(4,447)
Deferred taxes				12	(648)		(636)	(2)	(638)
Actuarial gains (losses) of post-employment benefits				(35)			(35)		(35)
Other				(62)	49		(13)	1	(12)
Net income for fiscal year		(589)					(589)	2	(587)
Total income (expenses) recognised over the period		**(589)**		**(85)**	**1,621**	**69**	**1,016**	**7**	**1,023**
Total changes over the period		**1,173**		**(1,847)**	**1,621**	**69**	**1,016**	**6**	**1,022**
Shareholders' equity as at 31.12.2012	**32**	**(589)**	**999**	**5,438**	**720**	**(320)**	**6,280**	**18**	**6,298**

The notes on pages 48 to 223 are an integral part of the combined financial statements.

GROUPAMA
CASH FLOW STATEMENT (in millions of euros)

CASH FLOW STATEMENT	31.12.2012	31.12.2011
Operating income before taxes	(16)	(1,642)
Capital gains or losses from disposal of investments	2,250	(309)
Net allocations to depreciation	317	331
Change in deferred acquisition costs	44	11
Change in impairment	(2,204)	4,035
Net allocations to technical liabilities related to insurance policies and financial contracts	(602)	(1,064)
Net allocations to other reserves	88	11
Change in the fair value of investments and financial instruments recorded at fair value through income (excluding cash and cash equivalents)	(461)	439
Other non-cash items included in operating income	67	
Non-cash items included in operating income other than monetary flows and reclassification of financial and investment flows	**(501)**	**3,454**
Change in operating receivables and payables	306	(185)
Change in bank operating receivables and payables	275	38
Change in repo and reverse-repo securities	1,337	(2,106)
Cash flow from other assets and liabilities	(30)	58
Net taxes paid	(129)	23
Net cash flows from operating activities	**1,242**	**(360)**
Acquisitions/disposals of subsidiaries and joint ventures, net of acquired cash	992	4
Acquisitions of interest/disposals in related companies	3	202
Cash flows from changes in scope of consolidation	**995**	**206**
Net acquisitions of financial investments (including unit-linked items) and derivatives	(1,719)	450
Net acquisitions of investment property	684	352
Net acquisitions and/or issues of investments and derivatives from other activities		
Other non-cash items	(12)	(15)
Cash flows from acquisition and issues of investment	**(1,047)**	**787**
Net acquisitions of tangible and intangible assets and operating assets	(216)	(243)
Cash flows from acquisitions and disposals of tangible and intangible assets	**(216)**	**(243)**
Net cash flows from investment activities	**(268)**	**750**
Membership fees		
Issuance of equity instruments		
Redemption of equity instruments		
Operation on own shares		
Dividends paid		(89)
Cash flows from transactions with shareholders and members		**(89)**
Cash allocated to financing debt	(217)	589
Interest paid on financing debt	(128)	(90)
Cash flows related to the Group's financing	**(345)**	**499**
Net cash flows from financing activities	**(345)**	**410**

Cash and cash equivalents as at 1 January	**1,555**	**778**
Net cash flows from operating activities	1,242	(360)
Net cash flows from investment activities	(268)	750
Net cash flows from financing activities	(345)	410
Cash flows related to assets and liabilities sold or discontinued	(123)	
Effect of foreign exchange changes on cash	7	(23)
Cash and cash equivalents as at 31 December	**2,068**	**1,555**

CASH FLOW STATEMENT	31.12.2012
Cash and cash equivalents	1,772
Cash, central bank, postal bank and accounts receivable from banking businesses	147
Operating debts to banking sector companies	(364)
Cash and cash equivalents as at 1 January 2012	**1,555**
Cash and cash equivalents	1,933
Cash, central bank, postal bank and accounts receivable from banking businesses	473
Operating debts to banking sector companies	(338)
Cash and cash equivalents as at 31 December 2012	**2,068**

The notes on pages 48 to 223 are an integral part of the combined financial statements.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

1. SIGNIFICANT EVENTS AND POST-BALANCE SHEET EVENTS

GROUP GOVERNANCE

Chairmanship of Fédération Nationale Groupama, Groupama SA and Groupama Holding

On 14 December 2012, Jean-Yves Dagès was elected Chairman of Fédération Nationale Groupama, the board of directors of Groupama SA and Groupama Holding, replacing Jean-Luc Baucherel.

Jean-Yves Dagès has been Chairman of the Groupama d'Oc regional mutual since June 2011 and is Chairman of Misso (Fire Mutual Insurance of Foresters of the Southwest) and Chairman of the board of directors of Gan Assurances. He is a member of the Conseil Supérieur des Prestations Sociales Agricoles and mayor of Poyartin (Landes).

Banking business separation and regulation bill

On 19 December, the government adopted, in the council of ministers, a bill for separation and regulation of banking businesses.

The draft text also contains provisions (article 16) that concern Groupama. Subject to its adoption by the Parliament, it aims to make Groupama SA a Group central body on the existing mutual insurance and cooperative banking model.

The draft law establishes the role of Groupama SA as reinsurer of the regional mutuals, jointly held, directly and indirectly, in the absolute majority of the capital and voting rights by the regional mutuals and defines its missions and prerogatives as a central body guaranteeing the consistency and proper functioning of the mutual insurance Group.

By establishing Groupama SA as a central body of the Group controlled with an absolute majority by the regional mutuals, the bill confirms and reinforces for the future Groupama's mutualist nature, based on the solidarity of the companies that make it up.

The bill is under debate in Parliament during 1st quarter 2013. A Council of State Decree will specify the provisions and procedures for application of the article pertaining to Groupama.

MEASURES TO STRENGTHEN THE SOLVENCY MARGIN

The Group implemented measures in 2012 to strengthen its solvency margin while reducing its balance sheet's sensitivity to financial market fluctuations.

These measures include three components:

- Operations to reduce risk on securities

  The reduction of the balance sheet's exposure to equity risk resulted in disposals yielding a gross of approximately €2,500 million and the extension of cover, the level of protection of which has been reinforced and pertaining to an amount of nearly €1,100 million on the equity allocation. In addition, the Group also reduced the issuer risk of its bond portfolio by carrying out a significant withdrawal from Spanish bank debt, the disposal of all of its positions in Greek sovereign debt, the disposal of its exposure to Hungarian sovereign debt held by the French entities, as well as a reduction of its holdings in subordinated bank debt.

- Real estate disposals

  At the same time, the Group sold properties under very good conditions. The withdrawal from the property allocation represents a disinvestment of approximately €1 billion.

- Strategic sales of businesses

The completed business sales are described below:

In France

Sale of Gan Eurocourtage's property and casualty businesses to Allianz France and Gan Eurocourtage's maritime business in France to Helvetia

- Groupama sold Gan Eurocourtage's property and casualty business activities to Allianz France on 1 October 2012.

The operation is a portfolio transfer involving the property and casualty business excluding transport of Gan Eurocourtage amounting to around €800 million in premium income and a total balance sheet of €1.9 billion. As part of this operation, 654 people joined the Allianz group.

- On 3 December 2012, Groupama sold Gan Eurocourtage's maritime portfolio subscribed in France to the Helvetia group.

This portfolio represented premium income of €166 million in 2011 and a total balance sheet of €238 million. Around 240 people from Gan Eurocourtage joined the teams of Helvetia Assurance SA.

These two operations were carried out through portfolio transfer operations subject to the approval of the ACP. They resulted in a portfolio selling price of approximately €180 million. As part of these operations, Gan Eurocourtage's equity was not transferred and remains acquired by Groupama.

Abroad

Sale of the Spanish subsidiary

On 19 June 2012, Grupo Catalana Occidente and INOCSA entered into an agreement with Groupama to acquire 100% of Groupama's subsidiary in Spain (including the subsidiary Click Seguros).

Grupo Catalana Occidente (GCO) acquires 49% of the share capital of Groupama Seguros, and INOCSA (majority shareholder of GCO) acquires the remaining 51%.

The selling price of Groupama Seguros is €404.5 million.

Sale of the non-life insurance subsidiary in the United Kingdom to Ageas UK

On 14 November 2012, Groupama sold Groupama Insurance Company Limited (GICL), its non-life insurance subsidiary in the United Kingdom, to Ageas UK. This transaction excludes Groupama's brokerage firms in the United Kingdom.

The price paid for the acquisition of GICL amounts to £116 million (€145 million). Before the actual completion of the operation, £40 million (€50 million) was injected by GICL into the pension fund transferred within Groupama SA.

Sale of Lark

Gan UK Broking Services sold the brokerage firm Lark on 19 July 2012.

Sale of the Proama branch in Poland

On 31 December 2012, Groupama sold its Proama branch to the Polish branch of the Czech company Ceska Pojistovna, a subsidiary of Generali PPF Holding.

OTHER FACTORS

Icade-Silic merger

After obtaining authorisation for the operation from the antitrust authority on 13 February 2012, Groupama contributed the balance of its 35.8% interest in the capital of Silic to HoldCo SIIC, a company controlled by Caisse des Dépôts, which also holds 55.58% of the capital and voting rights of Icade, on 16 February 2012.
Following this contribution, HoldCo SIIC holds 43.95% of the capital and voting rights of Silic. Caisse des Dépôts and Groupama hold 75.07% and 24.93% of the capital and voting rights of HoldCo SIIC respectively.

In the IFRS financial statements, this contribution does not result in the recording of significant income on disposal in 2012.

Caisse des Dépôts subscribes to preference shares of Gan Eurocourtage

On 30 December 2011, Caisse des Dépôts had irrevocably pledged to subscribe to a Gan Eurocourtage capital issue on the basis of preference shares with a priority dividend and without voting rights but giving access to certain rights related to the protection of its investment.

The preference shares were issued on 15 March 2012 (after Gan Eurocourtage's General Meeting approving the annual financial statements and the meeting of the Gan Eurocourtage Board of Directors authorising the issue of preference shares as delegated by the Extraordinary General Meeting). Caisse des Dépôts thus subscribed €300 million.

These preference shares were repaid on 1 October 2012.

Exchange of Greek debt as part of the PSI

On 24 February 2012, the Greek Republic proposed an exchange of old debts for new Greek debts to private holders of Greek debt as part of the PSI (Private Sector Involvement). The board of directors meeting of 6 March 2012 approved the Group's contribution of Greek debt securities that it holds as part of the exchange operation mentioned above. Following the acceptance of the PSI by private creditors, Groupama contributed its Greek debt securities to the exchange on 12 March 2012. In addition to the effects involving a decrease in the coupon, the exchange has resulted in the write-off of 53.5% of the initial debt's nominal value. The remaining balance (46.5% of the nominal value) is broken down into EFSF securities (15% of the nominal value) and new Greek securities (31.5% of the nominal value).

Since this exchange, Groupama sold all of its positions in Greek sovereign debt, registering a loss net of profit sharing and taxes and reserve write-backs of approximately €50 million in 2012.

Groupama SA's decision not to proceed with the optional interest payment to holders of deeply subordinated instruments issued in October 2007

For the first time, on an extraordinary basis, Groupama SA decided not to pay the coupon on indefinite-term deeply subordinated bonds (TSSDI), in accordance with the option provided for in the bond's prospectus. The accrued coupons on all subordinated bonds as at 31 December 2012 have been recorded in the financial statements.

Financial rating

Fitch

On 5 October 2012, following the Group's decision not to pay the coupon on the deeply subordinated bond (TSS), Fitch lowered the rating of three hybrid debt instruments issued by Groupama SA from "BB" to "B+", "B-", and "CCC" respectively and placed them on negative watch. At the same time, the rating agency lowered the Insurer Financial Strength rating of Groupama and two of its main subsidiaries, Groupama Gan Vie and Gan Assurances, from "BBB" to "BB+", accompanied by a negative watch.

On 17 December 2012, Fitch revised the outlook associated with the ratings of Groupama SA and its subsidiaries from negative to evolving.

Standard & Poor’s

On 6 December 2012, Groupama SA asked Standard & Poor's Rating Services to stop rating the Group. Consequently, the request applies to the insurer financial strength rating by S&P of Groupama SA and its subsidiaries, Gan Eurocourtage, Gan Assurances and Groupama Gan Vie, the rating of the credit counterparty of Groupama SA, Groupama Banque and Groupama Gan Vie, as well as the rating of three subordinated bonds issued by Groupama SA.

On 7 December 2012, the rating agency Standard & Poor's confirmed the counterparty credit and insurer financial strength ratings of "BB-" for Groupama and its guaranteed subsidiaries then withdrew these ratings at the Group's request.

Merger-takeover of Gan Eurocourtage by Groupama SA

Following on the sale of Gan Eurocourtage's French brokerage and maritime portfolios, Groupama SA absorbed Gan Eurocourtage with the objective of streamlining its organisation.

This operation was carried out on 31 December 2012, with retroactive effect for accounting and tax purposes as of 1 January 2012.

The completion of this merger permitted the integration of Gan Eurocourtage’s remaining businesses within Groupama SA.

Reinforcement of the equity of its subsidiary Groupama Gan Vie

During 2012, Groupama SA greatly strengthened the financial soundness of Groupama Gan Vie, its life insurance subsidiary.

In May and June 2012, Groupama SA subscribed to two capital increases by way of cash contribution for €140 million and by way of a contribution of properties for €120 million.

At the end of 2012, as part of a new capital increase, Groupama SA contributed several properties to Groupama Gan Vie as well as all securities of a company dealing mainly in real estate for an overall amount of €752.5 million.

The strengthening of Groupama Gan Vie’s solvency was also ensured by the repayment in December of several loans taken out with Groupama Gan Vie for a total of €625 million.

Temporary implementation of a Group proportional treaty

In late December 2011, Groupama entered into a contract for a proportional treaty with a reinsurer with very good credit ratings, representing divestments of €1.1 billion for the fiscal year of occurrence of claims (2012), to take effect on 1 January 2012.

POST-BALANCE SHEET EVENTS

Sale of the asset management company Groupama Private Equity

On 7 January 2013, Groupama and the ACG group announced the signing of an agreement regarding the sale of 100% of the capital of Groupama Private Equity by Groupama to the ACG group.

The conclusion of this transaction is subject to obtaining the necessary authorisations from the relevant authorities and should occur in the first half of 2013.

This operation is part of Groupama's strategy to dispose of its non-strategic businesses.

In connection with this sale, Groupama seized the opportunity to partially sell the units held by the Group in the capital direct investment funds (FCPR Acto and FCPR Acto Capital II) to Acto Capital, a simplified joint-stock company in the process of formation represented by Jean Marc Sceo, Luxempart and Five Arrows Secondary Opportunities III, a Rothschild group fund.

Sale of Bollington

On 11 February 2013, Gan UK Broking Services signed an agreement to sell 51% of its stake in the brokerage firm Bollington.

2. COMBINATION 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 2012 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 collective employee shareholding plans – FCPEs).

Both Groupama Holding and Groupama Holding 2, which are French *sociétés anonymes*, 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 financial statements.

The consolidated financial statements 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, made up of all local mutuals, regional mutuals, Groupama SA, and its subsidiaries.

For its activities, the company is governed by the provisions of the French commercial code and the French insurance code and is subject to the supervision of the Prudential Control Authority.

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

- 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 environment of Groupama SA, particularly in terms of control;
- in the Mutual Insurance Division:
  - ➢ by an internal reinsurance treaty that binds 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 the Federation Nationale Groupama", which was signed on 17 December 2003).

2.2. GENERAL PRESENTATION OF THE COMBINED FINANCIAL STATEMENTS

The combined financial statements as at 31 December 2012 were approved by the Board of Directors, which met on 20 February 2013.

For the purposes of preparing the consolidated financial statements, the financial statements of each consolidated entity are prepared consistently in accordance with the International Financial Reporting Standards and the interpretations applicable as at 31 December 2012 as adopted by the European Union, the principal terms of which are applied by Groupama SA as described below.

The standards and interpretations with mandatory application for fiscal years opened on or after 1 January 2012 have been applied for the preparation of the Group's financial statements as at 31 December 2012, particularly the amendment of IFRS 7 "Disclosures for financial asset transfers". Its application had no significant effect on the Group's financial statements as at 31 December 2012.

The new consolidation standards adopted by the European Union and applicable no later than in fiscal years opened on or after 1 January 2014 were not applied early. The analysis of their potential impact on the Group's financial statements is currently in progress. They are listed below:

- IFRS 10: Consolidated financial statements
- IFRS 11: Joint arrangements
- IFRS 12: Disclosure of interests in other entities
- Revised IAS 27: Separate financial statements
- Revised IAS 28: Investments in associates and joint ventures

The other standards and interpretations adopted by the European Union and not applied early are deemed to have no significant impact on the Group's financial statements. They are listed below:

- amendments to IAS 1: Presentation of other comprehensive income;
- amendments to IAS 19: Employee benefits;
- amendments to IFRS 7: Disclosures on offsetting of financial assets and liabilities;
- amendments to IAS 32: Offsetting financial assets and liabilities;
- IFRS 13: Fair value measurement.

Decisions taken by the Group are based particularly on the summary of work of the working groups of the CNC on the specifics of implementing IFRS by insurance organisations.

Subsidiaries, joint ventures, and associated entities of the combination scope are consolidated within the scope in accordance with the provisions of IAS 27, IAS 28, and IAS 31.

However, no IFRS standard specifically deals with the methods for aggregation of financial statements of entities forming the Mutual Insurance Division (local mutuals and regional mutuals). The Group has therefore adopted the combination rules defined in section VI of Regulation no. 2000-05 of the accounting regulatory committee related to the rules for consolidation and combination of companies governed by the French insurance code and provident institutions governed by the French social security code or by the French rural code.

This choice was made in accordance with the judgement criteria of article 10 of IAS 8 (on the selection and application of accounting methods in the absence of a standard or an interpretation that is specifically applicable) because of the characteristics of Groupama's Mutual Insurance Division described above.

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.

The preparation of the Group's financial statements in accordance with IFRS requires Groupama's management to choose assumptions and make estimates that have an impact on the amount of assets, liabilities, income, and expenses as well as 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, the occurrence of which seems reasonable 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 judgments 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);
- estimate of certain fair values on unlisted assets or properties (Notes 3.2.1 and 3.2.2);
- estimate of certain fair values of illiquid listed assets (Notes 3.2.1);
- recognition of profit-sharing assets (Note 3.12.2.b) and deferred tax assets (Note 3.13);
- calculation of contingent liabilities and particularly valuation of employee benefits (Note 3.10).

2.3. Consolidation principles

2.3.1. Combination and consolidation scope and methods

A company is included in the combination scope once its combination, or that of the sub-group, which it heads, on a stand-alone basis or with other combined businesses, is material in relation to the combined financial statements of all companies included in the scope of combination. An insurance and banking operational entity is presumed to need to be combined once this entity's shareholders' equity, balance sheet, or earned premiums represent, respectively, €30 million on the combined shareholders' equity or €50 million on the total of the combined balance sheet, or €10 million on the Group's earned premiums.

In accordance with the provisions of IAS 27 and IAS 28, UCITS and property investment companies are consolidated either through full consolidation or through the equity method. Control is examined for each UCITS on a case-by-case basis. However, control is assumed for UCITS with outstanding funds exceeding €100 million once the Group directly or indirectly holds at least 50% of the voting rights. Minority interests pertaining to UCITS 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.

- **Combining company**

The combining company is responsible for preparing the combined financial statements. Its designation is the subject of a written agreement between all companies of the combination scope, the cohesion of which does not result in any capital tie.

- **Aggregated companies**

Companies related to each other through a combination tie are consolidated through aggregation of financial statements according to rules identical to those for full consolidation.

- **Exclusively controlled entities**

Regardless of their structures, subject to exclusive control by the Group, companies are fully consolidated. These entities are consolidated once they are controlled. Control is the power to direct the financial and operational policies of the entity in order to obtain the benefits of its activities.

An entity is no longer fully consolidated once the Group no longer exerts effective control over the entity.

Full consolidation consists of:

- integrating into the consolidating company's financial statements the items in the financial statements of the consolidated companies, 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 other "minority interest" shareholders or partners.

➢ De facto controlled companies

When the Group considers itself to have de facto control of an entity, the Group may be required to apply the full consolidation method in order to consolidate this company despite a holding rate below the 50% threshold.

De facto control may be presumed when several of the following criteria are met:

- The Group is the largest shareholder in the company;
- The other shareholders do not hold direct or indirect interests, in equity shares or voting rights, which exceed the Group's interest;
- The Group exerts significant influence over the company;
- The Group has the authority to influence the company's financial and operational policies;
- The Group has the power to appoint or arrange the appointment of Directors of the company.

➢ Related companies

Companies over which the Group exerts a significant influence are accounted for using the equity method.

When the combining entity 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 combining entity holds directly or indirectly less than 20% of the voting rights of the company, it is assumed not to exert a significant influence, unless it can be demonstrated that such influence exists.

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.

➢ Deconsolidation

When an entity is in run-off (i.e., it has ceased taking on new business) and if the principal balance sheet and income statement totals do not exceed, (except in exceptional circumstances), the limits of 0.5% of written premiums, employees, income, 1% of combined shareholders' equity, technical reserves and balance sheet assets, as well as 3% of goodwill (these limits are measured in relation to the Group total), the entity is no longer consolidated.

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 combination

Changes in the scope of combination are described in Note 47 of the notes to the Financial Statements.

2.3.3. Uniformity of accounting principles

The Groupama SA combined financial statements are presented consistently for the entity formed by the companies included within the scope of combination, taking into account the characteristics inherent in consolidation and the financial reporting objectives required for consolidated financial statements (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 (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 "Minority 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 "Minority interests".

2.3.5 Internal transactions between companies combined by Groupama SA

All transactions within the Group are eliminated.

When these transactions affect combined income, the elimination of income and losses as well as capital gains and losses is done at 100% then divided between the interests of the combining company and the minority interests in the company having generated the income. In case of elimination of losses, the Group ensures that the value of the disposed asset is not changed for the long term. The elimination of impacts of internal transactions involving assets brings them down to their value when they entered the combined balance sheet (consolidated historical cost).

Thus, inter-company transactions on the following must be 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, contingent liabilities 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 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 the 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 when they are incurred.

Minority interests are valued, according to a choice made on each acquisition, either 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 establishment of additional goodwill.

Operations for acquisition and disposal of minority interests in a controlled company that have no impact on the exercised control 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 that are expected to take advantage of the business combination. A CGU is defined as an identifiable group of assets producing cash flows independently of other assets or groups of assets. In the case of management units, management tools, geographic regions or major business lines, one CGU is established by consolidating 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.

In a business combination achieved in stages, the previously acquired stake in control 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. 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.

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 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 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 as a function of experience and anticipated changes in major assumptions.

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 are subject to a systematic impairment test.

Start-up costs are expensed rather than capitalised.

3.2 INSURANCE BUSINESS INVESTMENTS

Investments and any impairment thereon are measured in accordance with IFRS based on the asset class of the investments.

3.2.1. Financial assets

Equities, bonds, loans and receivables, derivatives and bank accounts are considered financial assets.

➢ **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 even 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.

➢ **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 category of assets available-for-sale, 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.

➢ **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, the transaction costs are not included in the acquisition cost of the financial assets when they are immaterial.

Repurchase transactions are maintained as assets on the balance sheet.

➢ **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, financial instrument (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 in a (level 1) market or data that can be determined from prices observed;
- level 3 corresponds to the fair value determined on the basis of an assumption model which uses data not observable in 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.

➢ **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 closing fair value.

Financial assets held to maturity, unlisted equities for which the fair value cannot be measured 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 depreciation 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.

➢ **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 assets

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 2012, 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, long-term contractual relations or a significant stake in the capital (in absolute or relative value), without significant influence being exerted, 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.

➢ **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 UCITS. The method used for UCITS is the weighted average cost method.

The gains and losses from disposal 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. They are valued using the component approach.

➢ **Initial recognition**

Lands 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).

➢ **Valuation**

The cost of the property is the amount at which the property has been recorded at the time of initial recognition, minus cumulative depreciation 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 holding a property. In the latter case, the cost of the property is equal to its fair value on the date of acquisition of the holding company.

Each component is identified by its duration and depreciation rate.

The residual value of the shell component cannot be measured 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 (Autorité de Contrôle Prudentiel). During each five-year period, the property is subject to an annual appraisal certified by the expert.

➢ **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;
- and these expenses can be reliably valued.

➢ **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 adjusted 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.

➢ **Derecognition**

Gains or losses from the disposal 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 for 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 flows 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.
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 income. 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 disposal 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;
- income or loss after taxes resulting from the disposal and measurement at fair value less the costs of the sale of the assets and liabilities constituting the discontinued activities.

3.6 PLANT, PROPERTY AND EQUIPMENT

The Group has chosen to value operating property using the cost method. These properties are 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 UCITS 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

➢ **Revaluation reserve**

The revaluation reserve includes 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;
- the cumulative impact of the deferred tax gain or loss generated by the transactions described above.

➢ **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 securities is treated like a dividend on shareholders' equity.

➢ **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.

➢ **Minority interests**

Minority 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 the purchase of minority interests and minority interests on consolidated UCITS, refer to Note 3.11).

3.10 CONTINGENT LIABILITIES

Contingent liabilities 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.

➢ **Personnel benefits**

- **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 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 pensions and similar schemes correspond to the discounted value of the obligation linked to the defined benefit schemes at closing, after deducting scheme assets and the adjustment for past service costs not recognised.

The actuarial gains and losses resulting from experience-based adjustments and modifications in the actuarial assumptions are recognised directly in equity, in accordance with the Sorie option.

The costs of past services are immediately recognised in income, unless the changes in the pension scheme are subject to employees working over a defined period (the vesting period). In this case, the costs of past services are amortised using the straight line method over this vesting period.

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 employee 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

Financing debt includes subordinated liabilities, financing debt represented by securities, and financing debt to banking institutions.

In the absence of a specific IFRIC interpretation, commitments to purchase minority interests are recorded in financing debt at 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.

➢ **Initial recognition**

Financing debt is recognised when the Group becomes party to the contractual provisions of this debt. The amount of the financing 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.

➢ **Valuation rules**

Financing debt is subsequently valued at amortised cost using the effective interest rate method.

➢ **Derecognition**

Financing 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 contracts 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.

➢ **Insurance policies**

An insurance policy is a contract according to 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, apart from the 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, provided that the reserves thus established meet the solvency tests stipulated by international standards (see Note 3.12.2.c).

➢ **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 and without discretionary profit sharing.

A discretionary profit-sharing clause is defined as being 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 Note 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.

Written premiums 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 reserves for claims 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 the 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 group together:

- 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 and the consolidated financial statements;

- the reserve for conditional profit sharing, which relates to the difference in liabilities between the individual company and the consolidated financial statements, the payment of which depends on a management decision or the occurrence of an event.

In the particular case of restatement in the consolidated financial statements 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.

❖ 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. The resulting 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 financial statements. 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 impairment charge is taken to 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

- **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 insurance policies or financial contracts in Note 3.12.1. Classification. 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.

- **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 retrocessionnaires.
Securities from reinsurers (outward reinsurers and retrocessionnaires) 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 treated in both individual company statements and only in the consolidated financial statements as restatements and eliminations of inter-company 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 income is 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 sectors: 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 on the basis of their function by applying allocation keys defined as a function of 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.

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

(in millions of euros)	31.12.2012			31.12.2011		
	France	International	Total	France	International	Total
Intangible assets	982	1,827	2,809	1,288	2,386	3,674
Insurance business investments	71,500	6,122	77,622	65,385	7,605	72,990
Funds used in banking sector activities and investments of other activities	3,487		3,487	3,302		3,302
Investments in related companies	882	157	1,039	831	153	984
Share of outward reinsurers and retrocessionnaires in liabilities related to insurance policies and financial contracts	1,184	258	1,441	864	247	1,111
Other assets	5,484	937	6,421	10,220	1,818	12,038
Assets held for sale and discontinued activities						
Cash and cash equivalents	1,477	456	1,933	1,104	669	1,773
Consolidated total assets	**84,995**	**9,757**	**94,753**	**82,994**	**12,878**	**95,872**
Contingent liabilities	554	93	647	452	153	604
Financing debt	1,946		1,946	2,143	18	2,162
Liabilities related to insurance policies	45,842	5,270	51,112	46,259	7,317	53,576
Liabilities related to financial contracts	19,723	1,212	20,935	20,796	1,351	22,148
Deferred profit-sharing liabilities	199	5	204			
Resources of banking sector activities	3,120		3,120	2,996		2,996
Other liabilities	10,082	409	10,491	8,518	592	9,110
Liabilities of activities to be sold or discontinued						
Total consolidated liabilities excluding shareholders' equity	**81,466**	**6,988**	**88,454**	**81,165**	**9,432**	**90,596**

NOTE 1.1.2 – SEGMENT REPORTING BY OPERATING SEGMENT – INCOME STATEMENT

(in millions of euros)	31.12.2012			31.12.2011 pro forma			31.12.2011		
	France	International	Total	France	International	Total	France	International	Total
Earned premiums	11,373	2,545	13,919	11,711	2,635	14,347	12,796	4,096	16,893
Net banking income, net of cost of risk	231		231	234		234	234		234
Investment income	2,350	275	2,625	2,636	307	2,943	2,737	406	3,144
Investment expenses	(571)	(40)	(611)	(570)	(40)	(609)	(593)	(57)	(651)
Capital gains or losses from disposal of investments net of impairment and depreciation write-backs	550	(32)	519	350	48	398	271	50	321
Change in fair value of financial instruments recorded at fair value through income	396	66	462	(426)	(10)	(435)	(429)	(10)	(439)
Change in impairment on investments	(303)	15	(288)	(3,752)	(351)	(4,102)	(3,834)	(361)	(4,195)
Total income from ordinary activities	**14,027**	**2,829**	**16,856**	**10,185**	**2,589**	**12,774**	**11,182**	**4,124**	**15,306**
Insurance policy servicing expenses	(10,717)	(1,994)	(12,711)	(8,450)	(1,938)	(10,388)	(9,038)	(3,006)	(12,044)
Income on outward reinsurance	1,015	329	1,344	90	32	122	145	83	229
Expenses on outward reinsurance	(1,267)	(448)	(1,715)	(416)	(112)	(529)	(531)	(169)	(701)
Banking operating expenses	(223)		(223)	(225)		(225)	(225)		(225)
Policy acquisition costs	(1,499)	(423)	(1,921)	(1,518)	(433)	(1,951)	(1,731)	(753)	(2,485)
Administration costs	(552)	(171)	(724)	(561)	(185)	(746)	(660)	(255)	(916)
Other current operating income and expenses	(547)	(60)	(607)	(621)	(80)	(701)	(683)	(80)	(763)
CURRENT OPERATING INCOME	**237**	**63**	**300**	**(1,518)**	**(126)**	**(1,644)**	**(1,542)**	**(56)**	**(1,599)**
Other operating income and expenses	46	(362)	(317)	121	(159)	(38)	117	(160)	(43)
OPERATING INCOME	**283**	**(299),**	**(16),**	**(1,397)**	**(285)**	**(1,682)**	**(1,425)**	**(217)**	**(1,642)**
Financing expenses	(128)		(129)	(89)	(2)	(90)	(89)	(2)	(90)
Share in income of related companies	(13)	8	(5)	20		19	20		19
Corporate income tax	(99)	(4)	(103)	(11)	10	(1)	(48)	(5)	(53)
OVERALL NET INCOME	**42**	**(295),**	**(253),**	**(1,477)**	**(277)**	**(1,753)**	**(1,542)**	**(223)**	**(1,765)**
Net income from discontinued activities	(160)	(174)	(334)	(65)	53	(11)			
OVERALL NET INCOME	**(118)**	**(469)**	**(587)**	**(1,542)**	**(223)**	**(1,764)**	**(1,542)**	**(223)**	**(1,765)**
of which, minority interests	2		2	(3)		(3)	(3)		(3)
OF WHICH, NET INCOME (GROUP SHARE)	**(120)**	**(469)**	**(589)**	**(1,539)**	**(223)**	**(1,762)**	**(1,539)**	**(223)**	**(1,762)**

Pro forma: restated for discontinued activities (Gan Eurocourtage, Groupama Insurances, Poland and Spain)

NOTE 1.2 – SEGMENT REPORTING BY BUSINESS

NOTE 1.2.1 – SEGMENT REPORTING BY BUSINESS – BALANCE SHEET

(in millions of euros)	31.12.2012				31.12.2011			
	Insurance	Banking	Inter-segment eliminations	Total	Insurance	Banking	Inter-segment eliminations	Total
Goodwill	2,219	20		2,240	2,935	20		2,955
Other intangible assets	557	13		570	706	13		719
Insurance business investments	79,680		(2,058)	77,622	75,632		(2,642)	72,990
Funds used in banking sector activities and investments of other activities		3,511	(25)	3,487		3,329	(27)	3,302
Investments in related companies	1,039			1,039	984			984
Share of outward reinsurers and retrocessionnaires in liabilities related to insurance policies and financial contracts	5,048		(3,606)	1,441	4,582		(3,471)	1,111
Other assets	7,080	175	(833)	6,421	12,902	160	(1,024)	12,038
Assets held for sale and discontinued activities								
Cash and cash equivalents	1,933	20	(20)	1,933	1,773	17	(17)	1,773
Consolidated total assets	**97,555**	**3,740**	**(6,543)**	**94,753**	**99,514**	**3,539**	**(7,181)**	**95,872**
Contingent liabilities	618	29		647	580	25		605
Financing debt	3,234	27	(1,316)	1,946	3,445	27	(1,311)	2,161
Liabilities related to insurance policies	54,723		(3,611)	51,112	57,057		(3,481)	53,576
Liabilities related to financial contracts	20,935			20,935	22,148			22,148
Deferred profit-sharing liabilities	204			204				
Resources of banking sector activities		3,165	(45)	3,120		3,040	(44)	2,996
Other liabilities	11,385	677	(1,570)	10,491	11,327	127	(2,344)	9,110
Liabilities of activities to be sold or discontinued								
Total consolidated liabilities excluding shareholders' equity	**91,099**	**3,898**	**(6,543)**	**88,454**	**94,557**	**3,219**	**(7,180)**	**90,596**

NOTE 1.2.2 – SEGMENT REPORTING BY BUSINESS – INCOME STATEMENT

(in millions of euros)	31.12.2012									
	France					International				Total
	P&C	L&H	Banking	Holding	Total	P&C	L&H	Holding	Total	
Earned premiums	**5,299**	**6,074**			**11,373**	**1,825**	**721**		**2,545**	**13,919**
Net banking income, net of cost of risk			**231**		**231**					**231**
Investment income	261	2,081		8	2,350	116	157	2	275	2,625
Investment expenses	(115)	(483)		27	(571)	(28)	(11)		(40)	(611)
Capital gains or losses from disposal of investments net of impairment and depreciation write-backs	111	453		(13)	550	(2)	(30)		(32)	519
Change in fair value of financial instruments recorded at fair value through income	27	418		(49)	396	8	58		66	462
Change in impairment on investments	(25)	(277)		(1)	(303)	16	(1)		15	(288)
Total income from ordinary activities	**5,558**	**8,266**	**231**	**(29)**	**14,027**	**1,935**	**893**		**2,829**	**16,856**
Insurance policy servicing expenses	(3,849)	(6,868)			(10,717)	(1,228)	(766)		(1,994)	(12,711)
Income on outward reinsurance	747	268			1,015	322	8		329	1,344
Expenses on outward reinsurance	(990)	(277)			(1,267)	(440)	(8)		(448)	(1,715)
Banking operating expenses			(223)		(223)					(223)
Policy acquisition costs	(839)	(660)			(1,499)	(327)	(95)		(423)	(1,921)
Administration costs	(220)	(332)			(552)	(113)	(58)		(171)	(724)
Other current operating income and expenses	(317)	(112)	3	(121)	(547)	(50)	(6)	(4)	(60)	(607)
CURRENT OPERATING INCOME	**90**	**285**	**11**	**(150)**	**237**	**98**	**(33)**	**(2)**	**63**	**300**
Other operating income and expenses	74	(24)		(4)	46	(54)	(9)	(299)	(362)	(317)
OPERATING INCOME	**164**	**261**	**11**	**(154)**	**283**	**44**	**(42)**	**(301)**	**(299)**	**(16)**
Financing expenses	(2)	(1)		(126)	(128)					(129)
Share in income of related companies	(8)	(5)			(13)	8			8	(5)
Corporate income tax	(91)	(67)	(6)	64	(99)	(36)	32		(4)	(103)
OVERALL NET INCOME	**63**	**188**	**6**	**(215)**	**42**	**16**	**(10)**	**(301)**	**(295)**	**(253)**
Net income from discontinued activities				(160)	(160)	(2)	2	(174)	(174)	(334)
NET INCOME	**63**	**188**	**6**	**(375)**	**(118)**	**14**	**(8)**	**(475)**	**(469)**	**(587)**
of which, minority interests		2			2					2
OF WHICH, NET INCOME (GROUP SHARE)	**63**	**186**	**6**	**(375)**	**(120)**	**14**	**(8)**	**(475)**	**(469)**	**(589)**

(in millions of euros)	31.12.2011 *pro forma*									
	France					International				Total
	P&C	L&H	Banking	Holding	Total	P&C	L&H	Holding	Total	
Earned premiums	**4,928**	**6,783**			**11,711**	**1,829**	**807**		**2,635**	**14,347**
Net banking income, net of cost of risk			**234**		**234**					**234**
Investment income	280	2,351		4	2,636	125	177	4	307	2,943
Investment expenses	(94)	(477)		2	(570)	(29)	(10)		(39)	(609)
Capital gains or losses from disposal of investments net of impairment and depreciation write-backs	231	117		2	350	25	22		48	398
Change in fair value of financial instruments recorded at fair value through income	(25)	(422)		22	(426)	(4)	(6)		(10)	(435)
Change in impairment on investments	(490)	(3,261)			(3,752)	(135)	(216)		(351)	(4,102)
Total income from ordinary activities	**4,830**	**5,090**	**234**	**30**	**10,185**	**1,812**	**774**	**4**	**2,590**	**12,774**
Insurance policy servicing expenses	(3,217)	(5,233)			(8,450)	(1,161)	(777)		(1,938)	(10,388)
Income on outward reinsurance	58	32			90	14	19		32	122
Expenses on outward reinsurance	(383)	(34)			(416)	(102)	(10)		(112)	(529)
Banking operating expenses			(225)		(225)					(225)
Policy acquisition costs	(836)	(682)			(1,518)	(328)	(104)		(433)	(1,951)
Administration costs	(241)	(321)			(561)	(123)	(62)		(185)	(746)
Other current operating income and expenses	(301)	(148)	6	(177)	(621)	(63)	(13)	(4)	(80)	(701)
CURRENT OPERATING INCOME	**(90)**	**(1,296)**	**14**	**(147)**	**(1,518)**	**49**	**(173)**		**(125)**	**(1,644)**
Other operating income and expenses	95	27		(1)	121	(59)	(10)	(90)	(159)	(38)
OPERATING INCOME	**5**	**(1,269)**	**14**	**(148)**	**(1,398)**	**(10)**	**(184)**	**(90)**	**(284)**	**(1,682)**
Financing expenses	(2)	(1)		(86)	(89)			(1)	(2)	(89)
Share in income of related companies	10	10			20					19
Corporate income tax	(25)	(148)	(7)	169	(11)	(1)	11		10	(1)
OVERALL NET INCOME	**(12)**	**(1,408)**	**7**	**(65)**	**(1,478)**	**(11)**	**(173)**	**(92)**	**(276)**	**(1,753)**
Net income from discontinued activities	(65)				(65)	45	8		53	(12)
NET INCOME	**(76)**	**(1,409)**	**7**	**(65)**	**(1,543)**	**34**	**(165)**	**(92)**	**(223)**	**(1,765)**
of which, minority interests		(3)			(3)					(3)
OF WHICH, NET INCOME (GROUP SHARE)	**(76)**	**(1,405)**	**7**	**(65)**	**(1,539)**	**34**	**(165)**	**(92)**	**(223)**	**(1,762)**

Pro forma: restated for discontinued activities (Gan Eurocourtage, Groupama Insurances, Poland and Spain)

(in millions of euros)	31.12.2011									
	France					International				Total
	P&C	L&H	Banking	Holding	Total	P&C	L&H	Holding	Total	
Earned premiums	**6,014**	**6,783**			**12,796**	**3,001**	**1,095**		**4,096**	**16,893**
Net banking income, net of cost of risk			**234**		**234**					**234**
Investment income	381	2,351		4	2,737	190	212	4	406	3,144
Investment expenses	(118)	(477)		2	(593)	(41)	(16)	(1)	(57)	(651)
Capital gains or losses from disposal of investments net of impairment and depreciation write-backs	152	117		2	271	27	23		50	321
Change in fair value of financial instruments recorded at fair value through income	(29)	(422)		22	(429)	(4)	(5)		(10)	(439)
Change in impairment on investments	(573)	(3,261)			(3,834)	(140)	(221)		(361)	(4,195)
Total income from ordinary activities	**5,827**	**5,090**	**234**	**30**	**11,182**	**3,033**	**1,089**	**3**	**4,124**	**15,306**
Insurance policy servicing expenses	(3,805)	(5,233)			(9,038)	(1,968)	(1,039)		(3,006)	(12,044)
Income on outward reinsurance	114	32			145	31	52		83	229
Expenses on outward reinsurance	(498)	(34)			(531)	(126)	(44)		(169)	(701)
Banking operating expenses			(225)		(225)					(225)
Policy acquisition costs	(1,049)	(682)			(1,731)	(616)	(137)		(753)	(2,485)
Administration costs	(340)	(321)			(660)	(184)	(71)		(255)	(916)
Other current operating income and expenses	(363)	(148)	6	(177)	(683)	(63)	(13)	(4)	(80)	(763)
CURRENT OPERATING INCOME	**(113)**	**(1,296)**	**14**	**(147)**	**(1,542)**	**107**	**(162)**	**(1)**	**(56)**	**(1,599)**
Other operating income and expenses	91	27		(1)	117	(60)	(10)	(90)	(160)	(43)
OPERATING INCOME	**(22)**	**(1,269)**	**14**	**(148)**	**(1,425)**	**47**	**(173)**	**(91)**	**(217)**	**(1,642)**
Financing expenses	(2)	(1)		(86)	(89)			(1)	(2)	(90)
Share in income of related companies	10	10			20					19
Corporate income tax	(62)	(148)	(7)	169	(48)	(13)	8		(5)	(53)
OVERALL NET INCOME	**(76)**	**(1,408)**	**7**	**(65)**	**(1,542)**	**34**	**(165)**	**(92)**	**(223)**	**(1,765)**
Net income from discontinued activities										
NET INCOME	**(76)**	**(1,408)**	**7**	**(65)**	**(1,542)**	**34**	**(165)**	**(92)**	**(223)**	**(1,765)**
of which, minority interests		(3)			(3)					(3)
OF WHICH, NET INCOME (GROUP SHARE)	**(76)**	**(1,405)**	**7**	**(65)**	**(1,539)**	**34**	**(165)**	**(92)**	**(223)**	**(1,762)**

Note 2 – Goodwill

(in millions of euros)	31.12.2012				31.12.2011
	Gross value	Impairment	Foreign exchange adjustment	Net value	Net value
Opening value	**3,492**	**(289)**	**(247)**	**2,955**	**3,158**
Newly consolidated entities					
Eliminations from the scope of consolidation	**(445)**	**7**	**(1)**	**(439)**	**(35)**
France					(6)
Central and Eastern European countries		(260)	8	(252)	(81)
Turkey			8	8	(40)
United Kingdom		(30)	5	(25)	3
Greece		(9)		(9)	(45)
Other changes during the fiscal year		**(299)**	**21**	**(278)**	**(168)**
Closing value	**3,047**	**(581)**	**(226)**	**2,240**	**2,955**

Other changes during the fiscal year:

In addition to changes related to goodwill exchange-rate differences on the balance sheet, the following changes have been recorded.

Eliminations from the scope of consolidation

Eliminations from the scope of consolidation include decreases in goodwill related to business and subsidiary disposals for the following amounts:

- €265 million related to the sale of Gan Eurocourtage's P&C brokerage and marine business portfolios;

- €131 million related to the sale of the Spanish subsidiary Groupama Seguros;

- €49 million related to the sale of the subsidiaries Groupama Insurances and Lark in the United Kingdom.

Impairment

Central and Eastern European countries: the Group recognised an additional devaluation of the goodwill of the cash-generating unit of Central and Eastern European countries totalling €260 million. This devaluation was due to Romanian and Bulgarian operations (for -€245 million and -€15 million respectively).

United Kingdom: the purchase price for the brokerage firm Bollington Ltd acquired during fiscal year 2007 included an unconditional option to sell granted to the seller. The valuation of this option, as part of a transactional agreement providing for the sale of the subsidiary in the short term, led the Group to devalue the goodwill in its entirety (-€30 million).

Greece: the Group recognised an additional devaluation of the goodwill of this country's cash-generating unit totalling €9 million.

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.

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 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%.

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 current crisis, the use of such a rate by the countries of Western and Southern Europe is deemed relevant. The tightening measures applied by countries not part of the support plan will lead to a reassessment of their situation, which could be captured in the yield curves.

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 falls within a bracket of 13 to 14% up to 2016, converging in the medium term at approximately 9%.

Regarding Romania, the yield curve used falls within a bracket of 14 to 17% up to 2018, converging in the medium term at approximately 12.5%.

In Turkey, the yield curve shows a profile similar to that of Romania, but with a shift in the medium term towards 12%, with rates sitting slightly above 14% in the first three years.

As for Greece, despite the subsidiary's good performance indicators (income, level of activity), the general context in Greece creates some uncertainty with regard to future cash flows. In view of this specific situation, the discount rate for all modelled cash flows was projected at 14%, in order to take this uncertainty into account. The rate of return on assets was also adjusted to take into account the accrued risk premium.

Applying these impairment tests resulted in devaluing the goodwill of the cash-generating units of the Central and Eastern European countries and Greece by €260 million and €9 million, respectively.

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 cash-generating units not subject to impairment to date, the sensitivity tests thus carried out did not result in a finding of additional impairment on their goodwill.

However, 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 need for additional coverage of €30 million (while a lowering by 100 basis points would result in a positive coverage effect of €40 million). On this same CGU, the sensitivity test on the long-term growth rate would also result in a negative coverage effect of €20 million if it fell by 50 basis points (it would be in excess of €23 million 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 need for additional coverage of €10 million (while a lowering of the discount rate by 100 basis points would result in a surplus of €12 million). The sensitivity test on the long-term growth rate would not have a particularly significant impact (around €3 million).

The simultaneous occurrence of all adverse or favourable scenarios would have an impact nearly identical to the accumulation of impacts taken in isolation.

NOTE 2.1 – GOODWILL – DETAILS BY CASH-GENERATING UNIT

(in millions of euros)	31.12.2012				31.12.2011
	Gross value	Impairment	Foreign exchange adjustment	Net value	Net value
Central and Eastern European countries	1,026	(502)	(160)	364	619
Italy	781			781	781
Turkey	262		(35)	227	219
Spain					128
United Kingdom	142	(31)	(31)	80	146
Greece	131	(48)		83	92
Total International	**2,342**	**(581)**	**(226)**	**1,535**	**1,986**
Groupama Gan Vie	470			470	470
Gan Assurances	196			196	196
Gan Eurocourtage					265
Financial businesses, property businesses, and other insurance companies	39			39	39
Total France and Overseas	**705**			**705**	**970**
Closing value	**3,047**	**(581)**	**(226)**	**2,240**	**2,955**

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.

It should also be recalled that in fiscal years 2009, 2010, and 2011, the Group applied impairment of €243 million to the cash-generating unit of the countries of Eastern and Central Europe: €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 from cash flows originating from the Bulgarian and Slovakian businesses, and €51 million in 2011 coming from the Romanian business. The Group also recognised an impairment of the goodwill of Greece's cash-generating unit for €39 million in 2011.

NOTE 2.2 – INCOME FROM DISCONTINUED ACTIVITIES

GAN Eurocourtage activity

(in millions of euros)	31.12.2012	31.12.2011
Earned premiums		1,085
Investment income net of management expenses	(4)	(88)
Other current operating income and expenses		(1,016)
Current operating income	**(4)**	**(19)**
Other operating income and expenses	(86)	(4)
Operating income	**(90)**	**(23)**
Financing expenses		
Share in income of related companies		
Corporate income tax	(63)	(37)
Overall net income	**(153)**	**(59)**
of which, minority interests		
of which, net income (Group share)	**(153)**	**(59)**

Disposal income (loss) amounted to -€153 million and alone represented the net income (loss).

Spain activity

(in millions of euros)	31.12.2012	31.12.2011
Earned premiums	443	948
Investment income net of management expenses	12	46
Other current operating income and expenses	(485)	(962)
Current operating income	**(30)**	**32**
Other operating income and expenses		(1)
Operating income	**(30)**	**31**
Financing expenses		
Share in income of related companies		
Corporate income tax	7	(8)
Overall net income	**(23)**	**24**
of which, minority interests		
of which, net income (Group share)	**(23)**	**24**

The net income (loss) of -€23 million is broken down into -€23 million in income generated over the period from 1 June to 30 June 2012, the date on which the Group lost effective control of the entity. Disposal income was at break-even.

United Kingdom activity

(in millions of euros)	31.12.2012	31.12.2011
Earned premiums	383	513
Investment income net of management expenses	(144)	28
Other current operating income and expenses	(377)	(504)
Current operating income	**(139)**	**37**
Other operating income and expenses	(1)	
Operating income	**(140)**	**37**
Financing expenses		
Share in income of related companies		
Corporate income tax	(11)	(7)
Overall net income	**(151)**	**30**
of which, minority interests		
of which, net income (Group share)	**(151)**	**30**

The net income (loss) of -€151 million is broken down into +16 million in operating income (loss) for the period and -€167 million in disposal income (loss).

Business of the Polish branch

(in millions of euros)	31.12.2012	31.12.2011
Earned premiums		
Investment income net of management expenses		
Other current operating income and expenses		(5)
Current operating income	**0**	**(5)**
Other operating income and expenses	(7)	
Operating income	**(7)**	**(5)**
Financing expenses		
Share in income of related companies		
Corporate income tax		
Overall net income	**(7)**	**(5)**
of which, minority interests		
of which, net income (Group share)	**(7)**	**(5)**

The net income (loss) is exclusively made up of the disposal income (loss), i.e., -€7 million.

NOTE 3 – OTHER INTANGIBLE ASSETS

(in millions of euros)	31.12.2012			31.12.2011		
	Intangible assets related to insurance business	Other intangible assets	Total	Intangible assets related to insurance business	Other intangible assets	Total
Opening gross value	**667**	**1,437**	**2,104**	**686**	**1,334**	**2,020**
Increase		139	139	5	156	161
Decrease	(58)	(37)	(95)		(45)	(45)
Foreign exchange adjustments	10	2	12	(24)	(5)	(29)
Change in scope of consolidation	(62)	(20)	(82)		(3)	(3)
Closing gross value	**557**	**1,521**	**2,078**	**667**	**1,437**	**2,104**
Opening cumulative depreciation	**(214)**	**(1,084)**	**(1,298)**	**(192)**	**(950)**	**(1,142)**
Increase	(36)	(151)	(187)	(39)	(155)	(194)
Decrease	26	6	32		19	19
Foreign exchange adjustments	(6)	(1)	(7)	17	2	19
Change in scope of consolidation	8	18	26			
Closing cumulative depreciation	**(222)**	**(1,212)**	**(1,434)**	**(214)**	**(1,084)**	**(1,298)**
Opening cumulative long-term impairment	**(74)**	**(12)**	**(86)**	**(78)**	**(11)**	**(89)**
Long-term impairment recognised	(1)	(1)	(2)		(1)	(1)
Long-term impairment written back	11	4	15			
Foreign exchange adjustments	(1)		(1)	4		4
Change in scope of consolidation						
Closing cumulative long-term impairment	**(65)**	**(9)**	**(74)**	**(74)**	**(12)**	**(86)**
Opening net value	**379**	**341**	**720**	**416**	**373**	**789**
Closing net value	**270**	**300**	**570**	**379**	**341**	**720**

The Group's intangible assets can be split into two groups:
- intangible assets related to insurance business;
- other intangible assets.

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.

Overall, the reserves for amortisation for the year on the Group's portfolio during the fiscal year represent a charge of -€37 million as at 31 December 2012.

Other intangible assets

Other intangible assets consist primarily of software acquired and developed internally.
They also include €26 million related to the estimated recoverable amount of the termination compensation provided for in Article 26 of the law of 9 November 2010 on retirement reform.

NOTE 3.1 – OTHER INTANGIBLE ASSETS – BY OPERATING SEGMENT

(in millions of euros)	31.12.2012						31.12.2011	
	Intangible assets related to insurance business		Other intangible assets		Total		Total	
	France	Inter-national	France	Inter-national	France	Inter-national	France	Inter-national
Closing gross value	**28**	**529**	**1,377**	**143**	**1,405**	**673**	**1,335**	**769**
Closing cumulative depreciation		(222)	(1,113)	(99)	(1,113)	(321)	(990)	(309)
Closing cumulative long-term impairment	(5)	(61)	(8)		(13)	(61)	(26)	(60)
Amortisation and reserves	**(5)**	**(283)**	**(1,121)**	**(99)**	**(1,126)**	**(382)**	**(1,016)**	**(369)**
Net book value	**23**	**246**	**256**	**44**	**279**	**291**	**319**	**400**

NOTE 4 – INVESTMENT PROPERTY, EXCLUDING UNIT-LINKED INVESTMENTS

(in millions of euros)	31.12.2012			31.12.2011		
	Property	SCI units or shares	Total	Property	SCI units or shares	Total
Opening gross value	**1,633**	**350**	**1,983**	**3,859**	**404**	**4,263**
Acquisitions	15	10	25	17	36	53
Change in scope of consolidation	(124)	(106)	(230)	(2,075)	(14)	(2,089)
Subsequent expenditure						
Assets capitalised in the year	14		14	16		16
Transfer from/to unit-linked property						
Transfer from/to operating property	110		110	3	(2)	1
Foreign exchange adjustments	1		1	(5)		(5)
Outward reinsurance	(159)	(33)	(192)	(182)	(74)	(256)
Other	(25)		(25)			,
Closing gross value	**1,465**	**221**	**1,686**	**1,633**	**350**	**1,983**
Opening cumulative depreciation	**(373)**		**(373)**	**(852)**		**(852)**
Increase	(38)		(38)	(17)		(17)
Change in scope of consolidation	26		26	463		463
Transfer from/to unit-linked property						,
Transfer from/to operating property	(16)		(16)	(2)		(2)
Decrease	49		49	35		35
Other	23		23			,
Closing cumulative depreciation	**(329)**		**(329)**	**(373)**		**(373)**
Opening cumulative long-term impairment	**(6)**	**(2)**	**(9)**	**(9)**	**(4)**	**(14)**
Long-term impairment recognised	(5)		(5)		(1)	(1)
Change in scope of consolidation						
Long-term impairment written back	3	1	4	3	3	6
Closing cumulative long-term impairment	**(8)**	**(1)**	**(10)**	**(6)**	**(2)**	**(9)**
Opening net value	**1,254**	**348**	**1,602**	**2,998**	**400**	**3,397**
Closing net value	**1,128**	**220**	**1,348**	**1,254**	**348**	**1,602**
Closing fair value of operating properties	**2,633**	**373**	**3,006**	**3,068**	**636**	**3,704**
Unrealised capital gains	**1,505**	**153**	**1,658**	**1,814**	**288**	**2,102**

Changes in scope of consolidation are linked to the disposal of businesses both in France (Gan Eurocourtage) and abroad (Spain) as well as the disposal of two OPCIs [real estate mutual funds]. Recall that the changes in scope in 2011 are related to changes in consolidation method of various entities, including mainly SILIC, accounted for under the equity method.

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.

The fiscal year was marked by several property disposals, explaining the decrease in unrealised capital gains.

The net book value of operating property transferred into investment property amounted to €97 million. This mainly involved the buildings Elysées - La Défense and Ville L'Evêque (Paris 8th).

Unrealised gains accruing to the Group, including property operating activities (see Note 5), amount to €652 million as at 31 December 2012 (net of profit sharing and tax), compared with €1.03 billion as at 31 December 2011. This decrease is explained by capital gains realised during the fiscal year (under conditions greater than their appraised value as at 31 December 2011).

The table also shows properties under leasing contracts for an amount at the net book value of €39 million as at 31 December 2012, stable compared with 31 December 2011. The fair value of these properties is estimated at €52 million (i.e., unrealised capital gains of €13 million as at 31 December 2012, compared with €7 million as at 31 December 2011).

NOTE 4.1 – INVESTMENT PROPERTY – BY OPERATING SEGMENT

(in millions of euros)	31.12.2012						31.12.2011					
	Property			SCI units or shares			Property			SCI units or shares		
	France	Inter-national	Total	France	Inter-national	Total	France	Inter-national	Total	France	Inter-national	Total
Gross value	1,396	69	1,466	221		221	1,563	70	1,633	350		350
Cumulative depreciation	(312)	(17)	(328)				(354)	(19)	(373)			
Long-term impairment	(3)	(5)	(8)	(1)		(1)	(6)		(6)	(2)		(2)
Closing net value	**1,082**	**47**	**1,129**	**220**		**220**	**1,203**	**51**	**1,254**	**348**		**348**
Closing fair value of investment property	**2,551**	**82**	**2,633**	**372**		**372**	**2,961**	**107**	**3,068**	**636**		**636**
Unrealised capital gains	**1,470**	**35**	**1,505**	**153**		**153**	**1,758**	**56**	**1,814**	**288**		**288**

NOTE 4.2 – INVESTMENT PROPERTY BY BUSINESS

NOTE 4.2.1 – INVESTMENT PROPERTY BY BUSINESS – FRANCE

(in millions of euros)	31.12.2012					
	Property			SCI units or shares		
	L&H	P&C	Total	L&H	P&C	Total
Gross value	984	413	1,396	101	121	221
Cumulative depreciation	(198)	(114)	(312)			
Long-term impairment	(1)	(2)	(3)		(1)	(1)
Closing net value	**784**	**297**	**1,082**	**101**	**119**	**220**
Closing fair value of investment property	**1,880**	**671**	**2,551**	**163**	**209**	**372**
Unrealised capital gains	**1,096**	**374**	**1,470**	**63**	**90**	**152**

(in millions of euros)	31.12.2011					
	Property			SCI units or shares		
	L&H	P&C	Total	L&H	P&C	Total
Gross value	1,047	516	1,563	174	177	350
Cumulative depreciation	(224)	(130)	(354)			
Long-term impairment	(3)	(3)	(6)	(1)	(2)	(2)
Closing net value	**820**	**383**	**1,203**	**173**	**175**	**348**
Closing fair value of investment property	**2,030**	**932**	**2,961**	**321**	**315**	**636**
Unrealised capital gains	**1,210**	**548**	**1,758**	**148**	**140**	**288**

NOTE 4.2.2 – INVESTMENT PROPERTY BY BUSINESS – INTERNATIONAL

(in millions of euros)	31.12.2012					
	Property			SCI units or shares		
	L&H	P&C	Total	L&H	P&C	Total
Gross value	32	38	69			
Cumulative depreciation	(11)	(6)	(17)			
Long-term impairment	(3)	(2)	(5)			
Closing net value	**18**	**29**	**47**			
Closing fair value of investment property	**35**	**47**	**82**			
Unrealised capital gains	**17**	**18**	**35**			

(in millions of euros)	31.12.2011					
	Property			SCI units or shares		
	L&H	P&C	Total	L&H	P&C	Total
Gross value	29	41	70			
Cumulative depreciation	(12)	(7)	(19)			
Long-term impairment						
Closing net value	**17**	**34**	**51**			
Closing fair value of investment property	**44**	**63**	**107**			
Unrealised capital gains	**27**	**29**	**56**			

NOTE 5 – OPERATING PROPERTY

(in millions of euros)	31.12.2012			31.12.2011		
	Property	SCI units or shares	Total	Property	SCI units or shares	Total
Opening gross value	**1,533**	**85**	**1,616**	**1,500**	**77**	**1,576**
Acquisitions	16	12	28	28	3	31
Change in scope of consolidation	(71)		(71)	1	6	7
Assets capitalised in the year	5		5	30		30
Transfer from/to investment property	(110)		(110)	(2)	1	(1)
Foreign exchange adjustments	1		1	(3)		(3)
Outward reinsurance	(9)	(7)	(16)	(22)	(2)	(24)
Other	(56)	4	(52)			
Closing gross value	**1,309**	**94**	**1,403**	**1,533**	**85**	**1,616**
Opening cumulative depreciation	**(352)**		**(352)**	**(328)**		**(328)**
Increase	(31)		(31)	(36)		(36)
Change in scope of consolidation	12		12	(1)		(1)
Transfer from/to investment property	16		16	2		2
Decrease	8		8	11		11
Other	48		48			
Closing cumulative depreciation	**(299)**		**(299)**	**(352)**		**(352)**
Opening cumulative long-term impairment	**(5)**	**(5)**	**(10)**	**(3)**	**(5)**	**(8)**
Long-term impairment recognised		(1)	(1)	(2)		(2)
Change in scope of consolidation						
Long-term impairment written back						
Closing cumulative long-term impairment	**(4)**	**(6)**	**(10)**	**(5)**	**(5)**	**(10)**
Opening net value	**1,176**	**80**	**1,256**	**1,169**	**72**	**1,240**
Closing net value	**1,006**	**88**	**1,094**	**1,176**	**80**	**1,256**
Closing fair value of investment property	**1,322**	**129**	**1,451**	**1,664**	**115**	**1,779**
Unrealised capital gains	**315**	**41**	**356**	**488**	**35**	**523**

The changes in scope of consolidation are related to the sale of activities both in France (Gan Eurocourtage) and abroad (Spain).

The net book value of operating property transferred into investment property amounted to €97 million. This mainly involved Elysées - La Défense and Immeuble de la rue de la Ville L'Evêque (Paris 8th).

NOTE 5.1 – OPERATING PROPERTY – BY OPERATING SEGMENT

(in millions of euros)	31.12.2012						31.12.2011					
	Property			SCI units or shares			Property			SCI units or shares		
	France	International	Total	France	International	Total	France	International	Total	France	International	Total
Gross value	1,245	64	1,309	94		94	1,398	134	1,532	85		85
Cumulative depreciation	(290)	(8)	(299)				(335)	(17)	(352)			
Long-term impairment	(3)		(4)	(7)		(7)	(4)		(4)	(6)		(6)
Closing net value	**952**	**56**	**1,007**	**88**		**88**	**1,059**	**117**	**1,176**	**79**		**79**
Closing fair value of investment property	**1,256**	**65**	**1,322**	**129**		**129**	**1,480**	**184**	**1,664**	**115**		**115**
Unrealised capital gains	**305**	**10**	**315**	**42**		**42**	**420**	**67**	**488**	**36**		**36**

NOTE 5.2 – OPERATING PROPERTY BY BUSINESS

NOTE 5.2.1 – OPERATING PROPERTY BY BUSINESS – FRANCE

(in millions of euros)	31.12.2012					
	Property			SCI units or shares		
	L&H	P&C	Total	L&H	P&C	Total
Gross value	667	578	1,245	23	71	94
Cumulative depreciation	(109)	(182)	(290)			
Long-term impairment	(1)	(3)	(3)	(1)	(5)	(7)
Closing net value	**558**	**393**	**952**	**22**	**66**	**88**
Closing fair value of investment property	**698**	**559**	**1,256**	**34**	**96**	**129**
Unrealised capital gains	**139**	**165**	**305**	**12**	**30**	**42**

(in millions of euros)	31.12.2011					
	Property			SCI units or shares		
	L&H	P&C	Total	L&H	P&C	Total
Gross value	670	728	1,398	21	64	85
Cumulative depreciation	(120)	(215)	(335)			
Long-term impairment	(1)	(3)	(4)	(1)	(5)	(6)
Closing net value	**549**	**510**	**1,059**	**20**	**59**	**79**
Closing fair value of investment property	**734**	**746**	**1,480**	**31**	**84**	**115**
Unrealised capital gains	**185**	**236**	**420**	**11**	**25**	**36**

NOTE 5.2.2 – OPERATING PROPERTY BY BUSINESS – INTERNATIONAL

(in millions of euros)	31.12.2012					
	Property			SCI units or shares		
	L&H	P&C	Total	L&H	P&C	Total
Gross value	24	40	64			
Cumulative depreciation	(3)	(5)	(8)			
Long-term impairment						
Closing net value	**20**	**35**	**56**			
Closing fair value of investment property	**26**	**39**	**65**			
Unrealised capital gains	**6**	**4**	**10**			

(in millions of euros)	31.12.2011					
	Property			SCI units or shares		
	L&H	P&C	Total	L&H	P&C	Total
Gross value	58	76	134			
Cumulative depreciation	(7)	(9)	(17)			
Long-term impairment						
Closing net value	**51**	**66**	**117**			
Closing fair value of investment property	**83**	**101**	**184**			
Unrealised capital gains	**32**	**35**	**67**			

NOTE 6 – FINANCIAL INVESTMENTS (EXCLUDING UNIT-LINKED ITEMS)

(in millions of euros)	31.12.2012	31.12.2011
	Net value	Net value
Assets valued at fair value	70,163	65,542
Assets valued at amortised cost	977	964
Total financial investments excluding unit-linked items	**71,141**	**66,506**

Total financial investments (excluding real estate, unit-linked items, and derivatives) as at 31 December 2012 were €71,141 million and marked an increase of €4,635 million versus 31 December 2011.

NOTE 6.1 – INVESTMENTS VALUED AT FAIR VALUE BY OPERATING SEGMENT

(in millions of euros)	31.12.2012								
	Net amortised cost			Fair value (a)			Gross unrealised capital gains or losses		
	France	International	Total	France	International	Total	France	International	Total
Available-for-sale assets									
Equities and other variable-income investments	4,797	234	5,031	5,388	239	5,627	591	5	596
Bonds and other fixed-income investments	40,194	4,330	44,524	42,470	4,545	47,015	2,276	215	2,491
Other investments	19		19	19		19			
Total available-for-sale assets	**45,010**	**4,564**	**49,574**	**47,877**	**4,784**	**52,661**	**2,867**	**220**	**3,087**
Trading assets									
Equities and other variable-income investments classified as "trading"	40		40	40		40			
Equities and other variable-income investments classified as "held for trading"	775	142	917	775	142	917			
Bonds and other fixed-income investments classified as "trading"	180	1	181	180	1	181			
Bonds and other fixed-income investments classified as "held for trading"	2,527	46	2,573	2,527	46	2,573			
Cash UCITS classified as "trading"	9,260	13	9,273	9,260	13	9,273			
Cash UCITS classified as "held for trading"	4,516		4,516	4,516		4,516			
Other investments classified as "trading"									
Other investments classified as "held for trading"	2		2	2		2			
Total trading assets	**17,300**	**202**	**17,502**	**17,300**	**202**	**17,502**			
Total investments valued at fair value	**62,310**	**4,766**	**67,076**	**65,177**	**4,986**	**70,163**	**2,867**	**220**	**3,087**

(a) For investments valued at fair value, the net value on the balance sheet corresponds to the fair value.

As at 31 December 2012, capital gains and losses that were unrealised but recognised for accounting purposes through equity (revaluation reserves) as investment assets available-for-sale and through income as trading investment assets were €3,087 million and €140 million, respectively, compared with -€3,585 million and -€65 million as at 31 December 2011.

The favourable change in the stock of unrealised capital gains between 31 December 2011 and 31 December 2012 is explained by the rise of the equity markets and by the contraction of rates of sovereign bonds in France and Italy.

With a view to optimising the yield of its financial assets, in 2012 the Group continued its bond repurchase activity. These repurchase agreement operations are mainly investment repurchase agreements. As at 31 December 2012, the amount in question was €5,091 million. The cash from these repurchase agreements is invested in specific funds held directly.

(in millions of euros)	31.12.2011								
	Net amortised cost			Fair value (a)			Gross unrealised capital gains or losses		
	France	International	Total	France	International	Total	France	International	Total
Available-for-sale assets									
Equities and other variable-income investments	7,264	398	7,662	6,615	354	6,969	(649)	(44)	(693)
Bonds and other fixed-income investments	39,725	5,997	45,722	37,158	5,671	42,829	(2.567)	(326)	(2,893)
Other investments	12	2	14	13	2	15	1		1
Total available-for-sale assets	**47,001**	**6,397**	**53,398**	**43,786**	**6,027**	**49,813**	**(3.215)**	**(370)**	**(3,585)**
Trading assets									
Equities and other variable-income investments classified as "trading"	157		157	157		157			
Equities and other variable-income investments classified as "held for trading"	1,226	311	1,537	1,226	311	1,537			
Bonds and other fixed-income investments classified as "trading"	130	23	153	130	23	153			
Bonds and other fixed-income investments classified as "held for trading"	2,488	50	2,538	2,488	50	2,538			
Cash UCITS classified as "trading"	8,699	25	8,724	8,699	25	8,724			
Cash UCITS classified as "held for trading"	2,617		2,617	2,617		2,617			
Other investments classified as "trading"									
Other investments classified as "held for trading"	3		3	3		3			
Total trading assets	**15,320**	**409**	**15,729**	**15,320**	**409**	**15,729**			
Total investments valued at fair value	**62,321**	**6,806**	**69,127**	**59,106**	**6,436**	**65,542**	**(3.215)**	**(370)**	**(3,585)**

(a) 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)	31.12.2012											
	Net amortised cost				Fair value [a]				Gross unrealised capital gains or losses			
	L&H	P&C	Holding	Total	L&H	P&C	Holding	Total	L&H	P&C	Holding	Total
Available-for-sale assets												
Equities and other variable-income investments	3,380	1,417		4,797	3,731	1,657		5,388	351	240		591
Bonds and other fixed-income investments	36,216	3,978		40,194	38,181	4,290		42,471	1,965	312		2,277
Other investments	2	17		19	2	17		19				
Total available-for-sale assets	**39,598**	**5,412**		**45,010**	**41,914**	**5,964**		**47,878**	**2,315**	**552**		**2,867**
Trading assets												
Equities and other variable-income investments classified as "trading"	7	33		40	7	33		40				
Equities and other variable-income investments classified as "held for trading"	639	136		775	639	136		775				
Bonds and other fixed-income investments classified as "trading"	173	7		180	173	7		180				
Bonds and other fixed-income investments classified as "held for trading"	2,016	511		2,527	2,016	511		2,527				
Cash UCITS classified as "trading"	8,058	1,161	41	9,260	8,058	1,161	41	9,260				
Cash UCITS classified as "held for trading"	4,472	44		4,516	4,472	44		4,516				
Other investments classified as "trading"												
Other investments classified as "held for trading"	1	1		2	1	1		2				
Total trading assets	**15,366**	**1,893**	**41**	**17,300**	**15,366**	**1,893**	**41**	**17,300**				
Total investments valued at fair value	**54,964**	**7,305**	**41**	**62,310**	**57,280**	**7,857**	**41**	**65,178**	**2,315**	**552**		**2,867**

(a) For investments valued at fair value, the net value on the balance sheet corresponds to the fair value.

(in millions of euros)	31.12.2011											
	Net amortised cost				Fair value (a)				Gross unrealised capital gains or losses			
	L&H	P&C	Holding	Total	L&H	P&C	Holding	Total	L&H	P&C	Holding	Total
Available-for-sale assets												
Equities and other variable-income investments	5,131	2,133		7,264	4,598	2,016		6,614	(533)	(117)		(650)
Bonds and other fixed-income investments	35,270	4,455		39,725	32,826	4,333		37,159	(2.444)	(122)		(2.566)
Other investments		12		12		13		13		1		1
Total available-for-sale assets	**40,401**	**6,600**		**47,001**	**37,424**	**6,362**		**43,786**	**(2.977)**	**(238)**		**(3.215)**
Trading assets												
Equities and other variable-income investments classified as "trading"	71	86		157	71	86		157				
Equities and other variable-income investments classified as "held for trading"	988	238		1,226	988	238		1,226				
Bonds and other fixed-income investments classified as "trading"	111	19		130	111	19		130				
Bonds and other fixed-income investments classified as "held for trading"	1,871	610	7	2,488	1,871	610	7	2,488				
Cash UCITS classified as "trading"	7,473	1,170	56	8,699	7,473	1,170	56	8,699				
Cash UCITS classified as "held for trading"	2,586	31		2,617	2,586	31		2,617				
Other investments classified as "trading"												
Other investments classified as "held for trading"	1	2		3	1	2		3				
Total trading assets	**13,101**	**2,156**	**63**	**15,320**	**13,101**	**2,156**	**63**	**15,320**				
Total investments valued at fair value	**53,502**	**8,756**	**63**	**62,321**	**50,525**	**8,518**	**63**	**59,106**	**(2,977)**	**(238)**		**(3,215)**

(a) For investments valued at fair value, the net value on the balance sheet corresponds to the fair value.

NOTE 6.2.2 – INVESTMENTS VALUED AT FAIR VALUE BY BUSINESS – INTERNATIONAL

(in millions of euros)	31.12.2012								
	Net amortised cost			Fair value [a]			Gross unrealised capital gains or losses		
	L&H	P&C	Total	L&H	P&C	Total	L&H	P&C	Total
Available-for-sale assets									
Equities and other variable-income investments	141	93	234	135	104	239	(6)	11	5
Bonds and other fixed-income investments	2,347	1,983	4,330	2,458	2,087	4,545	111	104	215
Other investments									
Total available-for-sale assets	**2,488**	**2,076**	**4,564**	**2,593**	**2,191**	**4,784**	**105**	**115**	**220**
Trading assets									
Equities and other variable-income investments classified as "trading"									
Equities and other variable-income investments classified as "held for trading"	69	73	142	69	73	142			
Bonds and other fixed-income investments classified as "trading"		1	1		1	1			
Bonds and other fixed-income investments classified as "held for trading"	30	16	46	30	16	46			
Cash UCITS classified as "trading"	13		13	13		13			
Cash UCITS classified as "held for trading"									
Other investments classified as "trading"									
Other investments classified as "held for trading"									
Total trading assets	**112**	**90**	**202**	**112**	**90**	**202**			
Total investments valued at fair value	**2,600**	**2,166**	**4,767**	**2,705**	**2,281**	**4,986**	**105**	**115**	**220**

(a) For investments valued at fair value, the net value on the balance sheet corresponds to the fair value.

(in millions of euros)	31.12.2011								
	Net amortised cost			Fair value [a]			Gross unrealised capital gains or losses		
	L&H	P&C	Total	L&H	P&C	Total	L&H	P&C	Total
Available-for-sale assets									
Equities and other variable-income investments	217	181	398	186	168	354	(31)	(13)	(44)
Bonds and other fixed-income investments	2,873	3,124	5,997	2,681	2,990	5,671	(192)	(134)	(326)
Other investments	1	1	2	1	1	2			
Total available-for-sale assets	**3,091**	**3,306**	**6,397**	**2,868**	**3,159**	**6,027**	**(223)**	**(147)**	**(370)**
Trading assets									
Equities and other variable-income investments classified as "trading"									
Equities and other variable-income investments classified as "held for trading"	156	155	311	156	155	311			
Bonds and other fixed-income investments classified as "trading"	11	12	23	11	12	23			
Bonds and other fixed-income investments classified as "held for trading"	30	20	50	30	20	50			
Cash UCITS classified as "trading"	23	2	25	23	2	25			
Cash UCITS classified as "held for trading"									
Other investments classified as "trading"									
Other investments classified as "held for trading"									
Total trading assets	**220**	**189**	**409**	**220**	**189**	**409**			
Total investments valued at fair value	**3,311**	**3,495**	**6,806**	**3,088**	**3,348**	**6,436**	**(223)**	**(147)**	**(370)**

(a) For investments valued at fair value, the net value on the balance sheet corresponds to the fair value.

NOTE 6.3 – INVESTMENTS VALUED AT FAIR VALUE BY TYPE

(in millions of euros)	31.12.2012								
	Net amortised cost			Fair value (a)			Gross unrealised capital gains or losses		
	France	International	Total	France	International	Total	France	International	Total
Equities and other variable-income investments									
Available-for-sale assets	4,797	234	5,031	5,388	239	5,627	591	5	596
Assets classified as "trading"	40		40	40	0	40			
Assets classified as "held for trading"	775	142	917	775	142	917			
Total equities and other variable-income investments	**5,612**	**376**	**5,988**	**6,203**	**381**	**6,584**	**591**	**5**	**596**
Bonds and other fixed-income investments									
Available-for-sale assets	40,194	4,330	44,524	42,470	4,545	47,015	2,276	215	2,491
Assets classified as "trading"	180	1	181	180	1	181			
Assets classified as "held for trading"	2,527	46	2,573	2,527	46	2,573			
Total bonds and other fixed-income investments	**42,901**	**4,377**	**47,278**	**45,177**	**4,592**	**49,769**	**2,276**	**215**	**2,491**
Cash UCITS									
Assets classified as "trading"	9,260	13	9,273	9,260	13	9,273			
Assets classified as "held for trading"	4,516		4,516	4,516		4,516			
Total cash UCITS	**13,776**	**13**	**13,789**	**13,776**	**13**	**13,789**			
Other investments									
Available-for-sale assets	19		19	19		19			
Assets classified as "trading"									
Assets classified as "held for trading"	2		2	2		2			
Total other investments	**21**	**0**	**21**	**21**	**0**	**21**			
Total investments valued at fair value	**62,310**	**4,766**	**67,076**	**65,177**	**4,986**	**70,163**	**2,867**	**220**	**3,087**

(a) For investments valued at fair value, the net value on the balance sheet corresponds to the fair value.

(in millions of euros)	31.12.2011								
	Net amortised cost			Fair value [a]			Gross unrealised capital gains or losses		
	France	Inter-national	Total	France	Inter-national	Total	France	Inter-national	Total
Equities and other variable-income investments									
Available-for-sale assets	7,264	398	7,662	6,615	354	6,969	(649)	(44)	(693)
Assets classified as "trading"	157		157	157		157			
Assets classified as "held for trading"	1,226	311	1,537	1,226	311	1,537			
Total equities and other variable-income investments	**8,647**	**709**	**9,356**	**7,998**	**665**	**8,663**	**(649)**	**(44)**	**(693)**
Bonds and other fixed-income investments									
Available-for-sale assets	39,725	5,997	45,722	37,158	5,671	42,829	(2.567)	(326)	(2.893)
Assets classified as "trading"	130	23	153	130	23	153			
Assets classified as "held for trading"	2,488	50	2,538	2,488	50	2,538			
Total bonds and other fixed-income investments	**42,343**	**6,070**	**48,413**	**39,776**	**5,744**	**45,520**	**(2.567)**	**(326)**	**(2.893)**
Cash UCITS									
Assets classified as "trading"	8,699	25	8,724	8,699	25	8,724			
Assets classified as "held for trading"	2,617		2,617	2,617		2,617			
Total cash UCITS	**11,316**	**25**	**11,341**	**11,316**	**25**	**11,341**			
Other investments									
Available-for-sale assets	12	2	14	13	2	15	1		1
Assets classified as "trading"									
Assets classified as "held for trading"	3		3	3		3			
Total other investments	**15**	**2**	**17**	**16**	**2**	**18**			
Total investments valued at fair value	**62,321**	**6,806**	**69,127**	**59,106**	**6,436**	**65,542**	**(3.215)**	**(370)**	**(3.585)**

(a) 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)	31.12.2012			31.12.2011		
	France	International	Total	France	International	Total
Loans	138	76	214	164	91	255
Deposits	539	68	607	604	64	668
Other	156		156	41		41
Total assets valued at amortised cost	**833**	**144**	**977**	**809**	**155**	**964**

NOTE 6.5 – RESERVES FOR LONG-TERM IMPAIRMENT OF INVESTMENTS

(in millions of euros)	31.12.2012			31.12.2011		
	Amortised cost			Amortised cost		
	Gross	Reserves	Net	Gross	Reserves	Net
Available-for-sale assets						
Equities and other variable-income investments	7,123	(2,092)	5,031	9,922	(2,260)	7,662
Bonds and other fixed-income investments	44,547	(23)	44,524	48,066	(2.344)	45,722
Other investments	19		19	15		15
Total available-for-sale assets	**51,689**	**(2,115)**	**49,574**	**58,003**	**(4,604)**	**53,399**
Financial investments valued at amortised cost	981	(4)	977	968	(4)	964
Financial investments valued at amortised cost	**981**	**(4)**	**977**	**968**	**(4)**	**964**

The reserves for long-term impairment on investments valued at fair value amounted to €2,115 million as at 31 December 2012 compared with €4,604 million as at 31 December 2011. In total, impairment on insurance financial assets valued at fair value accounted for 3.06%.

The amount of reserves for long-term impairment on investments valued at amortised cost remained unchanged at €4 million.

Reserves for impairment of investments were determined in accordance with the rules set out in paragraph 3.2.1 of the accounting principles.

Regarding bonds, the decrease in the reserve for impairment results from the contribution of Greek sovereign debt securities to the exchange plan negotiated between the IIF (Institute of International Finance) and the Greek government on 12 March 2012, according to the terms defined by the Greek Ministry of Finance on 24 February 2012. The Group has also since disposed of all of its Greek sovereign debt securities received during this exchange.

Regarding the sovereign debts of peripheral countries of the eurozone (Ireland, Italy, Spain, and Portugal) and Hungary, the Group has seen that their valuation continues to be affected by a degree of mistrust of financial markets, however in decline compared with last year. Some issuing countries were the subject of a reduction of their rating or even a rescue package from the International Monetary Fund. However, it should be emphasised that to date:

- none of these debts has been subject to default on the payment of interest or principal;
- no collective proceeding or financial restructuring has been undertaken nor, given the current state of our knowledge and view of the situation, does this seem likely.

Consequently, the Group believes that there is no proven risk of impairment of these debt securities and therefore that there is no reason to establish a reserve for these securities.

Regarding equities, the reserve for impairment includes impairment of strategic securities for €1,603 million.

NOTE 6.6 – FINANCIAL INVESTMENTS – BY CURRENCY

(in millions of euros)	31.12.2012					
	Euro	Dollars	Pounds	Yen	Other	Total
Available-for-sale assets						
Equities and other variable-income investments	5,228	4		1	394	5,627
Bonds and other fixed-income investments	46,437	15	60		502	47,015
Other investments	19					19
Total available-for-sale assets	**51,684**	**19**	**60**	**1**	**896**	**52,661**
Trading assets						
Equities and other variable-income investments classified as "trading"	40					40
Equities and other variable-income investments classified as "held for trading"	915	2				917
Bonds and other fixed-income investments classified as "trading"	181					181
Bonds and other fixed-income investments classified as "held for trading"	2,535	1			37	2,573
Cash UCITS classified as "trading"	9,273					9,273
Cash UCITS classified as "held for trading"	4,515	1				4,516
Other investments classified as "trading"						
Other investments classified as "held for trading"	2					2
Total trading assets	**17,461**	**4**	**0**	**0**	**37**	**17,502**
Loans and receivables						
Loans	213				1	214
Deposits	570				37	607
Other investments	156					156
Total loans and receivables	**939**	**0**	**0**	**0**	**38**	**977**
Total financial investments (net of derivatives and unit-linked items)	**70,084**	**23**	**60**	**1**	**971**	**71,140**

(in millions of euros)	31.12.2011					
	Euro	Dollars	Pounds	Yen	Other	Total
Available-for-sale assets						
Equities and other variable-income investments	6,553	56	49	7	303	6,968
Bonds and other fixed-income investments	41,398	162	785	18	467	42,830
Other investments	14					14
Total available-for-sale assets	**47,965**	**218**	**834**	**25**	**770**	**49,812**
Trading assets						
Equities and other variable-income investments classified as "trading"	157					157
Equities and other variable-income investments classified as "held for trading"	1,525	7	3	1	2	1,538
Bonds and other fixed-income investments classified as "trading"	153					153
Bonds and other fixed-income investments classified as "held for trading"	2,492	8	4	1	32	2,537
Cash UCITS classified as "trading"	8,704	13	4	1	3	8,725
Cash UCITS classified as "held for trading"	2,597	10	5	1	3	2,617
Other investments classified as "trading"						
Other investments classified as "held for trading"	2					2
Total trading assets	**15,630**	**38**	**16**	**4**	**40**	**15,729**
Loans and receivables						
Loans	246		9		1	255
Deposits	623	13			32	668
Other investments	41					41
Total loans and receivables	**910**	**13**	**9**	**0**	**33**	**964**
Total financial investments (net of derivatives and unit-linked items)	**64,505**	**269**	**859**	**29**	**843**	**66,505**

NOTE 6.7 – BREAKDOWN OF LISTED INVESTMENTS

(in millions of euros)	31.12.2012	31.12.2011
Equities	3,233	4,085
Shares in fixed-income UCITS	3,900	3,317
Shares in other UCITS	3,004	4,079
Cash UCITS	13,790	11,341
Bonds and other fixed-income securities	45,729	42,062
Total listed investments	**69,656**	**64,884**

As at 31 December 2012, total long-term impairment reserves for listed investments valued at fair value were €2,014 million, compared with €4,491 million as at 31 December 2011.

NOTE 6.8 – BREAKDOWN OF UNLISTED INVESTMENTS

(in millions of euros)	31.12.2012	31.12.2011
Equities at fair value	346	500
Bonds and other fixed-income securities at fair value	139	141
Other investments at fair value	22	17
Loans at amortised cost	214	255
Other investments at amortised cost	763	709
Total unlisted investments	**1,486**	**1,621**

As at 31 December 2012, total long-term impairment reserves for unlisted investments valued at fair value were €101 million, compared with €113 million as at 31 December 2011.

NOTE 6.9 – SIGNIFICANT INVESTMENTS IN NON-CONSOLIDATED COMPANIES

(in millions of euros)	31.12.2012				31.12.2011			
	% of interest	Acquisition cost net of impairment	Fair value	Revaluation reserve (before profit sharing and tax) (1)	% of interest	Acquisition cost net of impairment	Fair value	Revaluation reserve (before profit sharing and tax) (1)
Bolloré Investissement					4.13%	159	157	(2)
Société Générale	2.49%	341	548	207	3.92%	528	523	(5)
Lagardère					1.90%	92	51	(41)
Veolia Environnement	5.51%	243	260	17	5.53%	252	252	
Saint Gobain	1.92%	441	325	(116)	1.90%	442	302	(140)
Eiffage	6.91%	113	203	90	6.91%	113	113	
French companies		**1,138**	**1,336**	**198**		**1,586**	**1,398**	**(188)**
Mediobanca	4.93%	147	198	51	4.93%	186	186	
OTP Bank	8.28%	283	352	93	8.28%	261	237	
Foreign companies		**430**	**550**	**144**		**447**	**423**	
Total significant investments in non-consolidated companies		**1,568**	**1,886**	**342**		**2,033**	**1,821**	**(188)**

(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 this 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 exerted.

<u>Changes during the fiscal year:</u>

The Group disposed of its entire stake in Bolloré Investissement during the first half of 2012. In addition, in the second half of the year, the Group carried out a partial disposal of its Société Générale securities as part of its equity derisking policy. In accordance with IAS 39, these disposals gave rise to a partial write-back of the impairment established on these securities, i.e., a write-back of €410 million.

Note that considering their marginally significant nature, the Lagardère securities are no longer considered strategic securities in the financial statements at 31 December 2012. The fair value of these securities is €61 million. They were the subject of a €37 million impairment during fiscal year 2012.

In application of the automatic impairment principles mentioned in 3.2.1 of the principles, an additional impairment of €39 million was also recognised in the financial statements for the first half of 2012. The stock of the impairment of strategic securities amounted to €1,603 million at 31 December 2012.

NOTE 6.10 – BREAKDOWN OF THE BOND PORTFOLIO

At the end of December 2012, based on market values, the proportion of bonds instruments was 70% of total financial investments excluding unit-linked items, 66% of which was classified as “available-for-sale assets” and 4% as “assets held for trading”.

The presentations below pertain to only bond investments held directly or through consolidated UCITS and do not take into account other investments with similar features (bond UCITS, rate UCITS, 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)	31.12.2012			31.12.2011		
	Fixed rate	Variable rate	Total	Fixed rate	Variable rate	Total
Listed bonds						
Available-for-sale	43,333	2,090	45,423	39,394	2,260	41,653
classified as "trading"	3	3	6	20	11	31
Classified as "held for trading"	129	172	301	121	256	377
Total listed bonds	**43,465**	**2,265**	**45,730**	**39,535**	**2,527**	**42,061**
Unlisted bonds						
Available-for-sale	82	48	130	75	39	114
classified as "trading"			0		10	10
Classified as "held for trading"	8	1	9	17	1	17
Total unlisted bonds	**90**	**49**	**139**	**91**	**50**	**141**
Total bond portfolio	**43,555**	**2,314**	**45,869**	**39,626**	**2,577**	**42,203**

NOTE 6.10.2 – BOND PORTFOLIO – BY MATURITY

The profile of the annual maturities of the bond portfolios, including consolidated UCITS, is as follows:

(in millions of euros)	31.12.2012				31.12.2011			
	<1 year	1 to 5 years	>5 years	Total	<1 year	1 to 5 years	>5 years	Total
Listed bonds								
Available-for-sale	2,254	8,422	34,747	45,423	1,866	9,333	30,454	41,653
classified as "trading"	2		4	6	4	17	10	31
Classified as "held for trading"	63	76	162	301	123	100	154	377
Total listed bonds	**2,319**	**8,498**	**34,913**	**45,730**	**1,993**	**9,450**	**30,618**	**42,061**
Unlisted bonds								
Available-for-sale	15	26	89	130	16		97	114
classified as "trading"				0	10			10
Classified as "held for trading"	1	4	4	9	10	3	4	17
Total unlisted bonds	**16**	**30**	**93**	**139**	**37**	**3**	**101**	**141**
Total bond portfolio	**2,335**	**8,528**	**35,006**	**45,869**	**2,030**	**9,453**	**30,719**	**42,203**

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.

NOTE 6.10.3 – BOND PORTFOLIO – BY RATING

The rating indicated is an average of the ratings published at year-end 2012 by the three main agencies (S&P, Moody's and Fitch Ratings) for Group bonds.

(in millions of euros)	31.12.2012						
	AAA	AA	A	BBB	<BBB	Not rated	Total
Listed bonds							
Available-for-sale	7,099	19,941	3,884	12,686	1,496	317	45,423
classified as "trading"	1			1	1	3	6
Classified as "held for trading"	23	41	61	46	33	97	301
Total listed bonds	**7,123**	**19,982**	**3,945**	**12,733**	**1,530**	**417**	**45,730**
Unlisted bonds							
Available-for-sale		36	82	3	2	7	130
classified as "trading"							0
Classified as "held for trading"					9		9
Total unlisted bonds	**0**	**36**	**82**	**3**	**11**	**7**	**139**
Total bond portfolio	**7,123**	**20,018**	**4,027**	**12,736**	**1,541**	**424**	**45,869**

(in millions of euros)	31.12.2011						
	AAA	AA	A	BBB	<BBB	Not rated	Total
Listed bonds							
Available-for-sale	16,065	6,935	12,050	4,583	1,568	452	41,653
classified as "trading"	1	6	6	14		4	31
Classified as "held for trading"	28	16	88	102	4	139	377
Total listed bonds	**16,094**	**6,957**	**12,144**	**4,699**	**1,572**	**595**	**42,061**
Unlisted bonds							
Available-for-sale	33		77	4			114
classified as "trading"			10				10
Classified as "held for trading"					1	16	17
Total unlisted bonds	**33**	**0**	**87**	**4**	**1**	**16**	**141**
Total bond portfolio	**16,127**	**6,957**	**12,231**	**4,703**	**1,573**	**611**	**42,203**

The main changes resulted from the downgrading of the ratings of France (from AAA in AA at the beginning of 2012), Italy, and Spain (from A to BBB).

NOTE 6.10.4 – BOND PORTFOLIO – BY TYPE OF BOND ISSUER

(in millions of euros)	31.12.2012	31.12.2011
Bonds issued by EU Member States	25,425	22,532
Bonds issued by States outside the EU	160	51
Bonds from public and semi-public sectors	4,168	3,964
Corporate Bonds	15,706	15,380
Other Bonds (including bond funds)	410	276
Total bond portfolio	**45,869**	**42,203**

NOTE 6.11 – DEBT SECURITIES OF PERIPHERAL COUNTRIES OF THE EUROZONE

NOTE 6.11.1 – SOVEREIGN DEBT SECURITIES OF PERIPHERAL COUNTRIES OF THE EUROZONE

(in millions of euros)	31.12.2012					
	Gross discounted cost price	Impairment	Net discounted cost price	Fair value	Gross unrealised capital gains or losses	Unrealised capital gains or losses net of profit sharing and corporate tax
Spain	2,733		2,733	2,457	(276)	(27)
Greece						
Ireland	52		52	54	2	
Italy	7,854		7,854	7,641	(213)	(9)
Portugal	1,023		1,023	829	(193)	(29)
Total	**11,662**		**11,662**	**10,981**	**(680)**	**(65)**

(in millions of euros)	31.12.2011					
	Gross discounted cost price	Impairment	Net discounted cost price	Fair value	Gross unrealised capital gains or losses	Unrealised capital gains or losses net of profit sharing and corporate tax
Spain	2,953		2,953	2,612	(341)	(54)
Greece	3,247	(2,321)	926	926		
Ireland	85		85	70	(15)	(4)
Italy	7,719		7,720	6,215	(1,505)	(285)
Portugal	1,093		1,093	570	(523)	(130)
Total	**15,097**	**(2.321)**	**12,775**	**10,392**	**(2.383)**	**(473)**

As indicated in Note 6.5, the Group feels that there is no proven risk of impairment on the sovereign debt securities of peripheral countries of the eurozone (Ireland, Italy, Spain, and Portugal) and that, therefore, there is no reason to establish an impairment for these securities. As at 31 December 2012, unrealised losses on these securities totalled €65 million (net of taxes and profit sharing).

The changes since 31 December 2011 are explained by:
- the disposal of all of the exposure to Greek sovereign debt;
- the discontinued activities. Thus, as at 31 December 2011, the Spanish subsidiary held €137 million in Spanish sovereign debt;
- the favourable change in credit spreads on certain sovereign debt securities during the period.

In addition, the exposure level on Hungary is approximately €405 million, mainly held by the Hungarian subsidiary.

The table below shows the change in sovereign debt securities of peripheral countries of the eurozone at fair value held directly.

(in millions of euros)	31.12.2012					
	Spain	Greece	Ireland	Italy	Portugal	Total
Opening sovereign debt securities	**2,577**	**155**	**70**	**6,046**	**570**	**9,418**
Change in the unrealised capital gains or losses	56		12	1,280	303	1,651
Change in scope of consolidation	(137)	(4)	(20)	(189)	(23)	(373)
Acquisitions	6			450		456
Disposals/Redemptions	(104)	(151)	(8)	(461)	(30)	(754)
Foreign exchange adjustments						
Closing sovereign debt securities	**2,398**	**0**	**54**	**7,126**	**820**	**10,399**

Some Greek sovereign debt securities were held through UCITS. They were traded then sold in 2012.

To date, the UCITS hold €582 million in sovereign debt securities of peripheral countries of the eurozone, including €59 million in Spanish sovereign debt, €515 million in Italian sovereign debt, and €9 million in Portuguese sovereign debt.

NOTE 6.11.2 – NON-SOVEREIGN DEBT SECURITIES OF PERIPHERAL COUNTRIES OF THE EUROZONE

(in millions of euros)	31.12.2012					
	Gross discounted cost price	Impairment	Net discounted cost price	Fair value	Gross unrealised capital gains or losses	Unrealised capital gains or losses net of profit sharing and corporate tax
Spain	766		766	726	(39)	(5)
Greece						
Ireland	139		139	142	3	2
Italy	964		964	955	(9)	1
Portugal	40		40	37	(3)	(1)
Total	**1,909**		**1,909**	**1,860**	**(48)**	**(3)**

The balance sheet value of the Group's investments in bonds issued by companies, banks, local authorities and paragovernmental organisations located in peripheral countries of the eurozone (mainly Spain and Italy) was €1,860 million as at 31 December 2012. These securities present an unrealised capital loss net of taxes and profit sharing of -€3 million.

NOTE 6.12 – HIERARCHY OF FAIR VALUE

Pursuant to the amendment to IFRS 7 issued by the IASB in March 2009, financial instrument (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 in a (level 1) market or data that can be determined from prices observed;
- level 3 corresponds to the fair value determined on the basis of an assumption model which uses data not observable in 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.

(in millions of euros)	31.12.2012				31.12.2011			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Available-for-sale assets								
Equities and other variable-income investments	5,231	87	309	5,627	6,412	110	447	6,969
Bonds and other fixed-income investments	45,907	984	124	47,015	40,949	844	1,036	42,829
Other investments	10		9	19	4		11	15
Total available-for-sale assets	**51,148**	**1,071**	**442**	**52,661**	**47,365**	**954**	**1,494**	**49,813**
Trading assets								
Equities and other variable-income investments classified as "trading" or "held for trading"	350		607	957	1,126	1	567	1,694
Bonds and other fixed-income investments classified as "trading" or "held for trading"	2,610	41	102	2,753	2,561	46	84	2,691
Cash UCITS classified as "trading" or "held for trading"	13,790			13,790	11,341			11,341
Other investments			2	2			2	2
Total trading assets	**16,750**	**41**	**711**	**17,502**	**15,028**	**47**	**653**	**15,728**
Subtotal of financial investments excluding unit-linked items	**67,898**	**1,112**	**1,153**	**70,163**	**62,393**	**1,001**	**2,147**	**65,541**
Unit-linked contract investments	**3,188**	**104**	**667**	**3,959**	**2,675**	**102**	**730**	**3,507**
Derivative assets and liabilities		**(348)**	**(1)**	**(349)**		**(169)**	**(1)**	**(170)**
Total financial assets and liabilities valued at fair value	**71,086**	**868**	**1,819**	**73,773**	**65,068**	**934**	**2,876**	**68,878**

As these are investments in unit-linked policies, the risk is borne by policyholders.

Derivative instruments posted to assets totalled €80 million and derivative instruments posted to liabilities on the balance sheet totalled €429 million as at 31 December 2012. These instruments are mainly classified in Level 2.

Concerning Level 3 investments, for equities, these largely involve shares of private equity funds and unlisted equities, and for bonds, securities valued based on a model using extrapolated data. The private equity fund units are valued based on the latest net asset values. The valuation of unlisted equities is based on several methods, such as the discounted cash flow techniques or the restated net asset method.

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 totals €43 million as at 31 December 2012, compared with €69 million as at 31 December 2011.

(in millions of euros)	31.12.2012								
	Available-for-sale assets			Trading assets				Unit-linked contract investments	Derivative assets and liabilities
	Equities	Bonds	Other investments	Equities	Bonds	Cash UCITS	Other investments		
Level 3 opening amount	**447**	**1,036**	**11**	**567**	**84**		**2**	**730**	**(1)**
Change in the unrealised capital gains or losses recognised in:									
- income	(5)	1		(8)	10			(130)	
- gains and losses recognised directly in shareholders' equity	16	14	(4)						
Transfer to level 3				9					
Transfer outside of level 3	(7)			(1)					
Reclassification to loans and receivables	(14)		4						
Change in scope of consolidation	(108)	(4)	(2)	(29)					
Acquisitions	16	5		140	21			112	
Disposals/Redemptions	(37)	(928)		(71)	(14)			(72)	
Foreign exchange adjustments	1				1			27	
Level 3 closing amount	**309**	**124**	**9**	**607**	**102**		**2**	**667**	**(1)**

Changes during fiscal year 2012 are mainly due to the disposal of all Greek sovereign debt securities classified in level 3 as at 31 December 2011.

NOTE 7 – INVESTMENTS REPRESENTING COMMITMENTS IN UNIT-LINKED INVESTMENTS

(in millions of euros)	31.12.2012			31.12.2011		
	France	International	Total	France	International	Total
Variable-income and similar securities		5	5		5	5
Bonds	561	738	1,299	191	547	738
Equity UCITS units	2,354	55	2,409	2,324	49	2,373
Bond and other UCITS units	53	40	92	46	75	121
Other investments		51	51		171	171
Subtotal of unit-linked financial investments	**2,968**	**888**	**3,856**	**2,561**	**847**	**3,408**
Unit-linked investment property	102		102	99		99
Subtotal of unit-linked investment property	**102**		**102**	**99**		**99**
Total	**3,070**	**888**	**3,958**	**2,659**	**847**	**3,507**

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

(in millions of euros)	31.12.2012					
	France		International		Total	
	Positive fair value	Negative fair value	Positive fair value	Negative fair value	Positive fair value	Negative fair value
Swaps	79	(427)			79	(427)
Options						
Foreign currency futures	2	(2)			2	(2)
Other						
Total	**81**	**(429)**			**81**	**(429)**

(in millions of euros)	31.12.2011					
	France		International		Total	
	Positive fair value	Negative fair value	Positive fair value	Negative fair value	Positive fair value	Negative fair value
Swaps	64	(289)			64	(289)
Options	56				56	
Foreign currency futures		(1)				(1)
Other						
Total	**120**	**(290)**			**120**	**(290)**

Swap contracts, although not documented in accordance with IFRS as hedging contracts, mainly serve to provide macro protection for the bond portfolio against rising interest rates. The same is true for the cap options for which the fair value is not significant as at 31 December 2012.

The Group has also established protection against a decrease in the Eurostoxx50 index in the form of a tunnel. The notional amount of these options on the equity index is €1,089 million as at 31 December 2012. These hedging contracts are also not documented as hedging operations under IAS 39. In accordance with the principles set out in 3.3, these instruments are valued at fair value on the balance sheet with an offset to net income. The collar particularly covers an equity exposure made up of futures contracts for a notional amount of €448 million. The fair value of all of these instruments is not significant as at 31 December 2012.

NOTE 9 – USES AND RESOURCES FROM BANKING SECTOR OPERATIONS

NOTE 9.1 – USES OF FUNDS FOR BANKING SECTOR ACTIVITIES

(in millions of euros)	31.12.2012			31.12.2011		
	Gross value	Reserves	Net value	Gross value	Reserves	Net value
Cash, central banks, postal accounts	219		219	40		40
Financial assets at fair value through income	58		58	480		480
Hedging derivatives						
Available-for-sale financial assets	912		912	904	(6)	898
Loans and receivables from credit institutions	277		277	132		132
Loans and receivables on customers	1,551	(27)	1,524	1,400	(22)	1,378
Revaluation difference of interest rate hedged portfolios	7		7	3		3
Held-to-maturity financial assets	489		489	372		372
Investment property						
Total	**3,513**	**(27)**	**3,487**	**3,331**	**(29)**	**3,302**

Developments related to the securities reclassified in 2008 from the trading category to the assets held-to-maturity category:

Pursuant to Amendment IAS 39 adopted 15 October 2008, a reclassification from the "Trading" category to the "Assets held to maturity" category of a variable-rate bank bond portfolio took place in 2008.
The change in value, which would have been recognised in the financial statements if these assets had not been reclassified, is a positive result of €1 million as at 31 December 2012. The fair value of these assets is €20 million.

NOTE 9.2 – SOURCES OF FUNDS FOR BANKING SECTOR ACTIVITIES

(in millions of euros)	31.12.2012	31.12.2011
Central banks, postal accounts		
Financial liabilities at fair value through income	19	124
Hedging derivatives	7	3
Debts to credit institutions	372	428
Debts to customers	2,656	2,437
Debts represented by securities	65	4
Revaluation difference of interest rate hedged portfolios		
Total	**3,120**	**2,996**

The structure of uses and resources of banking businesses was specifically changed by a combination of several elements:

- A change in the asset management intention led to a sharp decline in the portfolio of financial assets at fair value through income, partially offset by an increase in held-to-maturity investments;
- Following on from 2011, the lowering of the rating of the Group and Groupama Banque led to a slowdown in the certificate of deposit issue programme, categorised in "financial liabilities at fair value through income". The prudent management implemented in 2011 therefore continued in 2012, resulting in a desire to hold significant liquidity, which generated a sharp increase in "Central banks" in assets. At the same time, the Group had less use of refinancing with the European Central Bank, which resulted in a decrease in "debt owed to credit institutions";
- The vitality of commercial banking contributed to the growth in Customer Loans and Receivables and the increase in demand payables, particularly with growth in progressive interest rate accounts.

NOTE 10 – INVESTMENTS IN RELATED COMPANIES

(in millions of euros)	31.12.2012		31.12.2011	
	Equity value	Share of income (loss)	Equity value	Share of income (loss)
Günes Sigorta	45	3	41	1
SOCOMIE				
CEGID	71	6	70	3
SEPAC (real estate company)			2	2
La Banque Postale IARD	80	(8)	88	(9)
SILIC (real estate company)			671	24
STAR	82	4	85	1
Groupama - AVIC Property Insurance Co.	29	2	28	(3)
HOLDCO (real estate company)	730	(11)		
Total	**1,039**	**(5)**	**984**	**19**

the property companies SILIC, SEPAC, and SOCOMIE exited the consolidation scope. They are now consolidated through the consolidation level of Holdco (majority holding of Caisse des Dépôts et Consignations), which is also a majority shareholder of Icade.

Groupama – AVIC Property Insurance Co. is consolidated within the scope through equity method after becoming a subsidiary in 2011.

NOTE 10.1 – KEY DATA

(in millions of euros)	2012				2011			
	Premium income	Net income	Total assets	Shareholders' equity	Premium income	Net income	Total assets	Shareholders' equity
Günes Sigorta	394	9	nc	126	351	10	nc	114
SOCOMIE					14	1	8	nc
CEGID	258	nc	nc	nc	264	16	365	181
SEPAC (real estate company)					13	4	66	4
La Banque Postale IARD	74	(21)	173	44	24	(27)	nc	nc
SILIC (real estate company)					213	58	1,749	128
STAR (1)	nc	8	361	115	104	10	364	110
Groupama - AVIC Property Insurance Co.	60	3	121	59	11	(5)	79	56
HOLDCO (real estate company) (2)	1,673	(44)	11,880	2,930				

nc: not communicated - (1) The 2012 data are December 2011 data, and the 2011 data are June 2011 data. -
(2) Premium income and total assets are estimated data.

NOTE 11 – SHARE OF OUTWARD REINSURERS AND RETROCESSIONAIRES IN INSURANCE POLICY AND FINANCIAL CONTRACT LIABILITIES

(in millions of euros)	31.12.2012			31.12.2011		
	France	International	Total	France	International	Total
Share of reinsurers in non-life insurance reserves						
Reserves for unearned premiums	32	32	64	31	38	69
Outstanding claims reserves	935	216	1,150	663	167	831
Other technical reserves	174	5	179	151	5	156
Total	**1,141**	**252**	**1,393**	**846**	**210**	**1,055**
Share of reinsurers in life insurance reserves						
Life insurance reserves	12	3	15	10	30	40
Outstanding claims reserves	12	3	15	1	7	8
Profit-sharing reserves	19		19	9		9
Other technical reserves				(1)		(1)
Total	**43**	**6**	**49**	**19**	**37**	**56**
Share of reinsurers in financial contract reserves						
Total	**1,184**	**258**	**1,441**	**864**	**247**	**1,111**

NOTE 11.1 – CHANGE IN THE SHARE OF OUTWARD REINSURERS AND RETROCESSIONAIRES IN CLAIMS RESERVES FOR NON-LIFE CLAIMS SPLIT BY OPERATING SEGMENT

(in millions of euros)	31.12.2012			31.12.2011		
	France	International	Total	France	International	Total
Share of reinsurers in claims reserves at opening	**663**	**167**	**830**	**742**	**197**	**939**
Transfers in portfolio and changes in scope of consolidation	(149)	(54)	(203)			
Share of reinsurers in the total claims expense	764	222	986	92	67	160
Share of reinsurers in total payments	(345)	(121)	(465)	(172)	(91)	(263)
Foreign exchange variation		1	1		(6)	(6)
Share of reinsurers in claims reserves at closing	**935**	**215**	**1,150**	**663**	**167**	**830**

The changes observed between 31 December 2012 and 31 December 2011 come mainly from the sale of Gan Eurocourtage's P&C and maritime portfolio for France and Groupama Seguros in Spain and Groupama Insurances in the United Kingdom for international and the establishment of a new reinsurance treaty.

NOTE 12 – OTHER PROPERTY, PLANT AND EQUIPMENT

NOTE 12.1 – CHANGE IN OTHER PROPERTY, PLANT AND EQUIPMENT

(in millions of euros)	31.12.2012			31.12.2011		
	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	**818**	**58**	**876**	**763**	**71**	**834**
Acquisitions	42	1	43	107	1	108
Change in scope of consolidation	(72)		(72)	(2)		(2)
Assets capitalised in the year	7		7	1		1
Foreign exchange adjustments	2		2	(3)		(3)
Outward reinsurance	(26)	(1)	(27)	(48)	(15)	(63)
Closing gross value	**771**	**58**	**829**	**818**	**58**	**876**
Opening cumulative depreciation	**(549)**		**(549)**	**(508)**		**(508)**
Increase	(62)		(62)	(84)		(84)
Change in scope of consolidation	51		51	2		2
Foreign exchange adjustments	(1)		(1)	2		2
Decrease	23		23	38		38
Closing cumulative depreciation	**(538)**		**(538)**	**(549)**		**(549)**
Opening cumulative long-term impairment	**(4)**	**(2)**	**(5)**	**(1)**	**(3)**	**(4)**
Long-term impairment recognised				(2)		(3)
Change in scope of consolidation						
Foreign exchange adjustments						
Long-term impairment written back					2	1
Closing cumulative long-term impairment	**(4)**	**(2)**	**(5)**	**(4)**	**(2)**	**(5)**
Opening net value	**265**	**56**	**321**	**254**	**68**	**322**
Closing net value	**229**	**56**	**285**	**265**	**56**	**321**
Closing fair value of property, plant and equipment	**229**	**89**	**318**	**265**	**83**	**348**
Unrealised capital gains	**0**	**33**	**33**	**0**	**27**	**27**

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

(in millions of euros)	31.12.2012						31.12.2011					
	Other property, plant and equipment			Other long-term operating assets			Other property, plant and equipment			Other long-term operating assets		
	France	Inter-national	Total	France	Inter-national	Total	France	Inter-national	Total	France	Inter-national	Total
Gross value	649	121	771	58		58	630	187	818	58		58
Cumulative depreciation	(441)	(96)	(537)				(408)	(141)	(549)			
Long-term impairment	(3)		(3)	(2)		(2)	(4)		(4)	(2)		(2)
Closing net value	**205**	**25**	**230**	**56**		**56**	**219**	**46**	**265**	**56**		**56**
Closing fair value of investment property	**204**	**25**	**229**	**89**		**89**	**218**	**47**	**265**	**83**		**83**
Unrealised capital gains	**0**	**0**	**0**	**33**		**33**				**27**		**27**

NOTE 13 – DEFERRED ACQUISITION COSTS

(in millions of euros)	31.12.2012			31.12.2011		
	Gross	Deferred profit sharing	Net	Gross	Deferred profit sharing	Net
Non-life insurance policies	147		147	211		211
Life insurance policies and financial contracts with discretionary profit sharing	159	(8)	152	177	13	189
France	**307**	**(8)**	**299**	**387**	**13**	**400**
Non-life insurance policies	66		66	216		216
Life insurance policies and financial contracts with discretionary profit sharing	20	(2)	18	32	(1)	31
International	**86**	**(2)**	**84**	**248**	**(1)**	**247**
Total deferred acquisition costs	**392**	**(9)**	**383**	**635**	**12**	**647**

The decrease in “deferred acquisition costs” comes from the disposal of Gan Eurocourtage’s P&C brokerage and maritime businesses and the Spanish and English subsidiaries.

NOTE 14 – DEFERRED PROFIT SHARING

NOTE 14.1 – DEFERRED PROFIT-SHARING ASSETS

(in millions of euros)	31.12.2012			31.12.2011		
	France	International	Total	France	International	Total
Deferred profit-sharing assets	75		75	3,704	246	3,951
Total	**75**		**75**	**3,704**	**246**	**3,951**

NOTE 14.2 – DEFERRED PROFIT-SHARING LIABILITIES

(in millions of euros)	31.12.2012			31.12.2011		
	France	International	Total	France	International	Total
Reserve for deferred profit sharing of insurance policies	199	5	204			
Reserve for deferred profit sharing of financial contracts						
Total	**199**	**5**	**204**			

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 confirms the rate used in the financial statements.

The rates of deferred profit sharing used in France as part of the financial statements, as at 31 December 2012, fall within a bracket of between 70.93% and 86.46%, with 86.46% for Groupama Gan Vie.

The change in deferred profit sharing between 31 December 2011 and 31 December 2012 is explained by the favourable development of financial markets on both equity and bond markets.

A recoverability test was performed to demonstrate the Group's ability to apply the amount of the deferred profit-sharing asset to future profit sharing of policyholders.

The recoverability test of the deferred profit-sharing asset mentioned in the Group's principles aims to demonstrate that the profit sharing will be available to policyholders in the future will make it possible to absorb the unrealised capital losses of investment assets by taking into account the likely impacts on the policyholder's behaviour according to a financial environment considered reasonable.

The Group carried out a future returns projection test in which the growth rate of the equity markets is 5.5% and in which the bond reinvestment rates amount to 2.80% in 2013, 3.10% in 2014, and 3.40% in 2015 and beyond.

Sensitivity analyses were carried out, assuming a 50% increase in redemptions compared with the central scenario, an increase or a decrease of 100 basis points of the 10-year OAT rate as well as a 2% decrease in the equity market growth rate. These sensitivity analyses demonstrated, on the one hand, that cash flows remain positive and that it is not necessary to realise capital losses to make payments, and on the other hand, that the financial margin remains positive.

NOTE 15 – DEFERRED TAXES

NOTE 15.1 – DEFERRED TAX ASSETS - BY OPERATING SEGMENT

(in millions of euros)	31.12.2012			31.12.2011
	France	International	Total	Total
Deferred tax assets	312	17	330	722
Total deferred tax assets	**312**	**17**	**330**	**722**

NOTE 15.2 – DEFERRED TAX LIABILITIES - BY OPERATING SEGMENT

(in millions of euros)	31.12.2012			31.12.2011
	France	International	Total	Total
Deferred tax liabilities	490	71	561	279
Total deferred tax liabilities	**490**	**71**	**561**	**279**

NOTE 15.3 – ANALYSIS OF THE MAJOR COMPONENTS OF DEFERRED TAXES

(in millions of euros)	31.12.2012	31.12.2011
Deferred taxes resulting from timing differences		
Restatements on AFS & Trading financial instruments (net of deferred profit sharing)	(624)	(52)
Life acquisition costs and overall management expenses reserve	(72)	(34)
Consolidation restatements on technical reserves	(263)	(278)
Other differences on consolidation restatements	100	47
Deferred non-life acquisition costs	(47)	(70)
Tax differences on technical reserves and other contingent liabilities	486	528
Tax-deferred capital gains	(3)	(5)
Valuation difference on UCITS	56	(18)
Foreign exchange hedge	22	24
Other temporary tax differences	6	18
Subtotal of deferred taxes resulting from timing differences	**(340)**	**159**
Recognition of tax assets on operating losses	**108**	**284**
Deferred taxes recorded on the balance sheet	**(231)**	**443**
of which, assets	330	722
of which, liabilities	(561)	(279)

The Group's combined financial statements show total deferred tax liabilities of €231 million. These deferred tax liabilities may be broken down as follows:

- A deferred tax asset of €330 million as at 31 December 2012 compared with €722 million as at 31 December 2011, or a decrease of €392 million;
- A deferred tax liability of €561 million as at 31 December 2012 compared with €279 million as at 31 December 2011, or an increase of €282 million.

Deferred tax assets from ordinary losses amounted to €108 million as at 31 December 2012 compared with €284 million as at 31 December 2011, or a decrease of €176 million following the use of the stock of loss by the tax consolidation group on the 2012 tax. The stocks of deferred taxes have not been corrected for the extraordinary contribution of 5%, which applied to taxable income for fiscal years 2011 and 2012 for French companies with turnover exceeding €250 million (see 2011 amending finance act) and was extended over the next two fiscal years (see 2012 amending finance act). This correction would have an insignificant impact.

As at 31 December 2012, the amount of unrecognised net assets (non-triggered deficits) is €99 million compared with €124 million as at 31 December 2011. The €25 million decrease is particularly due to the modification of the scope of international companies (disposal of subsidiaries in Spain and the United Kingdom).

NOTE 16 – RECEIVABLES FROM INSURANCE OR INWARD REINSURANCE TRANSACTIONS

NOTE 16.1 – RECEIVABLES FROM INSURANCE OR INWARD REINSURANCE – BY OPERATING SEGMENT

(in millions of euros)	31.12.2012							31.12.2011
	France			International			Total	Total
	Gross value	Reserves	Net value	Gross value	Reserves	Net value		
Earned premiums not issued	729		729	17		17	747	1,012
Policyholders, intermediaries, and other third parties	1,188	(22)	1,165	549	(78)	470	1,636	2,173
Current accounts – co-insurers and other third parties	38		38	54	(29)	25	63	80
Current accounts – ceding and retroceding companies	229	(1)	229	3	(1)	2	231	234
Total	**2,184**	**(23)**	**2,162**	**623**	**(108)**	**515**	**2,676**	**3,499**

The disposal of Gan Eurocourtage's P&C brokerage and maritime businesses and the disposal of subsidiaries in Spain and the United Kingdom explain the decrease in this item.

NOTE 16.2 – RECEIVABLES FROM INSURANCE OR INWARD REINSURANCE – BY OPERATING SEGMENT

(in millions of euros)	31.12.2012				31.12.2011			
	<1 year	1 to 5 years	>5 years	Total	<1 year	1 to 5 years	>5 years	Total
Earned premiums not issued	750	(4)		747	1,015	(3)		1,012
Policyholders, intermediaries, and other third parties	1,580	55		1,636	2,150	23		2,173
Current accounts – co-insurers and other third parties	61	2		63	78	2		80
Current accounts – ceding and retroceding companies	214	16	1	231	216	17	1	234
Total	**2,605**	**70**	**1**	**2,676**	**3,459**	**39**	**1**	**3,499**

NOTE 17 – RECEIVABLES FROM OUTWARD REINSURANCE TRANSACTIONS

(in millions of euros)	31.12.2012			31.12.2011
	Gross value	Reserves	Net value	Net value
Outward reinsurer and retrocessionaire current accounts	132	(14)	118	88
Other receivables from reinsurance transactions	115	(7)	108	46
Total	**247**	**(20)**	**226**	**133**

NOTE 17.1 – RECEIVABLES FROM OUTWARD REINSURANCE TRANSACTIONS – BY MATURITY

(in millions of euros)	31.12.2012				31.12.2011			
	<1 year	1 to 5 years	>5 years	Total	<1 year	1 to 5 years	>5 years	Total
Outward reinsurer and retrocessionaire current accounts	99	20		118	49	38		88
Other receivables from reinsurance transactions	90	17	1	108	25	20	1	46
Total	**189**	**37**	**1**	**226**	**75**	**58**	**1**	**133**

NOTE 18 – CURRENT TAX RECEIVABLES AND OTHER TAX RECEIVABLES

NOTE 18.1 – CURRENT TAX RECEIVABLES AND OTHER TAX RECEIVABLES – BY MATURITY

(in millions of euros)	31.12.2012				31.12.2011			
	<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	214	5		219	169	2		171

"Current tax receivables and other tax receivables" amounted to €219 million as at 31 December 2012 compared with €171 million as at 31 December 2011. It includes corporate tax as well as other government and public authority receivables.

Current tax receivables totalled €30 million as at 31 December 2012, including €29 million for international subsidiaries, versus €32 million at 31 December 2011.

Other tax receivables totalled €189 million as at 31 December 2012, including €52 million for international taxation, versus €139 million at 31 December 2011.

Other tax receivables also include €97 million on CSG (Contribution Sociale Généralisée – social security tax) and CRDS (Contribution au Remboursement de la Dette Sociale – social security debt contribution), including €87 million in advance payments for social withholdings on saving policies, deductible VAT and VAT credits for €5 million, the climate event subsidy for Regional Mutuals for €2 million, sundry taxes totalling €32 million (CET, CRL, TCAS, etc.), as well as taxes on foreign subsidiaries totalling €53 million.

NOTE 18.2 – CURRENT TAX RECEIVABLES AND OTHER TAX RECEIVABLES – BY OPERATING SEGMENT

(in millions of euros)	31.12.2012			31.12.2011		
	France	International	Total	France	International	Total
Current tax receivables and other tax receivables	138	81	219	97	74	171

NOTE 19 – OTHER RECEIVABLES

(in millions of euros)	31.12.2012			31.12.2011
	Gross values	Reserves	Total	Total
Accrued interest not yet due	748		748	789
Due from employees	21		21	20
Social agencies	3		3	9
Other debtors	1,173	(117)	1,057	1,361
Other receivables	397		397	415
Total	**2,343**	**(117)**	**2,226**	**2,594**

NOTE 19.1 – OTHER RECEIVABLES – BY MATURITY

(in millions of euros)	31.12.2012				31.12.2011			
	<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	789			789
Due from employees	21			21	20			20
Social agencies	3			3	9			9
Other debtors	983	45	29	1,057	1,287	55	19	1,361
Other receivables	397			397	416			416
Total	**2,153**	**45**	**29**	**2,226**	**2,520**	**55**	**19**	**2,594**

NOTE 19.2 – OTHER RECEIVABLES – BY OPERATING SEGMENT

(in millions of euros)	31.12.2012			31.12.2011		
	France	International	Total	France	International	Total
Accrued interest not yet due	669	79	748	672	116	789
Due from employees	20	1	21	18	2	20
Social agencies	3		3	9		9
Other debtors	988	69	1,057	1,231	130	1,361
Other receivables	350	47	397	360	55	415
Total	**2,030**	**196**	**2,226**	**2,290**	**304**	**2,594**

Note 20 – Cash and cash equivalents

Note 20.1 – Cash and cash equivalents applied to balance sheet assets

(in millions of euros)	31.12.2012	31.12.2011
France	1,477	1,105
International	456	668
Total	**1,933**	**1,773**

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

(in millions of euros)	31.12.2012				31.12.2011			
	<1 year	1 to 5 years	>5 years	Total	<1 year	1 to 5 years	>5 years	Total
Operating debts to banking sector companies	338			338	364			364
Total	**338**			**338**	**364**			**364**

(in millions of euros)	31.12.2012			
	Currencies		Rates	
	eurozone	Non-eurozone	Fixed rate	Variable rate
Operating debts to banking sector companies	338		338	
Total	**338**		**338**	

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 R322-5 and R322-44 of the French insurance code, French companies subject to State control and incorporated in the form of mutual insurance companies must have start-up funds at least equal to €240,000 or €400,000 depending on the branches operated. French public limited companies must have share capital of at least €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 its 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 financial statements through the establishment of "adjusted" solvency by taking into account, where applicable, the banking businesses engaged in by the insurance group, according to the French accounting and regulatory framework.

NOTE 21.2 – IMPACTS OF TRANSACTIONS WITH SHAREHOLDERS

➢ **Changes in the Group's shareholders' equity during fiscal year 2012**

During 2012, no transaction occurred that had an effect on shareholders' equity and issue premiums.

➢ **Accounting treatment of deeply subordinated instruments issued 10 October 2007**

On 10 October 2007, Groupama issued a perpetual subordinated bond with a nominal value of €1,000 million at a fixed interest rate of 6.298%. This bond carries specific characteristics including the following:

- 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.

Taking into account the conditions specific to the issue and in application of IAS 32 § 16 and 17, the loan is considered an equity instrument and not a financial liability. It is 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).

For the first time, on an extraordinary basis, Groupama SA decided not to pay the coupon on indefinite-term deeply subordinated bonds (TSSDI), in accordance with the option provided for in the bond's prospectus. The accrued coupons on all subordinated bonds as at 31 December 2012 have been recorded in the financial statements.

NOTE 21.3 – RESERVES RELATED TO CHANGES IN FAIR VALUE RECORDED IN SHAREHOLDERS' EQUITY

The reconciliation between unrealised capital gains)losses) on available-for-sale investment assets and the corresponding reserve in shareholders' equity may be broken down as follows:

(in millions of euros)	31.12.2012	31.12.2011
Gross unrealised capital gains (losses) on available-for-sale assets	3,087	(3,585)
of which, unrealised gross capital gains (losses) on AFS assets allocated to life and health insurance	2,420	(3,200)
of which, unrealised gross capital gains (losses) on AFS assets allocated to property and casualty insurance	667	(385)
Shadow accounting	(1,870)	2,576
Cash flow hedge and other changes	(60)	(109)
Deferred taxes	(433)	217
Share of minority interests	(4)	1
Revaluation reserve - Group share	**720**	**(901)**

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%).
"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 disposal of the foreign subsidiary.

The change in the revaluation reserve is mainly related to the recognition of unrealised capital gains under the effect of more favourable financial market conditions, namely a rise in equity markets and a decrease in credit spreads on sovereign debt securities (particularly in France and Italy).

NOTE 22 – CONTINGENT LIABILITIES

(in millions of euros)	31.12.2012						
	France			International			Total
	Reserves for pensions and similar obligations	Other contingencies (1)	Total	Reserves for pensions and similar obligations	Other contingencies (1)	Total	
Opening balance	**319**	**133**	**452**	**89**	**64**	**153**	**605**
Changes in the scope of consolidation and changes in accounting methods	(9)	(4)	(13)	(50)	(4)	(54)	(67)
Increases for the year	89	106	195	7	23	30	225
Write-backs for the year	(44)	(37)	(81)	(4)	(32)	(36)	(117)
Foreign exchange variation				2	(1)	1	1
Closing balance	**355**	**198**	**553**	**44**	**50**	**94**	**647**

(1) The details of this item are not provided because this information could cause a serious loss for the Group in view of current litigation.

(in millions of euros)	31.12.2011						
	France			International			Total
	Reserves for pensions and similar obligations	Other contingencies (1)	Total	Reserves for pensions and similar obligations	Other contingencies (1)	Total	
Opening balance	**290**	**133**	**423**	**92**	**66**	**158**	**581**
Changes in the scope of consolidation and changes in accounting methods							
Increases for the year	39	51	90	7	20	27	117
Write-backs for the year	(10)	(51)	(61)	(10)	(21)	(31)	(92)
Foreign exchange variation					(1)	(1)	(1)
Closing balance	**319**	**133**	**452**	**89**	**64**	**153**	**605**

(1) The details of this item are not provided because this information could cause a serious loss for the Group in view of current litigation.

NOTE 23 – INFORMATION PERTAINING TO PERSONNEL BENEFITS – DEFINED BENEFIT PLANS

NOTE 23.1 – CLOSING PENSIONS RESERVE

(in millions of euros)	31.12.2012			31.12.2011		
	Post-employment benefits	Other long-term benefits	Total	Post-employment benefits	Other long-term benefits	Total
Opening actuarial debt	**589**	**66**	**655**	**545**	**58**	**603**
Cost of past services	17	5	22	14	5	19
Benefits paid	(9)	(2)	(11)	(16)	(3)	(18)
Interest on actuarial debt	8	2	10	22	2	24
Actuarial gains (losses) (actual variations)	(16)	(9)	(25)	(4)	(5)	(8)
Actuarial gains (losses) (hypothetical variations)	52	7	59	6	7	13
Changes in the plan	(1)		(1)	1		1
Changes in scope of consolidation	(8)	(5)	(13)			
Change in exchange rates	7		7	8		8
Other	5	7	12	14		15
Closing actuarial debt (A)	**643**	**72**	**715**	**589**	**66**	**655**
Opening fair value of hedging assets	**246**		**246**	**221**		**221**
Return on hedging assets				13		13
Benefits paid				(10)		(10)
Required contributions	13		13	11		11
Actuarial gains (losses)				4		4
Changes in scope of consolidation						
Changes in exchange rates	6		6	7		7
Other	51		51			
Closing fair value of hedging assets (B)	**316**		**316**	**246**		**246**
Closing net actuarial debt (A)-(B)	**327**	**72**	**399**	**343**	**66**	**408**

Changes in scope of consolidation are linked to the disposal of businesses in France (Gan Eurocourtage).

Note that as part of the transfer of the pension fund of Groupama Insurances Company Limited (GICL) to Groupama SA, the change in the fair value of hedging assets has been isolated on the "Other" line.

NOTE 23.2 – CHANGE IN THE RESERVE FOR PENSIONS RECOGNISED IN THE BALANCE SHEET UNDER CONTINGENT LIABILITIES

(in millions of euros)	31.12.2012			31.12.2011		
	Post-employment benefits	Other long-term benefits	Total	Post-employment benefits	Other long-term benefits	Total
Opening amount recognised in contingent liabilities	**343**	**66**	**409**	**324**	**58**	**382**
Present value of commitment	6	12	18	26	10	36
Actuarial differences affecting shareholders' equity	36		36	(1)		(1)
Write-back of reserves for benefits paid by the employer	(4)	(3)	(7)	(7)	(3)	(10)
Reclassifications						
Change in scope of consolidation	(8)	(5)	(13)	1	1	2
Change in exchange rates	1		1			
Other	(47)	2	(45)			
Closing amount recognised in contingent liabilities	**327**	**72**	**399**	**343**	**66**	**409**

Post-employment benefits pertain to retirement payments, and other long-term benefits pertain to long-service employee awards, special anniversary leave, etc.

Note that as part of the transfer of the pension fund of Groupama Insurances Company Limited (GICL) to Groupama SA, the change in the fair value of hedging assets has been isolated on the "Other" line.

NOTE 23.3 – POST-EMPLOYMENT BENEFITS EXPENSE RECOGNISED IN THE INCOME STATEMENT

(in millions of euros)	31.12.2012	31.12.2011
Cost of past services	(17)	(14)
Benefits paid by the employer	(9)	(15)
Interest on actuarial debt	(8)	(22)
Return expected from hedging assets		13
SORIE Option	36	(1)
Plan changes	(1)	14
Effects of exchange rate changes	(1)	(1)
Other		
Annual retirement expense	**0**	**(26)**

NOTE 23.4 – INFORMATION PERTAINING TO EMPLOYEE BENEFITS – DISTRIBUTION OF HEDGING ASSETS

(in millions of euros)	31.12.2012	31.12.2011
Equities	223	166
Bonds	56	54
General euro funds	22	10
Other	14	16
Closing fair value of assets	**315**	**246**

NOTE 23.5 – PRINCIPAL ACTUARIAL ASSUMPTIONS

(in millions of euros)	31.12.2012				31.12.2011			
	France	United Kingdom	Other	Total	France	United Kingdom	Other	Total
Actuarial debt	353	317	45	715	328	283	43	654
Fair value of hedging assets	22	293	1	316	9	234	2	245
Net actuarial debt	**331**	**24**	**44**	**399**	**319**	**49**	**41**	**409**
Principal actuarial assumptions								
Discount rate	2.75%	4.50%	3.50%		4.25%	4.80%	4.25%	
Yield expected from plan assets	2.10%	6.37%			2.00%	6.14%	2.00%	
Expected salary/pension increase	1.99%	3.00%	4.26%		2.42%	3.00%	4.35%	
Staff turnover								
- 18 to 34 years	4.70%	NA	NS		4.30%	NA	NS	
- 35 to 44 years	2.90%	NA	NS		2.90%	NA	NS	
- 45 to 54 years	0.80%	NA	NS		1.20%	NA	NS	
- 55 and older	0.00%	NA	NS		0.00%	NA	NS	

Only staff turnover in respect of France is material in the context of the consolidated financial statements.

As in 2011, the discount rate used at 31 December 2012 to assess actuarial commitments corresponds to the interest rate on high-quality corporate bonds.

The sensitivity to an increase of 50 basis points in this discount rate is -5.5% on the gross actuarial debt total for France, and -9.5% for the United Kingdom.

Sensitivity of total social commitments corresponding to health coverage plans as at 31 December 2011, the actuarial debt corresponding to health coverage plans totalled €10.2 million. The sensitivity of this debt to an increase of 50 basis points in the discount rate is -5.23%.

A 0.5% change in the increase in medical costs would not have a material impact on the Group's combined financial statements, borne by the beneficiaries.

Note that in the United Kingdom, the pension fund of Groupama Insurances Company Limited (GICL) was transferred to Groupama SA.

(in millions of euros)	31.12.2010				31.12.2009			
	France	United Kingdom	Other	Total	France	United Kingdom	Other	Total
Actuarial debt	296	261	46	603	276	240	45	561
Fair value of hedging assets	6	212	2	220	5	184	2	191
Net actuarial debt	**290**	**49**	**44**	**383**	**271**	**56**	**43**	**370**
Principal actuarial assumptions								
Discount rate	4.50%	5.60%	4.90%		5.25%	5.70%	5.20%	
Yield expected from plan assets	2.00%	6.58%	2.00%		2.45%	6.78%	2.00%	
Expected salary/pension increase	2.44%	3.40%	6.06%		2.24%	3.30%	5.87%	
Staff turnover								
- 18 to 34 years	4.36%	NA	NS		0 to 20%	NA	NS	
- 35 to 44 years	2.81%	NA	NS		0 to 6%	NA	NS	
- 45 to 54 years	1.16%	NA	NS		0 to 10%	NA	NS	
- 55 and older	0.00%	NA	NS		0.00%	NA	NS	

(in millions of euros)	31.12.2008			
	France	United Kingdom	Other	Total
Actuarial debt	274	187	48	509
Fair value of hedging assets	4	154	2	160
Net actuarial debt	**270**	**33**	**46**	**349**
Principal actuarial assumptions				
Discount rate	5.50%	6.40%	3.90%	
Yield expected from plan assets	4.50%	7.19%	4.60%	
Expected salary/pension increase	3.00%	2.75%	3.00%	
Staff turnover				
- 18 to 34 years	0 to 20%	NA	NS	
- 35 to 44 years	0 to 15%	NA	NS	
- 45 to 54 years	0 to 10%	NA	NS	
- 55 and older	0.00%	NA	NS	

NOTE 23.6 – BREAKDOWN OF EMPLOYEE EXPENSES

(in millions of euros)	31.12.2012	31.12.2011
Salaries	(1,200)	(1,376)
Social security expenses	(553)	(610)
Post-employment benefits		
Defined contribution plans		
Defined benefit plans		(26)
Anniversary days and employee awards	(12)	(10)
Other personnel benefits	(34)	(58)
Annual salary expenses	**(1.799)**	**(2.080)**

NOTE 23.7– HISTORY OF ACTUARIAL COMMITMENTS AND HEDGING ASSET VALUE

(in millions of euros)	31.12.2012	31.12.2011	31.12.2010	31.12.2009	31.12.2008
Opening actuarial debt	**655**	**603**	**561**	**509**	**617**
Cost of past services	22	19	31	23	16
Benefits paid	(11)	(18)	(26)	(31)	(30)
Interest on actuarial debt	10	24	25	28	28
Actuarial gains (losses) (actual variations)	(25)	(8)	(4)	5	(54)
Actuarial gains (losses) (hypothetical variations)	59	13	25	46	(12)
Changes in the plan	(1)	1	(14)	1	
Changes in scope of consolidation	(13)		(3)	(9)	1
Change in exchange rates	7	8	8	14	(61)
Other	12	15	(1)	(26)	5
Closing actuarial debt (A)	**715**	**655**	**603**	**561**	**509**
Opening fair value of hedging assets	**246**	**221**	**191**	**160**	**242**
Return on hedging assets		13	12	11	15
Benefits paid		(10)	(8)	(11)	(11)
Required contributions	13	11	8	10	8
Actuarial gains (losses)		4	10	10	(44)
Changes in scope of consolidation					
Changes in exchange rates	6	7	6	11	(49)
Other	51				
Closing fair value of hedging assets (B)	**316**	**246**	**221**	**191**	**160**
Closing net actuarial debt (A)-(B)	**399**	**408**	**382**	**370**	**349**

NOTE 24 – FINANCING DEBT

NOTE 24.1 – FINANCING DEBT – BY MATURITY

(in millions of euros)	31.12.2012				31.12.2011			
	<1 year	1 to 5 years	>5 years	Total	<1 year	1 to 5 years	>5 years	Total
Subordinated debt			1,238	1,238			1,245	1,245
of which subordinated debt of insurance companies			1,238	1,238			1,245	1,245
of which subordinated debt of banking companies								
Financing debt represented by securities								
Financing debt with banking-sector companies	654	16	37	707	825	14	78	917
Total	**654**	**16**	**1,275**	**1,945**	**825**	**14**	**1,323**	**2,162**

The Group's external debt declined as at 31 December 2012 by €216 million, mainly because of:

- the repayment of the syndicated loan for €151 million,
- the redemption of part of the fixed-rate perpetual subordinated bond (TSDI) issued by Groupama SA in July 2005 for €7 million.
- the exercise by Groupama Banque's minority shareholders of options to sell that had been granted to them in 2008, representing a debt outflow for €32 million,
- the settlement of options to sell granted to the minority shareholders of Lark and Bollington following the sale of these two subsidiaries in 2012. These options to sell represented a debt of €19 million.

NOTE 24.2 – FINANCING DEBT – BY CURRENCY AND RATE

(in millions of euros)	31.12.2012			
	Currencies		Rates	
	eurozone	Non-eurozone	Fixed rate	Variable rate
Subordinated debt	1,238		1,238	
Financing debt represented by securities				
Financing debt with banking-sector companies	707		694	13
Total	**1,946**		**1,932**	**13**

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 for €488 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 2012, this issue was quoted at 63% compared with 35% at 31 December 2011. 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 TSR,
- Groupama SA has the option of deferring interest payments if the Group's solvency is below 100%.

  At 31 December 2012, this issue was quoted at 85% compared with 49% at 31 December 2011.

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 debt to companies in the banking sector" amounts to €707 million and corresponds to the use of a syndicated loan totalling €651 million out of a total line of credit of €1 billion and a lease-loan debt for €33 million.

These loans do not contain a covenant clause.

Note 25 – Liabilities related to insurance policies

Note 25.1 – Liabilities related to insurance policies – by operating segment

(in millions of euros)	31.12.2012			31.12.2011		
	France	International	Total	France	International	Total
Gross technical reinsurance reserves						
Life insurance reserves	29,237	1,348	30,585	28,451	1,921	30,372
Outstanding claims reserves	671	69	740	1,089	89	1,178
Profit-sharing reserves	524	20	544	427	17	443
Other technical reserves	12	29	41	22	29	51
Total Life insurance	**30,444**	**1,467**	**31,911**	**29,990**	**2,055**	**32,045**
Reserves for unearned premiums	972	759	1,731	1,105	1,385	2,490
Outstanding claims reserves	8,012	2,109	10,121	9,313	2,979	12,291
Other technical reserves	2,982	49	3,031	2,970	83	3,054
Total Non-life insurance	**11,965**	**2,917**	**14,883**	**13,388**	**4,448**	**17,836**
Life insurance reserves for unit-linked policies	3,432	886	4,319	2,882	814	3,696
Total	**45,842**	**5,270**	**51,112**	**46,259**	**7,317**	**53,576**

Technical liabilities of insurance policies decreased by €2,464 million between 31 December 2011 and 31 December 2012. Disposals of businesses in France, Spain, and Germany during fiscal year 2012 resulted in a decrease in technical liabilities of €4,121 million (€1,981 million for France and €2,140 million abroad). This decrease is partially offset by an increase in life insurance technical reserves in France (+€786 million) as well as by the increase in technical reserves for unit-linked policies (+€550 million) for the same region.

The adequacy tests carried out on liabilities as at 31 December 2012 were found to be satisfactory and did not result in the recognition of any additional technical expense.

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)	31.12.2012			31.12.2011		
	L&H	P&C	Total	L&H	P&C	Total
Gross technical reinsurance reserves						
Life insurance reserves	29,237		29,237	28,451		28,451
Outstanding claims reserves	671		671	1,089		1,089
Profit-sharing reserves	524		524	427		427
Other technical reserves	12		12	22		22
Total Life insurance	**30,444**		**30,444**	**29,989**		**29,989**
Reserves for unearned premiums	132	839	971	120	985	1,105
Outstanding claims reserves	992	7,020	8,012	852	8,461	9,313
Other technical reserves	2,404	579	2,983	2,280	690	2,970
Total Non-life insurance	**3,528**	**8,438**	**11,966**	**3,252**	**10,136**	**13,388**
Life insurance reserves for unit-linked policies	3,432		3,432	2,882		2,882
Total gross technical reserves relating to insurance policies	**37,404**	**8,438**	**45,842**	**36,123**	**10,136**	**46,259**

NOTE 25.2.2 – TECHNICAL LIABILITIES RELATED TO INSURANCE POLICIES BY BUSINESS – INTERNATIONAL

(in millions of euros)	31.12.2012			31.12.2011		
	L&H	P&C	Total	L&H	P&C	Total
Gross technical reinsurance reserves						
Life insurance reserves	1,348		1,348	1,921		1,921
Outstanding claims reserves	69		69	89		89
Profit-sharing reserves	20		20	16		16
Other technical reserves	29		29	29		29
Total Life insurance	**1,466**		**1,466**	**2,055**		**2,055**
Reserves for unearned premiums	66	694	760	105	1,280	1,385
Outstanding claims reserves	103	2,006	2,110	143	2,836	2,979
Other technical reserves	8	40	48	9	74	83
Total Non-life insurance	**177**	**2,740**	**2,918**	**257**	**4,190**	**4,447**
Life insurance reserves for unit-linked policies	886		886	814		814
Total gross technical reserves relating to insurance policies	**2,530**	**2,740**	**5,270**	**3,126**	**4,190**	**7,316**

NOTE 25.3 – BREAKDOWN OF TECHNICAL RESERVES FOR INSURANCE POLICIES BY MAIN CATEGORIES

(in millions of euros)	31.12.2012			31.12.2011		
	Gross life insurance reserves	Gross outstanding claims reserves	Total	Gross life insurance reserves	Gross outstanding claims reserves	Total
Single-premium policies						
Capitalisation	367	21	388	160	2	162
Individual insurance	9,736	257	9,993	10,061	698	10,759
Group policies	205	6	211	214	7	222
Other	2,256		2,256	2,132	22	2,154
Total reserves for single-premium policies	**12,564**	**285**	**12,849**	**12,566**	**730**	**13,296**
Periodic-premium contracts						
Capitalisation	377	8	385	457	22	479
Individual insurance	7,186	180	7,366	7,098	125	7,222
Group policies	7,483	237	7,720	7,404	266	7,670
Other	603	3	606	643	3	645
Total reserves for periodic premium policies	**15,649**	**429**	**16,077**	**15,601**	**416**	**16,017**
Inward reinsurance	**2,373**	**26**	**2,399**	**2,204**	**33**	**2,237**
TOTAL	**30,586**	**740**	**31,326**	**30,372**	**1,178**	**31,550**

(in millions of euros)	31.12.2012			31.12.2011		
	Reserves for unearned premiums	Gross outstanding claims reserves	Total	Reserves for unearned premiums	Gross outstanding claims reserves	Total
Non-life insurance						
Motor insurance	819	4,213	5,032	1,117	4,870	5,987
Bodily injury	218	1,171	1,389	245	1,145	1,390
Property damage	421	2,095	2,516	774	2,595	3,369
General third party liability	53	475	528	87	1,031	1,118
Marine, aviation, transport	11	333	344	12	536	548
Other	200	1,465	1,665	247	1,764	2,011
Inward reinsurance	**9**	**369**	**378**	**9**	**351**	**360**
Total Non-Life Insurance reserves	**1,731**	**10,121**	**11,852**	**2,491**	**12,292**	**14,783**

NOTE 25.4 – CHANGE IN RESERVES FOR NON-LIFE CLAIMS PAYABLE

(in millions of euros)	31.12.2012			31.12.2011		
	France	International	Total	France	International	Total
Opening reserves for non-life claims	**9,313**	**2,979**	**12,292**	**9,480**	**3,123**	**12,603**
Transfers in portfolio and changes in scope of consolidation	**(1,711)**	**(923)**	**(2,634)**	**6**		**6**
Claims expense for the current year	6,084	1,332	7,416	6,356	2,407	8,763
Claims expense for prior years	198	51	249	(458)	(94)	(552)
Total claims expense	**6,282**	**1,383**	**7,665**	**5,898**	**2,314**	**8,212**
Claims payments for the current year	(3,115)	(649)	(3,763)	(3,085)	(1,265)	(4,350)
Claims payments for prior years	(2,758)	(688)	(3,446)	(2,986)	(1,171)	(4,157)
Total payments	**(5,873)**	**(1,337)**	**(7,210)**	**(6,071)**	**(2,436)**	**(8,507)**
Foreign exchange variation		**7**	**7**		**(22)**	**(22)**
TOTAL	**8,011**	**2,109**	**10,120**	**9,313**	**2,979**	**12,292**

NOTE 25.5 – IMPACT OF GROSS CLAIMS

(in millions of euros)	2008	2009	2010	2011	2012
Estimate of the claims expense					
At end of N	6,023	7,066	7,225	6,971	7,412
At end of N+1	6,020	6,910	7,327	7,278	
At end of N+2	5,848	6,801	7,266		
At end of N+3	5,786	6,829			
At end of N+4	5,834				
At end of N+5					
Claims expense	**5,834**	**6,829**	**7,266**	**7,278**	**7,412**
Cumulative claims payments	**5,265**	**6,142**	**6,293**	**5,738**	**3,760**
Outstanding claims reserves	**569**	**687**	**973**	**1,540**	**3,652**
Earned premiums	**8,145**	**8,594**	**9,072**	**9,516**	**9,988**
Claims and reserves/earned premium	**71.6%**	**79.5%**	**80.1%**	**76.5%**	**74.2%**

The data for 2008 to 2011 are restated for discontinued activities.

The statement of claim trends shows changes in estimates of the gross claims expense per year of occurrence covering the years 2008 to 2012, i.e., changes in the initial estimates and adjusted 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.

NOTE 25.6 – IMPACT OF THE DISCOUNT IN ACTUARIAL RESERVES FOR NON-LIFE ANNUITIES BY OPERATING SEGMENT

GROSS VALUE

(in millions of euros)	31.12.2012			31.12.2011		
	France	International	Total	France	International	Total
Closing non-life annuity actuarial reserves (net of recoveries)	**2,120**	**24**	**2,144**	**2,060**	**28**	**2,088**
Closing non-life annuity actuarial reserves (net of recoveries) before change in discount rate	2,088	24	2,112	2,045	28	2,073
Closing non-life annuity actuarial reserves (net of recoveries) excluding technical interest	2,604	24	2,628	2,660	35	2,695
Technical interest	(517)		(517)	(615)	(7)	(622)
Impact of change in discount rate	32		32	16		16

PROPORTION CEDED

(in millions of euros)	31.12.2012			31.12.2011		
	France	International	Total	France	International	Total
Share of reinsurers in non-life annuity actuarial reserves carried forward (net of recoveries)	**121**	**(5)**	**116**	**99**	**12**	**111**
Share of reinsurers in non-life annuity actuarial reserves carried forward (net of recoveries) before change in discount rate	119	(5)	114	98	12	110
Share of reinsurers in non-life annuity actuarial reserves carried forward (net of recoveries) excluding technical interest	153	(5)	147	129	18	147
Technical interest	(33)		(33)	(31)	(6)	(37)
Impact of change in discount rate	2		2	1		1

NOTE 26 – LIABILITIES RELATED TO FINANCIAL CONTRACTS

(in millions of euros)	31.12.2012	31.12.2011
Reserves on financial contracts with discretionary profit sharing		
Life technical reserves	20,538	21,844
Reserves on unit-linked policies	24	104
Outstanding claims reserves	243	84
Profit-sharing reserves	53	40
Other technical reserves	27	
Total	**20,885**	**22,072**
Reserves on financial contracts without discretionary profit sharing		
Life technical reserves	7	7
Reserves on unit-linked policies	43	69
Outstanding claims reserves		
Profit-sharing reserves		
Other technical reserves		
Total	**50**	**76**
Total	**20,935**	**22,148**

NOTE 26.1 – LIABILITIES RELATING TO FINANCIAL CONTRACTS (EXCLUDING UNIT-LINKED) SPLIT BY OPERATING SEGMENT

(in millions of euros)	31.12.2012			31.12.2011		
	France	International	Total	France	International	Total
Life financial contract reserves	19,379	1,166	20,545	20,557	1,294	21,851
Outstanding claims reserves	238	5	243	55	28	84
Profit-sharing reserves	36	17	53	37	2	40
Other technical reserves	27		27			
Total	**19,680**	**1,188**	**20,868**	**20,649**	**1,325**	**21,974**

NOTE 26.2 – BREAKDOWN OF LIABILITIES RELATED TO FINANCIAL CONTRACTS BY MAJOR CATEGORY

(in millions of euros)	31.12.2012			31.12.2011		
	Life financial contract reserves	Gross outstanding claims reserves	Total	Life financial contract reserves	Gross outstanding claims reserves	Total
Single-premium policies						
Capitalisation	301	6	307	786	41	828
Individual insurance	19,194	224	19,418	19,699	32	19,730
Group policies	84		84	78		78
Other						
Total reserves for single-premium policies	**19,578**	**230**	**19,809**	**20,563**	**73**	**20,636**
Periodic-premium contracts						
Capitalisation	124	1	125	190	2	192
Individual insurance	384	5	389	646	5	651
Group policies	455	6	461	442	5	447
Other	3		3	9		9
Total reserves for periodic premium policies	**966**	**13**	**979**	**1,288**	**11**	**1,299**
Inward reinsurance					**(1)**	**(1)**
Total Life Insurance reserves	**20,544**	**243**	**20,787**	**21,851**	**84**	**21,935**

NOTE 27 – CHANGE IN ACTUARIAL RESERVES FOR LIFE INSURANCE POLICIES AND FINANCIAL CONTRACTS BY OPERATING SEGMENT

(in millions of euros)	31.12.2012			31.12.2011		
	France	International	Total	France	International	Total
Opening actuarial reserves	**49,008**	**3,215**	**52,223**	**47,988**	**3,304**	**51,292**
Premiums for the year	2,808	236	3,044	3,170	437	3,608
Portfolio transfer/changes in scope of consolidation		(565)	(565)			
Interest credited	235	71	307	340	93	433
Profit sharing	1,179	14	1,193	1,147	14	1,160
Policies at term	(528)	(127)	(655)	(296)	(208)	(504)
Redemptions	(2,783)	(318)	(3,101)	(2,272)	(369)	(2,641)
Annuity arrears	(490)	(3)	(492)	(473)	(6)	(480)
Death benefits	(890)	(11)	(902)	(611)	(20)	(631)
Other changes	77	2	79	15	(30)	(15)
Total closing actuarial reserves	**48,616**	**2,514**	**51,130**	**49,008**	**3,215**	**52,223**

NOTE 28 – DEBTS TO UNIT HOLDERS OF CONSOLIDATED UCITS

(in millions of euros)	31.12.2012			31.12.2011		
	Insurance	Banking	Total	Insurance	Banking	Total
Debts to unit holders of consolidated UCITS	769		769	476		476
Total	**769**		**769**	**476**		**476**

NOTE 29 – LIABILITIES FROM INSURANCE OR INWARD REINSURANCE OPERATIONS

(in millions of euros)	31.12.2012				31.12.2011			
	<1 year	1 to 5 years	>5 years	Total	<1 year	1 to 5 years	>5 years	Total
Policyholders, intermediaries, and other third parties	666	3		669	795	4		799
Co-insurers	75	10		85	99	10		109
Current accounts – ceding and retroceding companies	29	4		33	45	3		48
Total	**770**	**17**		**787**	**939**	**16**		**955**

NOTE 30 – LIABILITIES FROM OUTWARD REINSURANCE ACTIVITIES

(in millions of euros)	31.12.2012				31.12.2011			
	<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)	235	8		243	225	22		248
Other liabilities from reinsurance activities	183	4		187	82	6		88
Total	**417**	**13**		**430**	**307**	**28**		**335**

(1) Including deposits received from reinsurers.

NOTE 31 – CURRENT TAXES PAYABLE AND OTHER TAX LIABILITIES

(in millions of euros)	31.12.2012				31.12.2011			
	<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	275	4		280	319	2		321
Total	**275**	**4**		**280**	**319**	**2**		**321**

"Current taxes payable and other tax liabilities" amounts to €280 million as at 31 December 2012 compared with €321 million as at 31 December 2011. This item includes corporate income taxes due in France and abroad as well as other government and public authority liabilities.

Current tax payables totalled €93 million as at 31 December 2012, versus €71 million as at 31 December 2011, broken down as follows:

- €51 million for companies of the tax consolidation scope, i.e. a corporate income tax expense of €135 million minus €84 million in advance payments to the DGE;
- €4 million for French companies not within the tax consolidation scope or those paying taxes abroad;
- €38 million for foreign companies.

Other tax liabilities totalled €187 million as at 31 December 2012, including €38 million for foreign companies, versus €250 million as at 31 December 2011.

NOTE 32 – OTHER DEBT

NOTE 32.1 – OTHER DEBT – BY OPERATING SEGMENT

(in millions of euros)	31.12.2012			31.12.2011		
	France	International	Total	France	International	Total
Personnel creditors	259	7	266	297	8	305
Social agencies	220	9	229	221	12	233
Other loans, deposits and guarantees received	5,178	8	5,186	3,857	20	3,877
Miscellaneous creditors	880	50	930	1,263	128	1,391
Other debt	256	31	287	225	57	282
Total	**6,794**	**104**	**6,898**	**5,863**	**226**	**6,088**

The "Other loans, deposits and guarantees received" line item amounted to €5,186 million as at 31 December 2012, compared with €3,877 million as at 31 December 2011, an increase of €1,309 million. This increase mainly comes from debt resulting from the bond repurchase agreement, which amounted to €5,110 million as at 31 December 2012 compared with €3,772 as at 31 December 2011, an increase of €1,338 million, mainly from Groupama Gan Vie.

The item "miscellaneous creditors" represented €930 million at 31 December 2012, versus €1,391 million at 31 December 2011, down €461 million. This decrease mainly comes from the discontinuation of the securities lending activity within UCITS.

NOTE 32.2 – OTHER DEBT – BY MATURITY

(in millions of euros)	31.12.2012				31.12.2011			
	<1 year	1 to 5 years	>5 years	Total	<1 year	1 to 5 years	>5 years	Total
Personnel creditors	253		14	266	291		14	305
Social agencies	229			229	233			233
Other loans, deposits and guarantees received	5,101	14	71	5,186	3,786	20	71	3,877
Miscellaneous creditors	910	9	11	930	1,373	8	11	1,391
Other debt	287			287	282			282
Total	**6,779**	**23**	**96**	**6,898**	**5,965**	**28**	**96**	**6,088**

NOTE 32.3 – OTHER DEBT – BY CURRENCY AND BY RATE

(in millions of euros)	31.12.2012			
	Currencies		Rates	
	eurozone	Non-euro zone	Fixed rate	Variable rate
Personnel creditors	264	2	266	
Social agencies	226	3	229	
Other loans, deposits and guarantees received	5,185		5,175	11
Miscellaneous creditors	889	41	930	
Other debt	286	1	287	
Total	**6,850**	**48**	**6,887**	**11**

NOTE 33 – ANALYSIS OF PREMIUM INCOME

NOTE 33.1 – ANALYSIS OF INSURANCE PREMIUM INCOME BY MAJOR CATEGORY

(in millions of euros)	31.12.2012			31.12.2011 pro forma			31.12.2011		
	France	Inter-national	Total	France	Inter-national	Total	France	Inter-national	Total
Individual retirement savings	2,367	387	2,754	3,183	436	3,619	3,183	558	3,741
Individual protection insurance	603	107	710	597	116	713	597	138	735
Individual health insurance	1,339	67	1,406	1,273	83	1,356	1,273	131	1,404
Other	150		150	145		145	145		145
Individual life and health insurance	**4,459**	**561**	**5,020**	**5,197**	**635**	**5,832**	**5,197**	**826**	**6,023**
Group retirement savings	207	63	270	242	62	304	242	63	305
Group protection scheme	575	76	651	557	68	625	557	105	662
Group health	561	24	585	509	43	552	509	98	607
Other	275		275	277		277	277		277
Group life and health insurance	**1,618**	**163**	**1,781**	**1,585**	**173**	**1,758**	**1,585**	**266**	**1,851**
L&H	**6,077**	**724**	**6,801**	**6,782**	**808**	**7,590**	**6,782**	**1,092**	**7,874**
Motor insurance	1,536	1,341	2,877	1,452	1,343	2,795	1,550	1,852	3,402
Other vehicles	108		108	108		108	126		126
Home insurance	882	176	1,058	842	170	1,012	887	437	1,324
Retail and professional property and casualty	370	13	383	338	11	349	459	39	498
Construction	172		172	171		171	220		220
Private and professional	**3,068**	**1,530**	**4,598**	**2,911**	**1,524**	**4,435**	**3,242**	**2,329**	**5,571**
Fleets	388	12	400	386	17	403	441	101	542
Business and local authorities property	486	185	671	445	190	635	713	405	1,118
Businesses and local authorities	**874**	**197**	**1,071**	**831**	**207**	**1,038**	**1,154**	**506**	**1,660**
Agricultural risks	459	87	546	449	93	542	449	125	574
Climate risks	231		231	224		224	224		224
Tractors and agricultural equipment	225		225	213		213	213		213
Agricultural business segments	**915**	**87**	**1,002**	**886**	**93**	**979**	**886**	**125**	**1,011**
Other business segments	380	78	458	187	89	276	716	139	855
Property and casualty insurance	**5,237**	**1,893**	**7,130**	**4,815**	**1,913**	**6,728**	**5,998**	**3,099**	**9,097**
Total Insurance	**11,314**	**2,617**	**13,931**	**11,597**	**2,721**	**14,320**	**12,780**	**4,191**	**16,971**

Pro forma: restated for discontinued activities (Gan Eurocourtage, Groupama Insurances, Poland and Spain)

NOTE 33.2 – ANALYSIS OF PREMIUM INCOME BY BUSINESS

(in millions of euros)	31.12.2012				
	L&H	Property and casualty insurance	Financial businesses	Total	Share as %
France	6,077	5,237	267	11,581	82%
South-eastern Europe	481	1,573		2,055	14%
South-western Europe	61	8		69	0%
Central and Eastern European Countries (CEEC)	182	311		493	3%
Total	**6,801**	**7,130**	**267**	**14,198**	**100%**

(in millions of euros)	31.12.2011 pro forma					31.12.2011				
	L&H	Property and casualty insurance	Financial businesses	Total	Share as %	L&H	Property and casualty insurance	Financial businesses	Total	Share as %
France	6,782	4,815	269	11,866	81%	6,782	5,998	269	13,049	76%
South-eastern Europe	542	1,596		2,138	15%	542	1,596		2,138	12%
South-western Europe	61	8		70	0%	269	743		1,012	6%
Central and Eastern European Countries (CEEC)	204	311		515	4%	204	311		515	3%
United Kingdom					0%	77	448		525	3%
Total	**7,589**	**6,731**	**269**	**14,588**	**100%**	**7,874**	**9,097**	**269**	**17,240**	**100%**

Pro forma: restated for discontinued activities (Gan Eurocourtage, Groupama Insurances, Poland and Spain)

The geographic areas are broken down as follows:

- France
- South-eastern Europe: Italy, Greece and Turkey;
- South-western Europe: Spain, Portugal;
- Central and Eastern European Countries (CEEC): Bulgaria, Hungary, Romania and Slovakia;
- United Kingdom

NOTE 33.3 – ANALYSIS OF BANKING ITEMS CONTRIBUTING TO PREMIUM INCOME

(in millions of euros)	31.12.2012			31.12.2011		
	Groupama Banque	Other companies	Total	Groupama Banque	Other companies	Total
Interest and related income	50		50	25		25
Commissions (income)	59	138	197	64	139	203
Gains on financial instruments at fair value through income	9	1	9	28	1	28
Gains on available-for-sale financial assets	7	1	7	6	1	7
Income from other activities	1	3	3		5	5
Total	**125**	**142**	**267**	**123**	**146**	**269**

Banking premium income shown in the combined financial statements corresponds to banking income before taking into account refinancing costs.

NOTE 34 – TOTAL INVESTMENT INCOME NET OF MANAGEMENT EXPENSES

NOTE 34.1 – INVESTMENT INCOME NET OF INVESTMENT EXPENSES – BY OPERATING SEGMENT

(in millions of euros)	31.12.2012			31.12.2011 pro forma			31.12.2011		
	France	Inter-national	Total	France	Inter-national	Total	France	Inter-national	Total
Income from investments	**2,350**	**275**	**2,625**	**2,636**	**307**	**2,943**	**2,737**	**406**	**3,144**
Interest on deposits and financial investments income	2,044	256	2,300	2,237	274	2,511	2,319	373	2,692
Gains on foreign exchange transactions	23	13	36	20	21	41	30	21	51
Income from differences on redemption prices to be received (premium-discount)	112	5	117	157	5	162	159	5	164
Income from property	171	1	172	222	7	230	229	8	237
Other investment income									
Investment expenses	**(571)**	**(40)**	**(611)**	**(570)**	**(40)**	**(610)**	**(593)**	**(57)**	**(651)**
Interest received from reinsurers	(3)		(4)	(2)		(2)	(2)	(2)	(4)
Losses on foreign exchange transactions	(32)	(11)	(44)	(4)	(15)	(19)	(15)	(15)	(30)
Amortisation of differences in redemption prices (premium-discount)	(137)	(10)	(148)	(108)	(12)	(120)	(112)	(22)	(134)
Impairment and reserves on property	(55)	(7)	(62)	(59)	(2)	(61)	(60)	(2)	(62)
Other investment expenses	(344)	(11)	(355)	(396)	(11)	(407)	(404)	(17)	(421)
Capital gains (losses) from sales of investments, net of impairment reversals and write-backs	**550**	**(32)**	**519**	**350**	**47**	**398**	**271**	**50**	**321**
Held for trading	205		205	101	5	106	104	5	110
Available-for-sale	(428)	(50)	(479)	43	21	64	(41)	24	(18)
Held to maturity									
Other	774	19	792	207	21	228	208	21	229
Change in fair value of financial instruments recorded at fair value by income	**396**	**66**	**462**	**(426)**	**(10)**	**(435)**	**(429)**	**(10)**	**(439)**
Held for trading	93	30	123	(72)	(5)	(77)	(76)	(7)	(82)
Derivatives	(116)	(1)	(117)	(190)	1	(189)	(190)	1	(189)
Adjustments on unit-linked policies	419	36	455	(164)	(5)	(169)	(164)	(4)	(167)
Change in impairment losses on financial instruments	**(303)**	**15**	**(288)**	**(3.751)**	**(351)**	**(4.102)**	**(3.834)**	**(361)**	**(4.195)**
Available-for-sale	(305)	15	(290)	(3.751)	(351)	(4.102)	(3.834)	(361)	(4.195)
Held to maturity									
Receivables and loans	2		2						(1)
Total	**2,422**	**284**	**2,706**	**(1,760)**	**(47)**	**(1,807)**	**(1,849)**	**28**	**(1,821)**

Pro forma: restated for discontinued activities (Gan Eurocourtage, Groupama Insurances, Poland and Spain)

NOTE 34.2 – INVESTMENT INCOME NET OF INVESTMENT EXPENSES – BY BUSINESS

NOTE 34.2.1 – INVESTMENT INCOME NET OF INVESTMENT EXPENSES BY BUSINESS – FRANCE

(in millions of euros)	31.12.2012			
	P&C	L&H	Holding	Total
Income from investments	**261**	**2,081**	**8**	**2,350**
Interest on deposits and financial investments income	186	1,852	6	2,044
Gains on foreign exchange transactions	16	5	2	23
Income from differences on redemption prices to be received (premium-discount)	3	109		112
Income from property	57	114		171
Other investment income				
Investment expenses	**(115)**	**(483)**	**27**	**(571)**
Interest received from reinsurers	(3)	(1)		(3)
Losses on foreign exchange transactions	(19)	(12)	(1)	(32)
Amortisation of differences in redemption prices (premium-discount)	(10)	(127)		(137)
Impairment and reserves on property	(23)	(32)		(55)
Other investment expenses	(61)	(311)	28	(344)
Capital gains (losses) from sales of investments, net of impairment reversals and write-backs	**111**	**453**	**(13)**	**550**
Held for trading	83	120	1	205
Available-for-sale	(194)	(220)	(14)	(428)
Held to maturity				
Other	221	553		774
Change in fair value of financial instruments recorded at fair value by income	**27**	**418**	**(49)**	**396**
Held for trading	28	114	(50)	93
Derivatives	(2)	(115)	1	(116)
Adjustments on unit-linked policies		419		419
Change in impairment losses on financial instruments	**(25)**	**(277)**	**(1)**	**(303)**
Available-for-sale	(27)	(278)		(305)
Held to maturity				
Receivables and loans	2	1	(1)	2
Total investment income net of management expenses	**258**	**2,192**	**(29)**	**2,422**

(in millions of euros)	31.12.2011 pro forma				31.12.2011			
	P&C	L&H	Holding	Total	P&C	L&H	Holding	Total
Income from investments	**280**	**2,351**	**4**	**2,636**	**381**	**2,351**	**4**	**2,737**
Interest on deposits and financial investments income	208	2,025	4	2,237	290	2,025	4	2,319
Gains on foreign exchange transactions	4	16		20	14	16		30
Income from differences on redemption prices to be received (premium-discount)	4	152		157	6	152		159
Income from property	65	158		222	71	158		229
Other investment income								
Investment expenses	**(94)**	**(477)**	**2**	**(569)**	**(118)**	**(478)**	**2**	**(594)**
Interest received from reinsurers	(2)			(2)	(2)			(2)
Losses on foreign exchange transactions	(1)	(3)		(4)	(12)	(3)		(15)
Amortisation of differences in redemption prices (premium-discount)	(9)	(99)		(108)	(13)	(99)		(112)
Impairment and reserves on property	(28)	(32)		(59)	(29)	(32)		(61)
Other investment expenses	(55)	(344)	2	(396)	(62)	(344)	2	(404)
Capital gains (losses) from sales of investments, net of impairment reversals and write-backs	**231**	**117**	**2**	**350**	**152**	**117**	**2**	**271**
Held for trading	8	91	2	101	12	91	2	104
Available-for-sale	187	(145)	1	43	104	(145)	1	(41)
Held to maturity								
Other	36	171		207	36	171		208
Change in fair value of financial instruments recorded at fair value by income	**(25)**	**(422)**	**22**	**(426)**	**(29)**	**(422)**	**22**	**(429)**
Held for trading	(25)	(69)	22	(72)	(28)	(69)	22	(76)
Derivatives		(190)		(190)		(190)		(190)
Adjustments on unit-linked policies		(164)		(164)		(164)		(164)
Change in impairment losses on financial instruments	**(490)**	**(3,261)**		**(3,752)**	**(573)**	**(3,261)**		**(3,834)**
Available-for-sale	(490)	(3,261)		(3,751)	(573)	(3,261)		(3,834)
Held to maturity								
Receivables and loans								
Total investment income net of management expenses	**(98)**	**(1,692)**	**30**	**(1,760)**	**(186)**	**(1,692)**	**30**	**(1,849)**

Pro forma: restated for discontinued activities (Gan Eurocourtage, Groupama Insurances, Poland and Spain)

NOTE 34.2.2 – INVESTMENT INCOME NET OF INVESTMENT EXPENSES BY BUSINESS – INTERNATIONAL

(in millions of euros)	31.12.2012			
	P&C	L&H	Holding	Total
Income from investments	**116**	**157**	**2**	**275**
Interest on deposits and financial investments income	101	153	2	256
Gains on foreign exchange transactions	12	1		13
Income from differences on redemption prices to be received (premium-discount)	2	3		5
Income from property				1
Other investment income				
Investment expenses	**(28)**	**(11)**		**(40)**
Interest received from reinsurers				
Losses on foreign exchange transactions	(11)	(1)		(11)
Amortisation of differences in redemption prices (premium-discount)	(5)	(5)		(10)
Impairment and reserves on property	(6)			(7)
Other investment expenses	(6)	(5)		(11)
Capital gains (losses) from sales of investments, net of impairment reversals and write-backs	**(2)**	**(30)**		**(32)**
Held for trading				
Available-for-sale	(17)	(33)		(50)
Held to maturity				
Other	15	4		19
Change in fair value of financial instruments recorded at fair value by income	**8**	**58**		**66**
Held for trading	8	22		30
Derivatives				(1)
Adjustments on unit-linked policies		36		36
Change in impairment losses on financial instruments	**16**	**(1)**		**15**
Available-for-sale	16	(1)		15
Held to maturity				
Receivables and loans				
Total investment income net of management expenses	**110**	**173**	**2**	**284**

(in millions of euros)	31.12.2011 pro forma				31.12.2011			
	P&C	L&H	Holding	Total	P&C	L&H	Holding	Total
Income from investments	**125**	**177**	**4**	**307**	**190**	**212**	**4**	**406**
Interest on deposits and financial investments income	99	171	4	274	163	206	4	373
Gains on foreign exchange transactions	19	1		21	19	1		21
Income from differences on redemption prices to be received (premium-discount)	2	4		5	2	4		5
Income from property	6	1		7	6	1		8
Other investment income								
Investment expenses	**(29)**	**(10)**	**(1)**	**(40)**	**(41)**	**(16)**	**(1)**	**(57)**
Interest received from reinsurers					(1)	(1)		(2)
Losses on foreign exchange transactions	(14)	(1)		(15)	(14)	(1)		(15)
Amortisation of differences in redemption prices (premium-discount)	(7)	(5)		(12)	(14)	(8)		(22)
Impairment and reserves on property	(1)			(2)	(1)			(2)
Other investment expenses	(6)	(4)	(1)	(11)	(10)	(6)	(1)	(17)
Capital gains (losses) from sales of investments, net of impairment reversals and write-backs	**25**	**22**		**48**	**27**	**23**		**50**
Held for trading	1	5		5	1	5		5
Available-for-sale	12	9		21	13	10		24
Held to maturity								
Other	13	8		21	13	8		21
Change in fair value of financial instruments recorded at fair value by income	**(4)**	**(6)**		**(10)**	**(4)**	**(5)**		**(10)**
Held for trading	(4)	(2)		(5)	(4)	(2)		(7)
Derivatives		1		1		1		1
Adjustments on unit-linked policies		(5)		(5)		(4)		(4)
Change in impairment losses on financial instruments	**(135)**	**(216)**		**(351)**	**(140)**	**(221)**		**(361)**
Available-for-sale	(135)	(216)		(351)	(140)	(221)		(361)
Held to maturity								
Receivables and loans								
Total investment income net of management expenses	**(17)**	**(33)**	**3**	**(46)**	**31**	**(6)**	**3**	**28**

Pro forma: restated for discontinued activities (Gan Eurocourtage, Groupama Insurances, Poland and Spain)

NOTE 34.3 – INVESTMENT INCOME NET OF MANAGEMENT EXPENSES (INCOME BREAKDOWN BY TYPE OF ASSET)

(in millions of euros)	31.12.2012				
	Income and expenses	Income from sales (*)	Change in fair value	Change in reserves	Total
Property	172	794			966
Equities	152	(415)			(263)
Bonds	2,063	(134)	(11)		1,918
Equity UCITS	32	21	28		81
UCITS: Cash and cash equivalents (repurchase transactions)		19	1		20
Other cash UCITS		6	1		7
Bond UCITS	76	125	114		315
Interest on cash deposits	9				9
Other investment income	121	103	(127)	(288)	(191)
Investment income	**2,625**	**519**	**6**	**(288)**	**2,862**
Internal and external management expenses and other investment expenses	(329)				(329)
Other investment expenses	(283)				(283)
Investment expenses	**(612)**				**(612)**
Investment income, net of expenses	**2,013**	**519**	**6**	**(288)**	**2,250**
Capital gains on securities representing unit-linked policies			555		555
Capital losses on securities representing unit-linked policies			(99)		(99)
Total investment income net of management expenses	**2,013**	**519**	**462**	**(288)**	**2,706**

(*) Net of write-back of impairment and amortisation.

(in millions of euros)	31.12.2011 *pro forma*					31.12.2011				
	Income and expenses	Income from sales (*)	Change in fair value	Change in reserves	Total	Income and expenses	Income from sales (*)	Change in fair value	Change in reserves	Total
Property	230	229			459	237	227			464
Equities	245	(471)			(226)	256	(543)			(287)
Bonds	2,243	545	(1)		2,787	2,406	548	(3)		2,951
Equity UCITS	33	(46)	(4)		(17)	38	(61)	(4)		(27)
UCITS: Cash and cash equivalents (repurchase transactions)		28	2		30		30	2		32
Other cash UCITS		34	3		37		34	3		37
Bond UCITS	34	26	(79)		(19)	35	34	(82)		(13)
Interest on cash deposits	12				12	15				15
Other investment income	146	51	(188)	(4,102)	(4,093)	157	51	(188)	(4,195)	(4,175)
Investment income	**2,943**	**396**	**(267)**	**(4,102)**	**(1,030)**	**3,144**	**320**	**(272)**	**(4,195)**	**(1,003)**
Internal and external management expenses and other investment expenses	(375)				(375)	(385)				(385)
Other investment expenses	(234)				(234)	(266)				(266)
Investment expenses	**(609)**				**(609)**	**(651)**				**(651)**
Investment income, net of expenses	**2,334**	**396**	**(267)**	**(4,102)**	**(1,639)**	**2,493**	**320**	**(272)**	**(4,195)**	**(1,654)**
Capital gains on securities representing unit-linked policies			171		171			175		175
Capital losses on securities representing unit-linked policies			(340)		(340)			(342)		(342)
Total investment income net of management expenses	**2,334**	**396**	**(436)**	**(4,102)**	**(1,808)**	**2,493**	**320**	**(439)**	**(4,195)**	**(1,821)**

(*) Net of write-back of impairment and amortisation.
Pro forma: restated for discontinued activities (Gan Eurocourtage, Groupama Insurances, Poland and Spain)

Investment income net of investment expenses increased by €4,514 million. This change is explained mainly by:

- the reduction in investment income by €321 million, including €58 million on property, €94 million on equities and equity UCITS, €141 million on bonds and fixed-income UCITS, and €25 million on other investment income;
- the increase in fair value of €898 million, including €625 million on assets representing unit-linked policies, €212 million on assets held for trading, and €61 million on derivative instruments;
- the decrease in impairment recognised over the fiscal year. Recall that fiscal year 2011 had been affected by significant impairments on Greek sovereign debt and strategic securities;
- the net reduction in realised capital gains totalling €123 million, including increases of €565 million on property, €123 million on equities and equity UCITS, and €52 in other investment income and decreases of €580 million on bonds and fixed-income UCITS and €37 million on cash UCITS.

NOTE 34.3.1 – INVESTMENT INCOME NET OF MANAGEMENT EXPENSES (INCOME BREAKDOWN BY TYPE OF ASSET) – FRANCE

(in millions of euros)	31.12.2012				
	Income and expenses	Income from sales (*)	Change in fair value	Change in reserves	Total
Property	171	776			947
Equities	148	(410)			(262)
Bonds	1,833	7	(13)		1,827
Equity UCITS	31	21	13		65
UCITS: Cash and cash equivalents (repurchase transactions)		19	1		20
Other cash UCITS		5	1		6
Bond UCITS	69	125	114		308
Interest on cash deposits	1				1
Other investment income	97	7	(139)	(303)	(338)
Investment income	**2,350**	**550**	**(23)**	**(303)**	**2,574**
Internal and external management expenses and other investment expenses	(320)				(320)
Other investment expenses	(251)				(251)
Investment expenses	**(571)**				**(571)**
Investment income, net of expenses	**1,779**	**550**	**(23)**	**(303)**	**2,003**
Capital gains on securities representing unit-linked policies			512		512
Capital losses on securities representing unit-linked policies			(93)		(93)
Total investment income net of management expenses	**1,779**	**550**	**396**	**(303)**	**2,422**

(*) Net of write-back of impairment and amortisation.

(in millions of euros)	31.12.2011 *pro forma*					31.12.2011				
	Income and expenses	Income from sales (*)	Change in fair value	Change in reserves	Total	Income and expenses	Income from sales (*)	Change in fair value	Change in reserves	Total
Property	222	208			430	229	206			435
Equities	240	(473)	1		(232)	245	(546)	1		(300)
Bonds	1,997	525	(3)		2,519	2,068	527	(3)		2,592
Equity UCITS	33	(46)	4		(9)	38	(61)	4		(19)
UCITS: Cash and cash equivalents (repurchase transactions)		28	2		30		30	2		32
Other cash UCITS		34	3		37		34	3		37
Bond UCITS	27	24	(79)		(28)	28	31	(82)		(23)
Interest on cash deposits						3				3
Other investment income	116	49	(190)	(3,751)	(3,776)	126	49	(190)	(3,834)	(3,849)
Investment income	**2,635**	**349**	**(262)**	**(3,751)**	**(1,029)**	**2,737**	**270**	**(265)**	**(3,834)**	**(1,092)**
Internal and external management expenses and other investment expenses	(365)				(365)	(372)				(372)
Other investment expenses	(203)				(203)	(221)				(221)
Investment expenses	**(568)**				**(568)**	**(593)**				**(593)**
Investment income, net of expenses	**2,067**	**349**	**(262)**	**(3,751)**	**(1,597)**	**2,144**	**270**	**(265)**	**(3,834)**	**(1,685)**
Capital gains on securities representing unit-linked policies			138		138			138		138
Capital losses on securities representing unit-linked policies			(302)		(302)			(302)		(302)
Total investment income net of management expenses	**2,067**	**349**	**(426)**	**(3,751)**	**(1,761)**	**2,144**	**270**	**(429)**	**(3,834)**	**(1,849)**

(*) Net of write-back of impairment and amortisation.
Pro forma: restated for discontinued activities (Gan Eurocourtage, Groupama Insurances, Poland and Spain)

NOTE 34.3.2 – INVESTMENT INCOME NET OF MANAGEMENT EXPENSES (INCOME BREAKDOWN BY TYPE OF ASSET) – INTERNATIONAL

(in millions of euros)	31.12.2012				
	Income and expenses	Income from sales (*)	Change in fair value	Change in reserves	Total
Property	1	18			19
Equities	4	(5)			(1)
Bonds	230	(141)	2		91
Equity UCITS	1		15		16
UCITS: Cash and cash equivalents (repurchase transactions)					
Other cash UCITS		1			1
Bond UCITS	7				7
Interest on cash deposits	8				8
Other investment income	24	96	12	15	147
Investment income	**275**	**(31)**	**29**	**15**	**288**
Internal and external management expenses and other investment expenses	(9)				(9)
Other investment expenses	(32)				(32)
Investment expenses	**(41)**				**(41)**
Investment income, net of expenses	**234**	**(31)**	**29**	**15**	**247**
Capital gains on securities representing contracts in unit-linked policies			43		43
Capital losses on securities representing contracts in unit-linked policies			(6)		(6)
Total investment income net of management expenses	**234**	**(31)**	**66**	**15**	**284**

(*) Net of write-back of impairment and amortisation.

(in millions of euros)	31.12.2011 pro forma					31.12.2011				
	Income and expenses	Income from sales (*)	Change in fair value	Change in reserves	Total	Income and expenses	Income from sales (*)	Change in fair value	Change in reserves	Total
Property	8	21			29	8	21			29
Equities	5	2	(1)		6	11	3	(1)		13
Bonds	246	20	2		268	338	21			359
Equity UCITS			(8)		(8)			(8)		(8)
UCITS: Cash and cash equivalents (repurchase transactions)										
Other cash UCITS										
Bond UCITS	7	2			9	7	3			10
Interest on cash deposits	12				12	12				12
Other investment income	30	2	2	(351)	(317)	31	2	2	(361)	(326)
Investment income	**308**	**47**	**(5)**	**(351)**	**(1)**	**407**	**50**	**(7)**	**(361)**	**89**
Internal and external management expenses and other investment expenses	(10)				(10)	(13)				(13)
Other investment expenses	(31)				(31)	(45)				(45)
Investment expenses	**(41)**				**(41)**	**(58)**				**(58)**
Investment income, net of expenses	**267**	**47**	**(5)**	**(351)**	**(42)**	**349**	**50**	**(7)**	**(361)**	**31**
Capital gains on securities representing contracts in unit-linked policies			33		33			37		37
Capital losses on securities representing contracts in unit-linked policies			(38)		(38)			(40)		(40)
Total investment income net of management expenses	**267**	**47**	**(10)**	**(351)**	**(47)**	**349**	**50**	**(10)**	**(361)**	**28**

(*) Net of write-back of impairment and amortisation.
Pro forma: restated for discontinued activities (Gan Eurocourtage, Groupama Insurances, Poland and Spain)

NOTE 35 – INSURANCE POLICY SERVICING EXPENSES

NOTE 35.1 – INSURANCE POLICY SERVICING EXPENSES – BY OPERATING SEGMENT

(in millions of euros)	31.12.2012		
	France	International	Total
Claims			
Paid to policyholders	(10,707)	(2.052)	(12.759)
Change in technical reserves			
Outstanding claims reserves	(34)	(10)	(44)
Actuarial reserves	1,788	260	2,049
Unit-linked reserves	(462)	(48)	(510)
Profit sharing	(1,176)	(139)	(1.315)
Other technical reserves	(126)	(5)	(131)
Total	**(10.717)**	**(1.994)**	**(12.710)**

(in millions of euros)	31.12.2011 pro forma			31.12.2011		
	France	International	Total	France	International	Total
Claims						
Paid to policyholders	(9,251)	(2,096)	(11,347)	(9,980)	(3,249)	(13,229)
Change in technical reserves						
Outstanding claims reserves	(411)	60	(351)	(289)	147	(142)
Actuarial reserves	499	209	708	499	218	718
Unit-linked reserves	97	(13)	84	97	(5)	92
Profit sharing	508	(97)	411	508	(115)	393
Other technical reserves	108	(2)	106	128	(5)	123
Total	**(8,450)**	**(1,938)**	**(10,388)**	**(9,037)**	**(3,007)**	**(12,044)**

Pro forma: restated for discontinued activities (Gan Eurocourtage, Groupama Insurances, Poland and Spain)

Insurance policy servicing expenses totalled €12,710 million as at 31 December 2012, up from €10,388 million as at 31 December 2011 (pro forma), i.e., an increase of €2,322 million, mainly in France (+€2,267 million).

This increase recognised in France is explained by outflows over fiscal year 2012.

NOTE 35.2 – INSURANCE POLICY SERVICING EXPENSES BY BUSINESS

NOTE 35.2.1 – INSURANCE POLICY SERVICING EXPENSES BY BUSINESS – FRANCE

(in millions of euros)	31.12.2012		
	P&C	L&H	Total
Claims			
Paid to policyholders	(3,613)	(7.094)	(10.707)
Change in technical reserves			
Outstanding claims reserves	(226)	192	(33)
Actuarial reserves		1,788	1,788
Unit-linked reserves		(462)	(462)
Profit sharing	(2)	(1.174)	(1.176)
Other technical reserves	(9)	(117)	(126)
Total	**(3.849)**	**(6.868)**	**(10.717)**

(in millions of euros)	31.12.2011 pro forma			31.12.2011		
	P&C	L&H	Total	P&C	L&H	Total
Claims						
Paid to policyholders	(3,342)	(5,910)	(9,252)	(4,071)	(5,910)	(9,981)
Change in technical reserves						
Outstanding claims reserves	31	(442)	(411)	153	(442)	(289)
Actuarial reserves		499	499		499	499
Unit-linked reserves		97	97		97	97
Profit sharing		508	508	(1)	509	508
Other technical reserves	93	15	108	114	15	128
Total	**(3,217)**	**(5,233)**	**(8,450)**	**(3,805)**	**(5,233)**	**(9,038)**

Pro forma: restated for discontinued activities (Gan Eurocourtage, Groupama Insurances, Poland and Spain)

NOTE 35.2.2 – INSURANCE POLICY SERVICING EXPENSES BY BUSINESS – INTERNATIONAL

(in millions of euros)	31.12.2012		
	P&C	L&H	Total
Claims			
Paid to policyholders	(1,210)	(842)	(2,052)
Change in technical reserves			
Outstanding claims reserves	(17)	7	(10)
Actuarial reserves		260	260
Unit-linked reserves		(48)	(48)
Profit sharing		(139)	(139)
Other technical reserves	(1)	(5)	(5)
Total	**(1.228)**	**(766)**	**(1,994)**

(in millions of euros)	31.12.2011 pro forma			31.12.2011		
	P&C	L&H	Total	P&C	L&H	Total
Claims						
Paid to policyholders	(1,264)	(833)	(2,096)	(2,153)	(1,094)	(3,247)
Change in technical reserves						
Outstanding claims reserves	100	(39)	60	185	(38)	147
Actuarial reserves		209	209		218	218
Unit-linked reserves		(13)	(13)		(5)	(5)
Profit sharing		(97)	(97)		(115)	(115)
Other technical reserves	3	(5)	(2)		(5)	(5)
Total	**(1,161)**	**(778)**	**(1,938)**	**(1,968)**	**(1,038)**	**(3,006)**

Pro forma: restated for discontinued activities (Gan Eurocourtage, Groupama Insurances, Poland and Spain)

NOTE 36 – OUTWARD REINSURANCE INCOME (EXPENSES)

NOTE 36.1 – OUTWARD REINSURANCE INCOME (EXPENSES) – BY OPERATING SEGMENT

(in millions of euros)	31.12.2012			31.12.2011 *pro forma*			31.12.2011		
	France	Inter-national	Total	France	Inter-national	Total	France	Inter-national	Total
Acquisition and administrative costs	235	121	356	35	19	54	48	28	76
Claims charges	744	209	953	52	13	65	94	56	150
Change in technical reserves	24	(2)	22	3	(2)	1	3	(3)	
Profit sharing	12	2	14	(1)	2	1	(1)	2	1
Change in the equalisation reserve				1		1	1		1
Income on outward reinsurance	**1,015**	**330**	**1,344**	**90**	**32**	**122**	**145**	**83**	**229**
Outward premiums	(1,258)	(448)	(1,705)	(418)	(112)	(530)	(531)	(167)	(698)
Change in unearned premiums	(9)		(9)	2		1		(3)	(3)
Expenses on outward reinsurance	**(1,267)**	**(448)**	**(1,715)**	**(416)**	**(112)**	**(529)**	**(531)**	**(169)**	**(701)**
Total	**(252)**	**(118)**	**(370)**	**(326)**	**(80)**	**(406)**	**(386)**	**(86)**	**(472)**

Pro forma: restated for discontinued activities (Gan Eurocourtage, Groupama Insurances, Poland and Spain)

The changes noted between 31 December 2012 and 31 December 2011 mainly come from the establishment of a new reinsurance treaty.

NOTE 36.2 – OUTWARD REINSURANCE INCOME (EXPENSES) BY BUSINESS

NOTE 36.2.1 – OUTWARD REINSURANCE INCOME (EXPENSES) BY BUSINESS – FRANCE

(in millions of euros)	31.12.2012		
	P&C	L&H	Total
Acquisition and administrative costs	183	52	235
Claims charges	561	183	744
Change in technical reserves	3	20	24
Profit sharing		12	12
Change in the equalisation reserve			
Income from outward reinsurance	**747**	**268**	**1,015**
Outward premiums	(980)	(278)	(1,258)
Change in unearned premiums	(10)	1	(9)
Expenses on outward reinsurance	**(990)**	**(277)**	**(1,267)**
Total	**(243)**	**(9)**	**(252)**

(in millions of euros)	31.12.2011 pro forma			31.12.2011		
	P&C	L&H	Total	P&C	L&H	Total
Acquisition and administrative costs	27	9	35	40	9	48
Claims charges	29	22	51	72	22	94
Change in technical reserves	2	1	3	2	1	3
Profit sharing		(1)	(1)		(1)	(1)
Change in the equalisation reserve		1	1		1	1
Income from outward reinsurance	**58**	**32**	**89**	**114**	**32**	**145**
Outward premiums	(383)	(35)	(418)	(496)	(35)	(531)
Change in unearned premiums	1	1	2	(1)	1	(0)
Expenses on outward reinsurance	**(383)**	**(34)**	**(416)**	**(498)**	**(34)**	**(531)**
Total	**(324)**	**(2)**	**(326)**	**(384)**	**(2)**	**(386)**

Pro forma: restated for discontinued activities (Gan Eurocourtage, Groupama Insurances, Poland and Spain)

NOTE 36.2.2 – OUTWARD REINSURANCE INCOME (EXPENSES) BY BUSINESS – INTERNATIONAL

(in millions of euros)	31.12.2012		
	P&C	L&H	Total
Acquisition and administrative costs	120	1	121
Claims charges	204	5	209
Change in technical reserves	(2)		(2)
Profit sharing		2	2
Change in the equalisation reserve			
Income from outward reinsurance	**322**	**8**	**329**
Outward premiums	(439)	(9)	(448)
Change in unearned premiums	(1)	1	0
Expenses on outward reinsurance	**(440)**	**(8)**	**(448)**
Total	**(118)**	**0**	**(118)**

(in millions of euros)	31.12.2011 pro forma			31.12.2011		
	P&C	L&H	Total	P&C	L&H	Total
Acquisition and administrative costs	17	1	18	19	9	28
Claims charges	(2)	15	13	14	42	56
Change in technical reserves	(1)	(1)	(2)	(1)	(2)	(3)
Profit sharing		2	2		2	2
Change in the equalisation reserve						
Income from outward reinsurance	**13**	**18**	**32**	**31**	**52**	**83**
Outward premiums	(102)	(10)	(112)	(123)	(44)	(167)
Change in unearned premiums	(1)		(1)	(3)		(3)
Expenses on outward reinsurance	**(103)**	**(10)**	**(112)**	**(126)**	**(44)**	**(169)**
Total	**(89)**	**9**	**(80)**	**(95)**	**9**	**(86)**

Pro forma: restated for discontinued activities (Gan Eurocourtage, Groupama Insurances, Poland and Spain)

NOTE 37 – OPERATING EXPENSES

NOTE 37.1 – OPERATING EXPENSES BY OPERATING SEGMENT

(in millions of euros)	31.12.2012			31.12.2011 pro forma			31.12.2011		
	France	Inter-national	Total	France	Inter-national	Total	France	Inter-national	Total
External expenses	(978)	(88)	(1,067)	(980)	(125)	(1,105)	(1,011)	(181)	(1,193)
Taxes	(242)	(10)	(252)	(240)	(10)	(250)	(248)	(15)	(262)
Personnel expenses	(1,601)	(188)	(1,789)	(1,654)	(199)	(1,853)	(1,740)	(306)	(2,046)
Commissions	(580)	(397)	(976)	(540)	(410)	(950)	(787)	(689)	(1,477)
Amortisation and reserves (net of write-backs)	(194)	(32)	(226)	(203)	(19)	(222)	(207)	(19)	(225)
Other expenses	(110)	(87)	(197)	(132)	(94)	(226)	(137)	(97)	(234)
Total operating expenses by nature	**(3,705)**	**(802)**	**(4,507)**	**(3,749)**	**(857)**	**(4,606)**	**(4,131)**	**(1,307)**	**(5,437)**
Personnel expenses directly posted to paid services and costs	(24)		(24)	(31)		(31)	(31)		(31)
Claims management expenses	(430)	(49)	(479)	(445)	(46)	(490)	(477)	(103)	(581)
acquisition costs	(1,482)	(416)	(1,899)	(1,505)	(427)	(1,931)	(1,728)	(748)	(2,476)
Administration costs	(552)	(171)	(724)	(561)	(185)	(746)	(660)	(255)	(916)
Other underwriting expenses	(627)	(136)	(763)	(647)	(151)	(798)	(666)	(148)	(814)
Investment management expenses	(105)	(4)	(109)	(104)	(6)	(110)	(104)	(8)	(112)
Other non-operating expenses	(261)	(25)	(286)	(230)	(43)	(273)	(237)	(44)	(281)
Banking operating expenses	(223)		(223)	(225)		(225)	(225)		(225)
Total operating expenses by function	**(3,705)**	**(802)**	**(4,507)**	**(3,749)**	**(857)**	**(4,606)**	**(4,131)**	**(1,307)**	**(5,437)**

Pro forma: restated for discontinued activities (Gan Eurocourtage, Groupama Insurances, Poland and Spain)

NOTE 37.2 – OPERATING EXPENSES BY BUSINESS

(in millions of euros)	31.12.2012			31.12.2011 pro forma			31.12.2011		
	Insurance	Bankin g	Total	Insurance	Banking	Total	Insurance	Banking	Total
External expenses	(1,000)	(67)	(1,067)	(1,031)	(74)	(1,105)	(1,119)	(72)	(1,193)
Taxes	(243)	(9)	(252)	(242)	(8)	(250)	(255)	(8)	(262)
Personnel expenses	(1,667)	(122)	(1,789)	(1,728)	(125)	(1,853)	(1,921)	(125)	(2,046)
Commissions	(976)		(976)	(950)		(950)	(1,477)		(1,477)
Amortisation and reserves (net of write-backs)	(219)	(7)	(226)	(216)	(7)	(222)	(219)	(7)	(225)
Other expenses	(167)	(30)	(197)	(200)	(26)	(226)	(208)	(26)	(234)
Total operating expenses by nature	**(4,272)**	**(235)**	**(4,507)**	**(4,367)**	**(239)**	**(4,606)**	**(5,198)**	**(239)**	**(5,437)**
Personnel expenses directly posted to paid services and costs	(24)		(24)	(31)		(31)	(31)		(31)
Claims management expenses	(479)		(479)	(490)		(490)	(581)		(581)
acquisition costs	(1,899)		(1,899)	(1,931)		(1,931)	(2,476)		(2,476)
Administration costs	(724)		(724)	(746)		(746)	(916)		(916)
Other underwriting expenses	(763)		(763)	(798)		(798)	(814)		(814)
Investment management expenses	(109)		(109)	(110)		(110)	(112)		(112)
Other non-operating expenses	(274)	(12)	(286)	(259)	(14)	(273)	(267)	(14)	(281)
Banking operating expenses		(223)	(223)	,	(225)	(225)		(225)	(225)
Total operating expenses by function	**(4,272)**	**(235)**	**(4,507)**	**(4,367)**	**(239)**	**(4,606)**	**(5,198)**	**(239)**	**(5,437)**

Pro forma: restated for discontinued activities (Gan Eurocourtage, Groupama Insurances, Poland and Spain)

Note 38 – Policy acquisition costs

Note 38.1 – Policy acquisition costs by operating segment

(in millions of euros)	31.12.2012			31.12.2011 pro forma			31.12.2011		
	France	International	Total	France	International	Total	France	International	Total
Commissions	(375)	(319)	(694)	(329)	(317)	(646)	(521)	(569)	(1,090)
Change in deferred acquisition costs	(16)	(6)	(23)	(13)	(6)	(19)	(4)	(5)	(9)
Other expenses	(1,107)	(98)	(1,205)	(1,176)	(110)	(1,286)	(1,207)	(179)	(1,386)
Total	**(1,499)**	**(423)**	**(1,921)**	**(1,518)**	**(433)**	**(1,951)**	**(1,731)**	**(753)**	**(2,485)**

Pro forma: restated for discontinued activities (Gan Eurocourtage, Groupama Insurances, Poland and Spain)

Note 38.2 – Policy acquisition costs by business

Note 38.2.1 – Policy acquisition costs by business – France

(in millions of euros)	31.12.2012		
	P&C	L&H	Total
Commissions	(236)	(139)	(375)
Change in deferred acquisition costs	1	(17)	(16)
Other expenses	(603)	(504)	(1,107)
Total	**(839)**	**(660)**	**(1,499)**

(in millions of euros)	31.12.2011 pro forma			31.12.2011		
	P&C	L&H	Total	P&C	L&H	Total
Commissions	(191)	(138)	(329)	(383)	(138)	(521)
Change in deferred acquisition costs	7	(21)	(13)	17	(21)	(4)
Other expenses	(652)	(523)	(1,176)	(683)	(523)	(1,207)
Total	**(836)**	**(682)**	**(1,518)**	**(1,049)**	**(682)**	**(1,731)**

Pro forma: restated for discontinued activities (Gan Eurocourtage, Groupama Insurances, Poland and Spain)

NOTE 38.2.2 – POLICY ACQUISITION COSTS BY BUSINESS – INTERNATIONAL

(in millions of euros)	31.12.2012		
	P&C	L&H	Total
Commissions	(254)	(65)	(319)
Change in deferred acquisition costs	(3)	(4)	(6)
Other expenses	(71)	(27)	(98)
Total	**(327)**	**(95)**	**(423)**

(in millions of euros)	31.12.2011 pro forma			31.12.2011		
	P&C	L&H	Total	P&C	L&H	Total
Commissions	(246)	(71)	(317)	(471)	(98)	(569)
Change in deferred acquisition costs	(3)	(3)	(6)	(3)	(2)	(5)
Other expenses	(79)	(31)	(110)	(142)	(37)	(179)
Total	**(328)**	**(104)**	**(433)**	**(616)**	**(137)**	**(753)**

Pro forma: restated for discontinued activities (Gan Eurocourtage, Groupama Insurances, Poland and Spain)

NOTE 39 – ADMINISTRATIVE COSTS

NOTE 39.1 – ADMINISTRATIVE COSTS BY OPERATING SEGMENT

(in millions of euros)	31.12.2012			31.12.2011 pro forma			31.12.2011		
	France	International	Total	France	International	Total	France	International	Total
Commissions	(122)	(42)	(164)	(102)	(42)	(144)	(172)	(67)	(238)
Other expenses	(431)	(129)	(560)	(459)	(143)	(602)	(489)	(189)	(677)
Total	**(552)**	**(171)**	**(724)**	**(561)**	**(185)**	**(746)**	**(660)**	**(255)**	**(916)**

Pro forma: restated for discontinued activities (Gan Eurocourtage, Groupama Insurances, Poland and Spain)

NOTE 39.2 – ADMINISTRATIVE COSTS BY BUSINESS

NOTE 39.2.1 – ADMINISTRATIVE COSTS BY BUSINESS – FRANCE

(in millions of euros)	31.12.2012		
	P&C	L&H	Total
Commissions	(48)	(74)	(122)
Other expenses	(172)	(259)	(431)
Total	**(220)**	**(332)**	**(552)**

(in millions of euros)	31.12.2011 pro forma			31.12.2011		
	P&C	L&H	Total	P&C	L&H	Total
Commissions	(39)	(64)	(102)	(108)	(64)	(172)
Other expenses	(202)	(257)	(459)	(232)	(257)	(489)
Total	**(241)**	**(321)**	**(561)**	**(340)**	**(321)**	**(660)**

Pro forma: restated for discontinued activities (Gan Eurocourtage, Groupama Insurances, Poland and Spain)

NOTE 39.2.2 – ADMINISTRATIVE COSTS BY BUSINESS – INTERNATIONAL

(in millions of euros)	31.12.2012		
	P&C	L&H	Total
Commissions	(28)	(14)	(42)
Other expenses	(86)	(43)	(129)
Total	**(113)**	**(58)**	**(171)**

(in millions of euros)	31.12.2011 pro forma			31.12.2011		
	P&C	L&H	Total	P&C	L&H	Total
Commissions	(29)	(12)	(42)	(53)	(14)	(67)
Other expenses	(94)	(50)	(143)	(131)	(57)	(189)
Total	**(123)**	**(62)**	**(185)**	**(184)**	**(71)**	**(255)**

Pro forma: restated for discontinued activities (Gan Eurocourtage, Groupama Insurances, Poland and Spain)

NOTE 40 – OTHER INCOME AND EXPENSES FROM CURRENT OPERATIONS

NOTE 40.1 – OTHER INCOME AND EXPENSES FROM CURRENT OPERATIONS BY OPERATING SEGMENT

(in millions of euros)	31.12.2012			31.12.2011 pro forma			31.12.2011		
	France	International	Total	France	International	Total	France	International	Total
Commissions and other operating expenses, Life	(193)	(13)	(206)	(216)	(14)	(230)	(216)	(14)	(230)
Employee profit sharing, Life	(5)		(5)	(1)		(1)	(1)		(1)
Other operating income, Life	22	11	33	24	11	36	24	11	36
Transfer of operating expenses and capitalised production, Life	27		27	21		21	21		21
Total income and expenses from current operations, Life	**(148)**	**(2)**	**(150)**	**(170)**	**(3)**	**(174)**	**(170)**	**(3)**	**(173)**
Non-life commissions and other operating expenses	(339)	(124)	(463)	(302)	(136)	(438)	(362)	(132)	(494)
Employee profit sharing, Non-life	(3)	(1)	(4)	(6)	(1)	(7)	(6)	(1)	(7)
Other non-life operating income	73	56	129	36	80	116	38	72	110
Transfer of Non-life operating expenses and capitalised production	40		40	50		50	50		50
Total income and expenses from current operations, Non-life	**(228)**	**(69)**	**(298)**	**(223)**	**(57)**	**(280)**	**(281)**	**(61)**	**(341)**
Other non-operating expenses	(299)	(25)	(324)	(257)	(43)	(300)	(264)	(43)	(307)
Other non-operating income	133	36	169	30	24	53	32	27	59
Total income and expenses from current operations, Non-technical	**(167)**	**12**	**(155)**	**(227)**	**(20)**	**(247)**	**(232)**	**(16)**	**(248)**
Total income and expenses from current operations, banking	**(5)**		**(5)**						
Total other current operating income and expenses	**(547)**	**(60)**	**(607)**	**(620)**	**(80)**	**(701)**	**(683)**	**(80)**	**(763)**

Pro forma: restated for discontinued activities (Gan Eurocourtage, Groupama Insurances, Poland and Spain)

NOTE 40.2 – OTHER INCOME AND EXPENSES FROM CURRENT OPERATIONS

NOTE 40.2.1 – OTHER INCOME AND EXPENSES FROM CURRENT OPERATIONS BY BUSINESS – FRANCE

(in millions of euros)	31.12.2012				
	P&C	L&H	Banking	Holding	Total
Commissions and other operating expenses, Life		(193)			(193)
Employee profit sharing, Life		(5)			(5)
Other operating income, Life		22			22
Transfer of operating expenses and capitalised production, Life		27			27
Total income and expenses from current operations, Life		**(148)**			**(148)**
Non-life commissions and other operating expenses	(357)	18			(339)
Employee profit sharing, Non-life	(2)		(1)		(3)
Other non-life operating income	52	21			73
Transfer of Non-life operating expenses and capitalised production	35	5			40
Total income and expenses from current operations, Non-life	**(272)**	**44**	**(1)**		**(228)**
Other non-operating expenses	(156)	(21)	(1)	(121)	(299)
Other non-operating income	111	12	9		133
Total income and expenses from current operations, Non-technical	**(45)**	**(9)**	**8**	**(121)**	**(167)**
Total income and expenses from current operations, banking			**(5)**		**(5)**
Total other current operating income and expenses	**(317)**	**(111)**	**3**	**(121)**	**(547)**

(in millions of euros)	31.12.2011 pro forma					31.12.2011				
	P&C	L&H	Banking	Holding	Total	P&C	L&H	Banking	Holding	Total
Commissions and other operating expenses, Life		(216)			(216)		(216)			(216)
Employee profit sharing, Life		(1)			(1)		(1)			(1)
Other operating income, Life		24			24		24			24
Transfer of operating expenses and capitalised production, Life		21			21		21			21
Total income and expenses from current operations, Life		**(170)**			**(170)**		**(170)**			**(170)**
Non-life commissions and other operating expenses	(315)	13			(302)	(375)	13			(362)
Employee profit sharing, Non-life	(5)		(1)		(6)	(5)		(1)		(6)
Other non-life operating income	25	11			36	27	11			38
Transfer of Non-life operating expenses and capitalised production	45	5			50	45	5			50
Total income and expenses from current operations, Non-life	**(250)**	**28**	**(1)**		**(223)**	**(308)**	**28**	**(1)**		**(281)**
Other non-operating expenses	(58)	(22)		(177)	(257)	(65)	(22)		(177)	(264)
Other non-operating income	7	16	7		30	9	16	7		32
Total income and expenses from current operations, Non-technical	**(51)**	**(6)**	**7**	**(177)**	**(227)**	**(55)**	**(6)**	**7**	**(177)**	**(232)**
Total income and expenses from current operations, banking										
Total other current operating income and expenses	**(301)**	**(148)**	**6**	**(177)**	**(621)**	**(363)**	**(148)**	**6**	**(177)**	**(683)**

Pro forma: restated for discontinued activities (Gan Eurocourtage, Groupama Insurances, Poland and Spain)

NOTE 40.2.2 – OTHER INCOME AND EXPENSES FROM CURRENT OPERATIONS BY BUSINESS – INTERNATIONAL

(in millions of euros)	31.12.2012			
	P&C	L&H	Holding	Total
Commissions and other operating expenses, Life		(13)		(13)
Employee profit sharing, Life				
Other operating income, Life		11		11
Transfer of operating expenses and capitalised production, Life				
Total income and expenses from current operations, Life		**(2)**		**(2)**
Non-life commissions and other operating expenses	(115)	(6)	(3)	(124)
Employee profit sharing, Non-life	(1)			(1)
Other non-life operating income	53		3	56
Transfer of Non-life operating expenses and capitalised production				
Total income and expenses from current operations, Non-life	**(63)**	**(5)**	**(1)**	**(69)**
Other non-operating expenses	(19)	(2)	(3)	(25)
Other non-operating income	33	3		36
Total income and expenses from current operations, Non-technical	**14**	**1**	**(3)**	**12**
Total other current operating income and expenses	**(50)**	**(6)**	**(4)**	**(60)**

(in millions of euros)	31.12.2011 pro forma				31.12.2011			
	P&C	L&H	Holding	Total	P&C	L&H	Holding	Total
Commissions and other operating expenses, Life		(14)		(14)		(15)		(15)
Employee profit sharing, Life								
Other operating income, Life		11		11		11		11
Transfer of operating expenses and capitalised production, Life								
Total income and expenses from current operations, Life		**(3)**		**(3)**		**(3)**		**(3)**
Non-life commissions and other operating expenses	(126)	(6)	(5)	(136)	(121)	(6)	(5)	(132)
Employee profit sharing, Non-life	(1)			(1)	(1)			(1)
Other non-life operating income	76		4	80	68		4	72
Transfer of Non-life operating expenses and capitalised production								
Total income and expenses from current operations, Non-life	**(51)**	**(6)**	**(1)**	**(57)**	**(54)**	**(6)**	**(1)**	**(61)**
Other non-operating expenses	(30)	(10)	(3)	(43)	(30)	(10)	(3)	(43)
Other non-operating income	18	6		24	21	6		27
Total income and expenses from current operations, Non-technical	**(12)**	**(4)**	**(3)**	**(20)**	**(9)**	**(4)**	**(3)**	**(16)**
Total income and expenses from current operations, banking								
Total other current operating income and expenses	**(63)**	**(13)**	**(4)**	**(80)**	**(63)**	**(13)**	**(4)**	**(80)**

Pro forma: restated for discontinued activities (Gan Eurocourtage, Groupama Insurances, Poland and Spain)

NOTE 41 – OTHER INCOME AND EXPENSES FROM NON-CURRENT OPERATIONS

NOTE 41.1 – OTHER INCOME AND EXPENSES FROM NON-CURRENT OPERATIONS BY OPERATING SEGMENT

(in millions of euros)	31.12.2012			31.12.2011 *pro forma*			31.12.2011		
	France	Inter-national	Total	France	Inter-national	Total	France	Inter-national	Total
Income from non-current operations	44	5	50	45	7	52	48	11	59
Expenses from non-current operations	(148)	(70)	(218)	(74)	(77)	(151)	(81)	(82)	(163)
Allocation to the reserve for goodwill	(2)	(298)	(300)	(6)	(90)	(96)	(6)	(90)	(96)
Other	151		151	157		157	157		157
Total	**46**	**(362)**	**(317)**	**121**	**(159)**	**(38)**	**117**	**(160)**	**(43)**

Pro forma: restated for discontinued activities (Gan Eurocourtage, Groupama Insurances, Poland and Spain)

The balance of other net income and expenses from non-current operations amounted to a loss of €317 million as at 31 December 2012 compared with a loss of -€43 million at 31 December 2011.

The main items comprising this total include:

- Amortisation of securities in portfolio totalling -€37 million as at 31 December 2012, compared with -€43 million at 31 December 2011.
- The impairment of goodwill on the cash unit of Central and Eastern European countries recorded at 31 December 2012 for -€260 million compared with €51 million at 31 December 2011 is broken down into Romania for -€245 million compared with -€51 million at 31 December 2011 and in Bulgaria for -€15 million;
- Impairment of goodwill posted at 31 December 2012 on Groupama Phoenix for -€9 million versus -39 million at 31 December 2011.
- Impairment of goodwill posted at 31 December 2012 on CEGID for -€2 million versus -7 million at 31 December 2011.
- Impairment of goodwill of the subsidiary Bollington for -€30 million.
- The restatement following pensions reform, for which Groupama Gan Vie posted an extraordinary expense of -€9 million corresponding to the amortisation of the cancellation penalty;
- Restructuring expenses related to the various voluntary departure plans in progress within the Group for -€65 million.

It should be noted that the HOLDCO consolidation shows non-current operating income of €151 million completely cancelled out by the capital loss from disposal of SILIC securities of -€157 million.

NOTE 41.2 – OTHER INCOME AND EXPENSES FROM NON-CURRENT OPERATIONS BY BUSINESS

NOTE 41.2.1 – OTHER INCOME AND EXPENSES FROM NON-CURRENT OPERATIONS BY BUSINESS – FRANCE

(in millions of euros)	31.12.2012			
	P&C	L&H	Holding	Total
Income from non-current operations	33	11		44
Expenses from non-current operations	(83)	(60)	(4)	(148)
Allocation to the reserve for goodwill		(2)		(2)
Other	124	27		151
Total other non-current operating income and expenses	**74**	**(24)**	**(4)**	**46**

(in millions of euros)	31.12.2011 pro forma				31.12.2011			
	P&C	L&H	Holding	Total	P&C	L&H	Holding	Total
Income from non-current operations	30	15		45	33	15		48
Expenses from non-current operations	(53)	(20)	(1)	(74)	(60)	(20)	(1)	(81)
Allocation to the reserve for goodwill		(6)		(6)		(6)		(6)
Other	118	39		157	118	39		157
Total other non-current operating income and expenses	**95**	**27**	**(1)**	**121**	**91**	**27**	**(1)**	**117**

Pro forma: restated for discontinued activities (Gan Eurocourtage, Groupama Insurances, Poland and Spain)

NOTE 41.2.2 – OTHER INCOME AND EXPENSES FROM NON-CURRENT OPERATIONS BY BUSINESS – INTERNATIONAL

(in millions of euros)	31.12.2012			
	P&C	L&H	Holding	Total
Income from non-current operations	5	1		5
Expenses from non-current operations	(60)	(10)		(70)
Allocation to the reserve for goodwill	1		(299)	(298)
Total other non-current operating income and expenses	**(54)**	**(9)**	**(299)**	**(362)**

(in millions of euros)	31.12.2011 pro forma				31.12.2011			
	P&C	L&H	Holding	Total	P&C	L&H	Holding	Total
Income from non-current operations	7	1		7	11	1		11
Expenses from non-current operations	(66)	(11)		(77)	(70)	(11)		(82)
Allocation to the reserve for goodwill			(90)	(90)			(90)	(90)
Other								
Total other non-current operating income and expenses	**(59)**	**(10)**						

Pro forma: restated for discontinued activities (Gan Eurocourtage, Groupama Insurances, Poland and Spain)

NOTE 42 – FINANCING EXPENSES

(in millions of euros)	31.12.2012	31.12.2011 *pro forma*	31.12.2011
Interest expenses on loans and debts	(129)	(90)	(90)
Interest income and expenses – Other			
Total financing expenses	**(129)**	**(90)**	**(90)**

Pro forma: restated for discontinued activities (Gan Eurocourtage, Groupama Insurances, Poland and Spain)

The €39 million increase in financing expenses mainly comes from the financial expense related to the repayment of preference shares to the Caisse des Dépôts et Consignations.

NOTE 42.1 – FINANCING EXPENSES BY BUSINESS

(in millions of euros)	31.12.2012				
	P&C	L&H	Banking	Holding	Total
Interest expenses on loans and debts	(2)	(1)		(126)	(129)
Interest income and expenses – Other					
Total financing expenses	**(2)**	**(1)**		**(126)**	**(129)**

(in millions of euros)	31.12.2011 pro forma					31.12.2011				
	P&C	L&H	Banking	Holding	Total	P&C	L&H	Banking	Holding	Total
Interest expenses on loans and debts	(2)	(1)		(87)	(90)	(2)	(1)		(87)	(90)
Interest income and expenses – Other										
Total financing expenses	**(2)**	**(1)**		**(87)**	**(90)**	**(2)**	**(1)**		**(87)**	**(90)**

Pro forma: restated for discontinued activities (Gan Eurocourtage, Groupama Insurances, Poland and Spain)

NOTE 43 – BREAKDOWN OF TAX EXPENSES

NOTE 43.1 – BREAKDOWN OF TAX EXPENSES BY OPERATING SEGMENT

(in millions of euros)	31.12.2012			31.12.2011 *pro forma*			31.12.2011		
	France	International	Total	France	International	Total	France	International	Total
Current taxes	(104)	(41)	(145)	(52)	(1)	(53)	(82)	(1)	(83)
Deferred taxes	4	37	41	41	11	52	34	(4)	30
Total	**(99)**	**(4)**	**(103)**	**(11)**	**10**	**(1)**	**(48)**	**(5)**	**(53)**

Pro forma: restated for discontinued activities (Gan Eurocourtage, Groupama Insurances, Poland and Spain)

The Group underwent a tax audit in 2010. Reserves were set aside in 2010 for all accepted assessments. 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 considers that the reasons for adjustments are highly questionable and has prepared technical arguments for a litigation process.

NOTE 43.2 – BREAKDOWN OF TAX EXPENSES BY BUSINESS

NOTE 43.2.1 – BREAKDOWN OF TAX EXPENSES BY BUSINESS – FRANCE

(in millions of euros)	31.12.2012				
	P&C	L&H	Banking	Holding	Total
Current taxes	(126)	(137)	(13)	171	(104)
Deferred taxes	34	70	7	(107)	4
Total tax expense	**(91)**	**(67)**	**(6)**	**64**	**(99)**

(in millions of euros)	31.12.2011 pro forma					31.12.2011				
	P&C	L&H	Banking	Holding	Total	P&C	L&H	Banking	Holding	Total
Current taxes	(104)	(107)	(12)	172	(52)	(135)	(107)	(12)	172	(82)
Deferred taxes	79	(40)	5	(3)	41	73	(41)	5	(3)	34
Total tax expense	**(25)**	**(148)**	**(7)**	**169**	**(11)**	**(62)**	**(148)**	**(7)**	**169**	**(48)**

Pro forma: restated for discontinued activities (Gan Eurocourtage, Groupama Insurances, Poland and Spain)

NOTE 43.2.2 – BREAKDOWN OF TAX EXPENSES BY BUSINESS – INTERNATIONAL

(in millions of euros)	31.12.2012			
	P&C	L&H	Holding	Total
Current taxes	(208)	167		(41)
Deferred taxes	173	(136)		37
Total tax expense	**(35)**	**31**	**,**	**(4)**

(in millions of euros)	31.12.2011 pro forma				31.12.2011			
	P&C	L&H	Holding	Total	P&C	L&H	Holding	Total
Current taxes	(2)			(1)		(2)		(1)
Deferred taxes	1	11		11	(13)	9		(4)
Total tax expense	**(1)**	**11**		**10**	**(13)**	**8**		**(5)**

Pro forma: restated for discontinued activities (Gan Eurocourtage, Groupama Insurances, Poland and Spain)

NOTE 43.3 – RECONCILIATION BETWEEN TOTAL ACCOUNTING TAX EXPENSE AND THEORETICAL TAX EXPENSE CALCULATIONS

(in millions of euros)	31.12.2012	31.12.2011 *pro forma*	31.12.2011
Theoretical tax expense	**52**	**605**	**589**
Impact of expenses or income defined as non-deductible or non-taxable	955	112	87
Impact of differences in tax rate	(1,111)	(711)	(722)
Tax credit and various charges	1	2	2
Charges of prior deficits			
Losses for the fiscal year not capitalised			
Deferred tax assets not accounted for	1	(9)	(9)
Other differences			
Effective tax expense	**(103)**	**(1)**	**(53)**

Pro forma: restated for discontinued activities (Gan Eurocourtage, Groupama Insurances, Poland and Spain)

Income tax corresponded to a total deferred tax expense plus corporate tax of -€103 million at 31 December 2011, versus an expense of -€1 million at 31 December 2011 after taking discontinued activities into consideration.

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".

This increase incorporates the current tax expense due for the tax consolidation scope of €135 million as at 31 December 2012 versus an expense of €69 million as at 31 December 2011 and is broken down into:

- An €82 million increase in short-term tax at 33 1/3% on current operations and also the impact due to the cap on allocation of losses (see 2011 amending finance law then 2012 amending finance law),
- A €53 million increase in long-term tax at 19% on operations related to SILIC,
- Long-term tax at 0% or at 4.13% on operations related to disposals and reserves on equity interests.

The last two items combined contribute to the increase in the "differences in tax rate".

The reconciliation with the theoretical statutory tax is as follows:

(in millions of euros)	31.12.2012		31.12.2011	
	Consolidated income before taxes	Theoretical tax rate	Consolidated income before taxes	Theoretical tax rate
France	141	34.43%	(1.494)	34.43%
Bulgaria	-14 (**)	10.00%		10.00%
China	2	25.00%	(3)	25.00%
Spain			31	30.00%
Greece	-1(*)	20.00%	(128)	20.00%
Hungary	8	19.00%	3	19.00%
Italy	9	34.32%	(97)	34.32%
Portugal	(1)	26.50%	(5)	26.50%
Romania	-267(*)	16.00%	(49)	16.00%
United Kingdom	-28(*)	24.50%	45	26.50%
Slovakia	(2)	19.00%	(4)	19.00%
Tunisia	4	30.00%	1	30.00%
Turkey		20.00%	(12)	20.00%
Total	**(150)**		**(1,713)**	

(*) Note that consolidated income before taxes in 2012 for Bulgaria, Greece, Romania, and the United Kingdom includes a goodwill impairment for €15 million, €9 million, €245 million, and €30 million respectively.

Consolidated income before taxes has been adjusted for the businesses of GAN Eurocourtage, Spain, and part of the United Kingdom, which are reclassified as income from discontinued activities.

The theoretical tax rate applicable in France remains at 34.43% and has not been corrected for the extraordinary 5% contribution that applies to taxable income for fiscal years 2011 and 2012 for companies that have turnover exceeding €250 million. This contribution was also extended for two years by the 2012 amending finance law.

Theoretical tax rates remained stable over the period, with the exception of the British rate, which decreased from 26.5% at 31 December 2011 to 24.5% at 31 December 2012.

OTHER INFORMATION

NOTE 44 – EMPLOYEES OF CONSOLIDATED COMPANIES

In number of persons	31.12.2012			31.12.2011
	Insurance	Banking	Total	Total
France	24,721	1,066	25,787	27,464
United Kingdom	556		556	1,553
Spain				1,101
Italy	832		832	850
Hungary	2,427		2,427	2,617
Greece	332		332	364
Romania	2,044		2,044	2,204
Other EU	270		270	483
Outside EU	558		558	1,012
Total employees of consolidated companies	**31,740**	**1,066**	**32,806**	**37,648**

The number of employees in France decreased mainly because of the disposal of the P&C and maritime businesses (-910 FTE). Similarly, disposals of subsidiaries in Spain and the United Kingdom explain the decrease in employees (respectively -1,101 FTE and -997 FTE) for the European Union.

In 2011, the branch in China became a subsidiary through the equity method of consolidation. This entity's personnel still appeared with the scope of the consolidated entities as at 31 December 2011. In 2012, these personnel were outside of the scope.

NOTE 45 – COMMITMENTS GIVEN AND RECEIVED

NOTE 45.1 – COMMITMENTS GIVEN AND RECEIVED – BANKING BUSINESS

(in millions of euros)	31.12.2012	31.12.2011
Financing commitments received		
Guarantee commitments received	459	312
Securities commitments receivable		
Total commitments received on banking business	**459**	**312**
Commitments received on currency transactions	25	6
Other commitments received		
Total other commitments received on banking business	**25**	**6**
Financing commitments given	221	239
Guarantee commitments given	61	93
Commitments on securities to be delivered		
Total commitments given on banking business	**282**	**332**
Commitments given on currency transactions	25	6
Commitments given on financial instrument transactions		(2)
Total other commitments given on banking business	**25**	**5**
Other commitments given	370	544
Total other commitments given	**370**	**544**

Off-balance sheet commitments received on banking business amounted to €459 million. For spot foreign exchange transactions, the position at 31 December 2011 was as follows:

foreign currencies purchased for euros not yet received	€25 million
foreign currencies sold for euros not yet delivered	€25 million

Commitments given totalled €282 million and specifically concerned client commitments. New commitments were given for €370 million, representing securities pledged in the context of the refinancing of the Group's bank through the ECB. This amount was €544 million as at 31 December 2011.

NOTE 45.2 – COMMITMENTS GIVEN AND RECEIVED – INSURANCE AND REINSURANCE BUSINESSES

(in millions of euros)	31.12.2012	31.12.2011
Endorsements, securities and guarantees received	479	520
Other commitments received	427	428
Total commitments received, excluding reinsurance	**906**	**947**
Reinsurance commitments received	**473**	**407**
Endorsements, securities and guarantees given	413	888
Other commitments related to stock, assets or income	433	489
Other commitments given	21	35
Total commitments given excluding reinsurance	**867**	**1,412**
Reinsurance commitments given (1)	**2,734**	**411**
Securities belonging to protection institutions		
Other securities held on behalf of third parties		

(1) This item increased by €2,000 million for the Groupama Gan Vie entity on reinsurance commitments given related to the pledging of Prefon, not taken into account in the presentation of 31 December 2011. This change has no impact on the financial statements.

Endorsements, securities and guarantees received amounted to €479 million and primarily comprise commitments received following the acquisition of Asiban (€88 million) and the OTP Bank's insurance subsidiaries (€280 million).

Other commitments received excluding reinsurance largely comprise the following items:

- Commitments in conjunction with company acquisitions and sales of €50 million: liability guarantees received totalling €50 million on the acquisition of Nuova Tirrena;
- The credit facility subscribed for €1 billion through a consortium of banks, from which Groupama SA drew €650 million.

Endorsements, securities and guarantees given totalled €413 million, consisting largely of the following major transactions:

- Guarantee valued at €58 million given in conjunction with Gan UK's sale of Minster Insurance Company Limited (MICL). This company was sold during fiscal year 2006.
- Guarantee given as part of the sale of Groupama Insurance for €142 million;
- Guarantee given as part of the sale of Groupama Seguros for €81 million;
- Guarantee given as part of the sale of Gan Eurocourtage for €56 million;

There is a change of -€750 million due to the non-renewal of the joint and several guarantee granted by Groupama Holding.

Other commitments on securities, assets or income

Other commitments on securities, assets or income consist of subscriptions to venture capital funds ("FCPR"). The balance of €433 million corresponds to the difference between the investment commitment of the subscribers and the total of calls for funds actually received.

Other commitments given

Other commitments given totalled €21 million and consisted primarily of commitments on credit leasing agreements by the Groupama Gan Vie subsidiary.

Unvalued commitments

Trigger clauses:

Groupama SA:

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%.

In conjunction with the issue of perpetual subordinated bonds ("TSDI") of €500 million, Groupama SA also has the option of deferring payment of interest on TSDI should the hedge of the Group solvency margin fall below 150%. The Group has not used this option and paid the coupon on 6 July 2012.

The trigger is valued as of the closing date prior to the anniversary date (ex-dividend date).

NOTE 46 – RISK FACTORS AND SENSITIVITY ANALYSES

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. The 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.

1. ORGANISATION OF RISK MANAGEMENT WITHIN THE GROUP

The general principles, the objectives and the organisation of risk 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. These charts, taken together, are the base on which the Group's structures for implementing the general internal control system using a shared method are based.
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 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 Group entities.

At the Group level, risks related to the insurance business lines are monitored especially by the Groupama SA 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 et Services is organised around three complementary systems:

- internal control of every entity;
- internal or operational auditing of every entity;
- the Group Internal Control and General Audit Department answerable to the Executive Management of Groupama SA, which directs and coordinates the Risk and Audit specialists within the Group.

Several bodies are responsible for risk governance at the Group level:

- the risk committees by risk family (insurance, financial and operational) organised by the Group Internal Control Risk Management department and made up of major risk owners and according to the affected areas of the representatives of the Group Actuarial department, Group Steering and Results department, 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 the entity level.

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 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 Internal Control & Risk Management Department supports the regional mutuals in monitoring and rolling out Group standards.

All of the Risk and Internal Control 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 Internal Control Department.

Reinsurance of the regional mutuals is provided by Groupama SA in accordance with the conditions defined in the Reinsurance Agreement. 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.

1.2 Groupama SA and its subsidiaries

Subsidiary risk is subject to triple monitoring:

- Inter-company 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 it is attached:
  - Group Finance Department for financial subsidiaries;
  - Insurance, Banking and Services Department for the 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 inter-company venture as part of the responsibility of its officers and in accordance with Group standards. Following the example of the regional mutuals, the Group Internal Control & Risk Management Department supports Groupama SA and its subsidiaries in monitoring and rolling out the internal control procedure.

As with the regional mutuals, 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 Risks Committee, of which independent Directors make up 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. Since 27 April 2011, the missions of the Audit Committee have been expanded to monitor risk management policy, procedures and systems. On this occasion, the committee changed its name to the Audit and Risk Committee. At the end of 2011, the authorisation thresholds on investment assets beyond which investment operations must obtain prior authorisation from the Groupama SA board of directors were revised. Similarly, successive semi-annual presentations to the Audit and Risk Management Committee then to the Board of the financial investment management assessment for the past period as well as financial investment policy guidelines for the coming half-year period have been established.

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. The audit plan of the Group General Audit Department is planned and decided by the Executive Management of Groupama SA. It is approved by the Audit and Risk Management Committee of Groupama SA and the Board of Directors of Groupama SA. Every engagement 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. An update on the progress of the implementation of the recommendations is communicated on a quarterly basis to the Groupama SA Executive Management and the managers of the various scopes concerned (France, International, Finance) of Groupama as well as the audit and risk committee of Groupama SA.

The purpose of the Group Internal Control and Risk Management, 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, has the following principal missions:
- the promotion of the culture of internal control and risk management, particularly in terms of moderating procedures via the organisation of the Group risk governance system, the 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 internal control teams in implementing and rolling out Group standards;
- managing projects to strengthen internal control and monitoring of major Group risks;
- the definition and implementation of a framework of risk tolerance;
- developing benchmarks and methodology tools on behalf of all Group entities
- coordination of the Group’s compliance measures;
- advice and assistance for the Group's companies particularly in the operational implementation of new regulatory texts, ACP recommendations or even changes in existing texts, in coordination with the Group's experts where appropriate;
- internal control and risk management reporting to the executive and deliberative bodies as well as the regulator.

Each Group entity has a Risk Management and Internal Control Department.

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.

2. INSURANCE RISKS

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.

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.

2.2.1 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 income. 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 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. The Group Actuarial Department oversees validation of the profitability of new products. Prior to each product launch, a standard profitability study, including a risk analysis and sensitivity study, must be sent to the DAG. After completing its analysis, the Group Actuarial Department issues an approval note with a favourable or unfavourable opinion. The work performed by the specialist insurance teams includes the drafting of the general terms and conditions, the exclusion clauses for the products, underwriting conditions and rates. The regional mutuals and subsidiaries of Groupama SA are then responsible for marketing and managing the products. The Group Internal Control and Risk Management Department and the Group Legal Department are consulted throughout the early stages of product launch.

2.2.2 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.

2.2.3 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 valued 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". This rate particularly determines a maximum level by reference to the average rate for government borrowings (the TME), 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**

As at 31 December 2012, 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:

(in millions of euros)	31.12.2012			31.12.2011
	France	International	Total	Total
Fixed-rate guaranteed commitments	43,067	2,679	45,746	46,734
Variable-rate guaranteed commitments	6,774	24	6,798	6,739
Unit-linked and other products without rate commitment	4,370	745	5,115	4,707
Total	**54,211**	**3,448**	**57,659**	**58,180**

11.8% of the portfolio is considered variable rate. This variable rate is generally a function of an index based on the TME.

2.2.4 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 policies are renegotiated and renewed each year by Groupama SA on behalf of the entire Group. Moreover, selection rules defined in the Security and Reinsurance Committee, which is composed of the external outward Reinsurance Division of Groupama SA and the Group Internal Control and Risk Management Department and several of its subsidiaries, 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.

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

2.3.1 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.

2.3.1.1 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 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.).

2.3.1.2 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 options**

Most of the savings and retirement products may be surrendered by the policyholders at a value defined by the policy before maturity. Large redemptions may have significant impact on the results or the solvency in certain unfavourable environments.

➢ **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.

2.3.1.3 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 the 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 are potentially exposed to risk if demographic change deviates from experience with regard to these funding tables.

As at 31 December 2012, the amount of the actuarial reserves for annuities was €10,793 million, compared with €8,285 million at 31 December 2011, an increase of 30.3%. This change is mainly explained by the incorporation in 2012 of actuarial reserves being established.

(in millions of euros)	31.12.2012			31.12.2011
	France	International	Total	Total
Actuarial reserves for life annuities	8,638	11	8,649	6,197
Actuarial reserves for non-life annuities	2,120	24	2,144	2,088
Total	**10,758**	**35**	**10,793**	**8,285**

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.

2.4.1 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 inter-network 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 inter-network 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 inter-network 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.

2.4.2 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.

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.

3.1 Interest rate risk

3.1.1 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.

3.1.2 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 the redemption risk and profit-sharing clauses**

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).

However, in addition to the fact that liabilities that can be redeemed do not represent all commitments, the sensitivity of redemptions to changes in interest rates can vary depending on the product and policyholders' expectations. The objective of Asset/Liabilities Management is to reduce the volatility of redemption rates, using strategies that take into account the various reserves available and bond management strategies coupled with hedging products. These are used to adjust the yield profile for the assets in the different potential interest rate environments in order to ensure policyholder satisfaction.

➢ **Interest rate risk related to the existence of guaranteed rates**

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 strategy is implemented by purchasing interest rate options (“caps”) on the one hand, and by converting fixed rate bonds to variable rate bonds (“payer swaps”) on the other.

– Purchase of caps: over the duration and horizon selected, a cap allows collection of the differential, if it is positive, between the market rate and a strike price, in consideration for the payment of a premium. This mechanism has the advantage of reproducing the behaviour of the liability which, when rates fall, is close to a fixed rate (minimum rate) and, when rates rise, to a variable rate. The cost of this strategy is a function of the different criteria that affect the value of the option.

– Interest rate swap: the strategy may also consist of transforming a fixed-rate bond into a variable rate, either on a security held or new investments. Their objective is to limit 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 therefore aim to limit the impact of potential redemptions.

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. 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.

3.1.3 Sensitivity to interest rate risk analysis

Pursuant to IFRS 7, an analysis of accounting sensitivity was carried out at 31 December 2012 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, financing 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.

3.1.3.1 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 2012, the amount of the discount in the actuarial reserves for non-life annuities, before reinsurance, was €517 million. The amount of the discount in the reserve for increasing risks on long-term care, before reinsurance, was in the order of €374 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:

(in millions of euros)	31.12.2012		31.12.2011	
	Interest rate		Interest rate	
	+1%	-1%	+1%	-1%
Impact on income(net of taxes)	62	(53)	80	(55)
Shareholders' 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 2% 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:

(in millions of euros)	31.12.2012		31.12.2011	
	Interest rate		Interest rate	
	+1%	-1%	+1%	-1%
Impact on income(net of taxes)	71	(322)	254	(453)
Shareholders' equity impact (excluding income)				

3.1.3.2 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 2012, the profit-sharing rate used for entities holding life insurance commitments corresponded to a range of 70.93% to 86.46%.

(in millions of euros)	31.12.2012		31.12.2011	
	Rate risk		Rate risk	
	+1%	-1%	+1%	-1%
Impact on the re-evaluation reserve	**(613)**	**684**	**(731)**	**816**
Equities				
Equity UCITS				
Bonds	(578)	646	(706)	789
Rate UCITS	(35)	38	(25)	27
Derivative instruments and embedded derivatives				
Impact on net income	**16**	**(12)**	**(3)**	**4**
Equities				
Equity UCITS				
Bonds	(2)	2	(1)	2
Rate UCITS	(15)	18	(24)	25
Derivative instruments and embedded derivatives	33	(32)	22	(23)

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.

3.1.3.3 Financing 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 2007, the Group issued perpetual bonds consisting of deeply subordinated instruments (TSS). 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 following table shows the net impacts taken into account of a regulatory tax rate of 34.43%.

(in millions of euros)		31.12.2012		31.12.2011	
		Interest rate		Interest rate	
		+1%	-1%	+1%	-1%
Impact on income	Fixed portion			-	-
	Variable portion			-	-
Impact on shareholders' equity	Fixed portion			-	-
	Variable portion			-	-

Group financing debt is exclusively fixed rate. This balance sheet item is therefore not sensitive to potential changes in interest rates.

3.2 Risk of variation in the price of equity instruments (stocks)

3.2.1 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 8.3% in market value, most of which was classified as "assets available-for-sale". Equity instruments include:

- equities in French and foreign companies listed for trading on regulated markets and managed under management mandates. They may be held directly or within UCITS (FCP and SICAV);
- equities in French and foreign companies listed for trading on regulated markets and managed outside management mandates;
- 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").

3.2.2 Group risk management

The equity risk sensitivity reduction, begun at the end of 2011, was continued in 2012. More than €2 billion in equities were thus disposed of in 2012. The equity hedge established at the end of 2011 in the Group's main equity UCITS – Washington Actions Euro – was renewed in 2012, still in the form of a Eurostoxx 50 collar for a notional amount of €1,089 million, i.e., all of this UCITS fund's equity exposure.

This management, approved as part of Group governance, was implemented by the finance department and the management company of the Group.

With the exception of strategic securities, equities are managed quasi-exclusively through UCITS managed by Groupama Asset Management. Most of these funds are dedicated to the exclusive management of the Group's equities. This management adheres to the following liquidity and distribution requirements:

- 3% of the Company's capital;
- 10% of the Company's float;
- a security must not represent more than 5% of the equity portfolio.

3.2.3 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 2012, the profit-sharing rate used for entities holding life insurance commitments corresponded to a range of 70.93% to 86.46%.

(in millions of euros)	31.12.2012		31.12.2011	
	Equities risk		Equities risk	
	+10%	-10%	+10%	-10%
Impact on the re-evaluation reserve	**191**	**(191)**	**244**	**(243)**
Equities	89	(89)	126	(125)
Equity UCITS	102	(102)	118	(118)
Bonds				
Rate UCITS				
Derivative instruments and embedded derivatives				
Impact on net income	**28**	**(28)**	**57**	**(57)**
Equities	1	(1)	1	(1)
Equity UCITS	27	(27)	56	(56)
Bonds				
Rate UCITS				
Derivative instruments and embedded derivatives				

3.3 Foreign exchange risk

3.3.1 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 UCITS or securities denominated in foreign currencies and UCITS 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.

3.3.2 Managing foreign exchange risk

Foreign exchange risk is currently hedged through forward sales of dollars, yen and Hungarian forint. The documentation is updated at each accounting close. These instruments do not correspond to the accounting notion of hedging as defined by IFRS.

3.3.3 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 2012, the profit-sharing rate used for entities holding life insurance commitments corresponded to a range of 70.93% to 86.46%.

(in millions of euros)	31.12.2012		31.12.2011	
	Foreign currency risk		Foreign currency risk	
	+10%	-10%	+10%	-10%
Impact on the re-evaluation reserve	**34**	**(34)**	**82**	**(82)**
Equities	9	(9)	11	(11)
Bonds	25	(25)	70	(70)
UCITS			1	(1)
Derivative instruments and embedded derivatives				
Impact on net income	**1**	**(1)**	**2**	**(2)**
Equities				
Bonds	1	(1)	1	(1)
UCITS			1	(1)
Derivative instruments and embedded derivatives				

Hedging effects within the consolidated UCITS 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.

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.

➢ **Concentration of credit risk on corporate bonds**

A maximum holding percentage per rating of private issuers has been implemented under the management mandates of the Groupama SA subsidiaries. These constraints are monitored monthly by the investment committees.

The ratios defined for bonds held are calculated on the market value of the total bond assets of each company (or isolated assets) based on the official rating issued by at least two rating agencies:

- Investment grade environment (securities with at least BBB ratings)
    - ✓ AAA: regulatory ratios, which are 5% per issuer, with the exception of the securities written or guaranteed by a Member State of the OECD and CADES securities
    - ✓ AA: 3% maximum per issuer
    - ✓ A: 1% maximum per issuer
    - ✓ BBB: 0.5% maximum per issuer
    - ✓ Total BBB issuers may not exceed 10% of the market value of the bond component
- Unrated eurozone environment:
    - ✓ 0.5% maximum per issuer, with the exception of securities guaranteed by a Member State of the OECD; in this case the prudential ratio of that State applies.
    - ✓ The total of unrated issuers (NN) may not exceed 10% of the market value of the bond component.
- Non-investment grade environment (high yield):
    - ✓ No direct holding in the portfolios is authorised for non-investment grade securities referred to as “high-yield”.

➢ **Risk on bonds of the GIIPS countries**

The Group's gross exposure to sovereign debt of the GIIPS countries (Greece, Italy, Spain, Portugal) amounted to €10,981 million as at 31 December 2012, representing 22% of the interest-bearing product portfolio.

➢ **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.

3.5 Summary of sensitivity to market risks analyses

The following table shows all the sensitivity to market risks analyses for fiscal years 2012 and 2011, broken down by shareholders' equity and income, excluding profit sharing and taxes.

(in millions of euros)	31.12.2012				31.12.2011			
	Upward trend in sensitivity criteria		Downward trend in sensitivity criteria		Upward trend in sensitivity criteria		Downward trend in sensitivity criteria	
	Shareholders' equity	Income (loss)	Shareholders' equity	Income (loss)	Shareholders' equity	Income (loss)	Shareholders' equity	Income (loss)
Interest rate risk	**(613)**	**149**	**684**	**(387)**	**(731)**	**331**	**816**	**(504)**
Technical liabilities		133		(375)		334		(508)
Financial investments	613.	16	684	(12)	(731)	(3)	816	4
Financing debt								
Equities risk	**191**	**28**	**(191)**	**(28)**	**244**	**57**	**(243)**	**(57)**
Financial investments	191	28	(191)	(28)	244	57	(243)	(57)
Foreign exchange risk	**34**	**1**	**(34)**	**(1)**	**82**	**2**	**(82)**	**(2)**
Financial investments	34	1	(34)	(1)	82	2	(82)	(2)

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 stock risk; and
- Up or down fluctuation of 10% in all currencies against the euro, for exchange rate risk.

4. Liquidity risk

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 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 2012, the liquidity risk was greatly reduced by the available cash and the mandatory unrealised capital gains present in the portfolio.

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.

4.4 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:

(in millions of euros)	31.12.2012				31.12.2011			
	<1 year	1 to 5 years	>5 years	Total	<1 year	1 to 5 years	>5 years	Total
Non-life technical reserves	5,700	3,677	5,505	14,883	7,431	4,962	5,443	17,836
Life technical reserves - insurance policies excluding unit-linked items	2,853	5,334	23,724	31,911	3,595	6,123	22,327	32,045
Technical liabilities related to financial contracts with discretionary profit sharing excluding unit-linked items	1,561	3,716	15,584	20,860	1,416	4,153	16,399	21,968
Technical liabilities related to financial contracts without discretionary profit sharing excluding unit-linked items	7			7	7			7
Reserve for deferred profit-sharing liability	42		162	204	1			1
Total technical insurance liabilities and liabilities for financial contracts	**10,163**	**12,727**	**44,975**	**67,865**	**12,450**	**15,238**	**44,168**	**71,856**

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.

4.5 Financing debt by maturity

The principal features of financing debt, as well as its breakdown by maturity, are provided in Note 24 herein – Financing Debt.

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 Group security 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)	31.12.2012						
	AAA	AA	A	BBB	< BBB	Not rated	Total
Share of reinsurers in non-life insurance reserves		796	211	1	4	380	1,393
Share of reinsurers in life insurance reserves		9	9			30	48
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 transactions	23	4	7		1	191	226
Total	**23**	**809**	**227**	**1**	**6**	**602**	**1,668**

(in millions of euros)	31.12.2011						
	AAA	AA	A	BBB	< BBB	Not rated	Total
Share of reinsurers in non-life insurance reserves	110	383	228	36		298	1,055
Share of reinsurers in life insurance reserves		13	5	,		38	56
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 transactions	6	9	19	9	1	89	133
Total	**116**	**405**	**252**	**45**	**1**	**425**	**1,244**

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.

6. OPERATING, LEGAL, REGULATORY AND TAX RISKS

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, 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 Risk and Internal Control of each entity;
- periodic controls undertaken by internal audit of each entity.

The operational risk management system of Groupama is based on:

- crisis management systems and Business Continuity Plans (BCPs). 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;

- 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 at every stage of the business line and functional processes, operational risks are identified and related 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.

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, car fleets, etc.).

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.

6.2.1 Compliance with Company law and the French Commercial Code

The Legal Department, under the supervision of the Company 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.

6.2.2 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, ACP 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).

6.2.3 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;

- to fight money laundering and terrorist financing: the entities are incorporating into their procedures the legal obligations and professional recommendations in this area. The internal control 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, is responsible for monitoring Group compliance with anti-money laundering obligations;

- 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 six for Groupama SA in areas implementing sensitive processes (HR Direction, Health Direction, Direction of Group Insurance, Marketing and Distribution Direction, Group Communication Direction, Risk Direction, and Group Internal Control). This network changes based on the Group's organisational modifications;

- with regard to the protection of medical data, each entity is responsible for the implementation of texts and recommendations in force. The corresponding Group recommendations are implemented in partnership with the medical officers, in collaboration with the Group compliance function, the Group Data Protection Correspondent and the Claims and Cost Control division of the Insurance, Banking and Services department;

- with regard to the protection of clients, the procedures and measures implemented to ensure compliance with the current rules are described in the notes attached to report R-336-1 on internal control developed by each French insurance entity of the Group. For fiscal year 2012 and in accordance with the terms of instruction no. 2012-I-07 of the ACP related to the questionnaire about the application of rules intended to ensure customer protection, the Group's subject companies will electronically transmit this appendix to the ACP no later than 30 September 2013.

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 223A 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.

7. Monitoring and managing banking risks

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 regulations, including Titles IV and V of amended Regulation CRBF 97-02, as amended, the Bank's Management Committee, acting on proposals made by the risk department, sets the institution's risk policy, particularly with regard to customer selection and risks, terms and conditions for granting loans and delegating authority.

The Risk Department also analyses and monitors risk and carries out the necessary controls and reporting within a number of committees: the Credit Committee, the Risk and Control Committee, the ALM, Customer Rate, and Market Risk Committee and the Management Committee. It also recommends policy adjustments according to what it anticipates in terms of risk to the bank and changes in the economic and regulatory environment.

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.

➢ **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.

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 Article 1 of CRBF Regulation 93-05, as amended.

➢ **Oversight procedures**

Oversight of credit risks is carried out by the risk 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.

➢ **Impairment procedures**

Procedures are adapted to a different treatment for consumer credit granted to retail banking customers on the one hand, and other facilities on the other. 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.

7.3 Market risks

The Market Risk 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 market risk control ensures that the limits defined by the Management Committee are respected. Stress scenarios are also simulated on the various portfolios.

Market risk control 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.

- **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 case of problems on the financial market.

The Management Committee is advised quarterly of risk and income valuations, compliance with limits, any counterparty default and any event likely to affect the bank's risk level.

- **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.

- **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 foreign exchange risk.

- **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 Capital Markets and Treasury Departments, weekly at the level of the Steering Committee and monthly through the ALM 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 special scheme accounts. The bank 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 the pooling of cash resources or Group surpluses.

The liquidity ratio exceeds the regulatory minimum.

7.4 The annual percentage rate risk (ALM)

Pursuant to Article 29 of chapter III – section IV of Regulation 97-02, as amended, the bank has decided to remove from the scope of the overall risk assessment those transactions for which it assesses market risk.

Balance sheet elements that do not generate market risk and show some sensitivity to changes in interest rates are grouped together in the bank's fixed-rate section of the structural balance sheet, which itself is divided into four main sections: banking book, investments, shareholders' equity and cash.

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 +/-€20 million. This limit was reached during fiscal year 2012 and the balance sheet was hedged with interest-rate swaps. At 31 December 2012, the sensitivity thus calculated was -€7.4 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 sliding second limit on the net income of the bank over one year is continued. It is set at +/-€5 million, for a conversion of the yield curve of +100 bp. At 31 December 2012, this sensitivity was -€2.3 million. The limit has not been reached since its implementation in September 2011.

7.5 operational risks

The operational risk management policy is based on the standard method of the Basel II agreement. It identifies risks inherent in each business line (bottom-up approach), periodically assesses their criticality (mapping of operational risks and scenario modelling) and inventories incidents that have occurred. 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, which includes:

- 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.

NOTE 47 – LIST OF ENTITIES IN THE SCOPE OF CONSOLIDATION AND MAJOR CHANGES TO THE SCOPE OF CONSOLIDATION

The principal changes in the scope of consolidation are the following:

Inclusion in the scope of consolidation

the property company HOLDCO was included in the scope of consolidation as at 31 December 2011. The company is consolidated according to the equity method. HOLDCO is a consolidation level that includes a 43.85% stake in SILIC and a 55.58% stake in ICADE.

Eliminations from the scope of consolidation

Gan Eurocourtage was eliminated from the scope of consolidation following its merger with Groupama SA.

the property companies SILIC, SEPAC, and SOCOMIE were eliminated from the scope of consolidation.

Groupama Seguros Espagne and Click Seguros, which were the subject of a sale agreement on 19 June, were eliminated from the scope of consolidation.

Groupama Insurances, sold on 15 November 2012, was eliminated from the scope of consolidation.

The broker LARK was eliminated from the scope of consolidation following the sale agreement signed on 19 July 2012.

OTP Garancia Asigurari was sold during the first half of 2012.

SAS 14 Madeleine, SAS 9 Victoire, and SAS Claude Bernard were absorbed by GGVIE on 19 April 2012 through a transfer of all assets and liabilities.

The property mutual funds OFI GB1 and OFI GR1 were transferred outside of the Group on 2 October 2012.

SCI 204 Péreire, SCI 5/7 Moncey, SCI Messine 6, SCI 28 cours Albert 1er, and SCI 33 Montaigne were eliminated from the scope of consolidation following the contribution of their properties to the property mutual fund GR1 and the reduction of their capital.

Haussmann Laffitte Immobilier (SNC HLI) was eliminated from the scope of consolidation.

Transfer of activity

The activity of the two Slovakian entities (Groupama Poistovna Slovaquie and Groupama Zivotna Slovaquie) was transferred to the Hungarian subsidiary (Groupama Garancia Biztosito) starting on 1 January 2012.

	Sector	Country	% control	% interest	Method	% control	% interest	Method
			31.12.2012			31.12.2011		
GROUPAMA Méditerranée	Insurance	France	-	-	A	-	-	A
GROUPAMA Centre Manche	Insurance	France	-	-	A	-	-	A
GROUPAMA Grand Est	Insurance	France	-	-	A	-	-	A
GROUPAMA OC	Insurance	France	-	-	A	-	-	A
MISSO	Insurance	France	-	-	A	-	-	A
GROUPAMA Loire Bretagne	Insurance	France	-	-	A	-	-	A
GROUPAMA Paris Val-de-Loire	Insurance	France	-	-	A	-	-	A
GROUPAMA Nord-Est	Insurance	France	-	-	A	-	-	A
CAISSE des producteurs de tabac	Insurance	France	-	-	A	-	-	A
GROUPAMA Rhône-Alpes-Auvergne	Insurance	France	-	-	A	-	-	A
GROUPAMA Centre Atlantique	Insurance	France	-	-	A	-	-	A
GROUPAMA Antilles-Guyanes	Insurance	France	-	-	A	-	-	A
GROUPAMA Océan Indien et Pacifique	Insurance	France	-	-	A	-	-	A
CLAMA Méditerranée	Insurance	France	-	-	A	-	-	A
CLAMA Centre Manche	Insurance	France	-	-	A	-	-	A
CLAMA Grand Est	Insurance	France	-	-	A	-	-	A
CLAMA OC	Insurance	France	-	-	A	-	-	A
CLAMA Loire Bretagne	Insurance	France	-	-	A	-	-	A
CLAMA Paris Val-de-Loire	Insurance	France	-	-	A	-	-	A
CLAMA Nord-Est	Insurance	France	-	-	A	-	-	A
CLAMA Rhône-Alpes-Auvergne	Insurance	France	-	-	A	-	-	A
CLAMA Centre Atlantique	Insurance	France	-	-	A	-	-	A
CLAMA Antilles-Guyanes	Insurance	France	-	-	A	-	-	A
CLAMA Océan Indien et Pacifique	Insurance	France	-	-	A	-	-	A
GIE GROUPAMA Supports et Services	EIG	France	100.00	99.95	FC	99.99	99.92	FC
GROUPAMA S.A.	Holding	France	99.94	99.95	FC	99.93	99.93	FC
GROUPAMA HOLDING	Holding	France	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA HOLDING 2	Holding	France	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA GAN VIE	Insurance	France	100.00	99.95	FC	100.00	99.93	FC
GAN PATRIMOINE	Insurance	France	100.00	99.95	FC	100.00	99.93	FC
CAISSE FRATERNELLE D'EPARGNE	Insurance	France	100.00	99.95	FC	100.00	99.93	FC
CAISSE FRATERNELLE VIE	Insurance	France	99.78	99.72	FC	99.78	99.70	FC
ASSUVIE	Insurance	France	50.00	49.97	FC	50.00	49.96	FC
GAN PREVOYANCE	Insurance	France	100.00	99.95	FC	100.00	99.93	FC
GROUPAMA ASSURANCE CREDIT	Insurance	France	100.00	99.95	FC	100.00	99.93	FC
MUTUAIDE ASSISTANCE	Assistance	France	100.00	99.95	FC	100.00	99.93	FC
GAN ASSURANCES	Insurance	France	100.00	99.95	FC	100.00	99.93	FC
GAN OUTRE MER	Insurance	France	100.00	99.95	FC	100.00	99.93	FC
GROUPAMA PROTECTION JURIDIQUE	Insurance	France	100.00	99.95	FC	100.00	99.93	FC
GAN EUROCOURTAGE	Insurance	France				100.00	99.93	FC
LA BANQUE POSTALE IARD	Insurance	France	35.00	34.98	EM	35.00	34.97	EM
AMALINE ASSURANCES	Insurance	France	100.00	99.95	FC	100.00	99.93	FC
CEGID	Insurance	France	26.89	26.87	EM	26.89	26.87	EM
GROUPAMA SEGUROS de Vida Portugal	Insurance	Portugal	100.00	99.95	FC	100.00	99.93	FC
GÜNES SIGORTA	Insurance	Turkey	36.00	35.98	EM	36.00	35.97	EM
GROUPAMA SIGORTA	Insurance	Turkey	98.81	98.76	FC	98.81	98.74	FC
GROUPAMA SIGORTA EMEKLILIK	Insurance	Turkey	90.89	90.32	FC	90.89	90.31	FC
GROUPAMA Investment BOSPHORUS	Holding	Turkey	100.00	99.95	FC	100.00	99.93	FC
GROUPAMA POISTOVNA SLOVAQUIE	Insurance	Slovakia	100.00	99.95	FC	100.00	99.93	FC
GROUPAMA ZIVOTNA SLOVAQUIE	Insurance	Slovakia	100.00	99.95	FC	100.00	99.93	FC
STAR	Insurance	Tunisia	35.00	34.98	EM	35.00	34.97	EM
GROUPAMA ZASTRAHOVANE NON LIFE	Insurance	Bulgaria	100.00	99.95	FC	100.00	99.93	FC
GROUPAMA JIVOTOZASTRAHOVANE LIFE	Insurance	Bulgaria	100.00	99.95	FC	100.00	99.93	FC
GROUPAMA GARANCIA BIZTOSITO	Insurance	Hungary	100.00	99.95	FC	100.00	99.93	FC
GROUPAMA PHOENIX Hellenic Asphalistike	Insurance	Greece	100.00	99.95	FC	100.00	99.93	FC
GROUPAMA AVIC PROPERTY INSURANCES CO	Insurance	China	50.00	49.97	EM	50.00	49.96	EM
GROUPAMA SEGUROS Spain	Insurance	Spain				100.00	99.93	FC
CLICK SEGUROS	Insurance	Spain				100.00	99.93	FC
GUK BROKING SERVICES	Holding	United Kingdom	100.00	99.95	FC	100.00	99.93	FC
GROUPAMA INSURANCES CY LTD	Insurance	United Kingdom				100.00	99.93	FC

A: Aggregation FC: Full consolidation EM: Equity method

	Sector	Country	% control	% interest	Method	% control	% interest	Method
			31.12.2012			31.12.2011		
CAROLE NASH	Insurance brokerage	United Kingdom	100.00	99.95	FC	100.00	99.93	FC
BOLLINGTON LIMITED	Insurance brokerage	United Kingdom	100.00	99.95	FC	100.00	99.93	FC
LARK	Insurance brokerage	United Kingdom				100.00	99.93	FC
GREYSTONE	Insurance brokerage	United Kingdom				100.00	99.93	FC
HALVOR	Insurance brokerage	United Kingdom	100.00	99.95	FC	100.00	99.93	FC
COMPUCAR LIMITED	Insurance brokerage	United Kingdom	100.00	99.95	FC	100.00	99.93	FC
GRIFFITHS GOODS	Insurance brokerage	United Kingdom				100.00	99.93	FC
GROSVENOR COURT SERVICES	Insurance brokerage	United Kingdom				100.00	99.93	FC
GROUPAMA ASSICURAZIONI	Insurance	Italy	100.00	99.95	FC	100.00	99.93	FC
GROUPAMA SEGUROS Portugal	Insurance	Portugal	100.00	99.95	FC	100.00	99.93	FC
GROUPAMA ASIGURARI	Insurance	Romania	100.00	99.95	FC	100.00	99.93	FC
OTP GARANCIA ASIGURARI	Insurance	Romania				100.00	99.93	FC
GROUPAMA ASSET MANAGEMENT	Asset management	France	100.00	99.40	FC	99.98	99.28	FC
GROUPAMA PRIVATE EQUITY	Asset management	France	100.00	99.40	FC	100.00	99.30	FC
GROUPAMA BANQUE	Banking	France	99.45	99.40	FC	99.37	99.30	FC
GROUPAMA EPARGNE SALARIALE	Asset management	France	100.00	99.40	FC	100.00	99.30	FC
GROUPAMA IMMOBILIER	Asset management	France	100.00	99.40	FC	100.00	99.30	FC
SILIC	Real estate	France				37.45	37.42	EM
SEPAC	Real estate	France				37.45	37.42	EM
HOLDCO	Real estate	France	24.93	24.92	EM			
COMPAGNIE FONCIERE PARISIENNE	Real estate	France	99.97	99.92	FC	99.97	99.90	FC
SCI DEFENSE ASTORG	Real estate	France	100.00	99.92	FC	100.00	99.90	FC
GAN FONCIER II	Real estate	France	100.00	99.95	FC	100.00	99.93	FC
IXELLOR	Real estate	France	100.00	99.95	FC	100.00	99.93	FC
79 CHAMPS ELYSÉES	Real estate	France	100.00	99.95	FC	100.00	99.93	FC
CNF	Real estate	France	100.00	99.95	FC	100.00	99.93	FC
RENNES VAUGIRARD	Real estate	France	100.00	99.95	FC	100.00	99.93	FC
SOCIETE FORESTIERE GROUPAMA	Real estate	France	100.00	99.95	FC	100.00	99.94	FC
14 MADELEINE (SASU)	Real estate	France				100.00	99.93	FC
9 VICTOIRE (SAS)	Real estate	France				100.00	99.93	FC
60 CLAUDE BERNARD (SASU)	Real estate	France				100.00	99.93	FC
OPCI OFI GB1	UCITS	France				100.00	99.93	FC
OPCI OFI GB2	UCITS	France	100.00	99.92	FC	100.00	99.90	FC
OPCI OFI GR1	UCITS	France				100.00	99.93	FC
SCI GAN FONCIER	Real estate	France	100.00	98.87	FC	100.00	98.85	FC
VICTOR HUGO VILLIERS	Real estate	France	100.00	98.64	FC	100.00	98.64	FC
1 BIS FOCH	Real estate	France	100.00	98.84	FC	100.00	98.84	FC
SCI TOUR GAN	Real estate	France	100.00	98.80	FC	100.00	98.80	FC
16 MESSINE	Real estate	France	100.00	98.84	FC	100.00	98.84	FC
40 RENE BOULANGER	Real estate	France	100.00	98.84	FC	100.00	98.84	FC
9 MALESHERBES	Real estate	France	100.00	98.84	FC	100.00	98.84	FC
97 VICTOR HUGO	Real estate	France	100.00	98.84	FC	100.00	98.84	FC
44 THEATRE	Real estate	France	100.00	98.84	FC	100.00	98.84	FC
261 RASPAIL	Real estate	France	100.00	99.92	FC	100.00	99.90	FC
SOCOMIE	Real estate	France				37.45	37.42	EM
5/7 PERCIER (SASU)	Real estate	France	100.00	99.95	FC	100.00	99.93	FC
GAN INVESTISSEMENT FONCIER	Real estate	France	100.00	99.95	FC	100.00	99.93	FC
33 MONTAIGNE	Real estate	France				100.00	99.93	FC
SCA CHATEAU D'AGASSAC	Real estate	France	100.00	99.98	FC	100.00	99.98	FC
43 CAUMARTIN (SCI)	Real estate	France				100.00	99.93	FC
LES FRERES LUMIERE	Real estate	France	100.00	99.95	FC	100.00	99.93	FC
CAP DE FOUSTE (SCI)	Real estate	France	100.00	99.96	FC	100.00	99.96	FC
150 RENNES (SCI)	Real estate	France	100.00	99.95	FC	100.00	99.93	FC
10 PORT ROYAL (SCI)	Real estate	France				100.00	99.93	FC
DOMAINE DE NALYS	Real estate	France	100.00	99.95	FC	100.00	99.93	FC
99 MALESHERBES (SCI)	Real estate	France	100.00	99.95	FC	100.00	99.93	FC
3 ROSSINI (SCI)	Real estate	France	100.00	99.95	FC	100.00	99.93	FC
CHAMALIERES EUROPE (SCI)	Real estate	France	100.00	99.95	FC	100.00	99.93	FC
102 MALESHERBES (SCI)	Real estate	France	100.00	99.95	FC	100.00	99.93	FC
PARIS FALGUIERE (SCI)	Real estate	France	100.00	99.95	FC	100.00	99.93	FC

A: Aggregation FC: Full consolidation EM: Equity method

	Sector	Country	% control	% interest	Method	% control	% interest	Method
			31.12.2012			31.12.2011		
DOMAINE DE FARES	Real estate	France	50.00	49.98	EM	50.00	49.98	EM
12 VICTOIRE (SCI)	Real estate	France	100.00	99.95	FC	100.00	99.93	FC
HAUSSMANN LAFFITTE IMMOBILIER (SNC)	Real estate	France				100.00	99.93	FC
204 PEREIRE (SCI)	Real estate	France				100.00	99.93	FC
LABORIE MARCENAT	Real estate	France	74.10	74.05	EM	74.10	74.05	EM
SCIMA GFA	Real estate	France	100.00	99.95	FC	100.00	99.93	FC
6 MESSINE (SCI)	Real estate	France				100.00	99.93	FC
38 LE PELETIER (SCI)	Real estate	France	100.00	99.95	FC	100.00	99.93	FC
SCI CHATEAU D'AGASSAC	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
5/7 MONCEY (SCI)	Real estate	France				100.00	99.93	FC
19 GENERAL MANGIN (SCI)	Real estate	France				100.00	99.93	FC
28 COURS ALBERT 1er (SCI)	Real estate	France				100.00	99.93	FC
SA SIRAM	Real estate	France	90.07	90.07	FC	90.07	90.07	FC
GROUPAMA PIPACT	Real estate	France	100.00	99.95	FC	100.00	99.93	FC
FRANCE-GAN I D	UCITS	France	42.91	42.89	EM	45.29	45.26	EM
GROUPAMA ALTERNATIF MULTI NEWCITS C	UCITS	France				91.69	91.63	FC
GROUPAMA ALTERNATIF DYNAMIQUE C	UCITS	France				89.00	88.94	FC
GROUPAMA TRESORERIE I C	UCITS	France				39.53	39.50	EM
GROUPAMA CREDIT EURO LT I C	UCITS	France	64.40	64.37	FC	71.13	71.08	FC
ASTORG CTT C	UCITS	France	100.00	99.95	FC	98.11	98.03	FC
GROUPAMA AAEXA D	UCITS	France	100.00	99.95	FC	100.00	99.93	FC
ASTORG EURO SPREAD D	UCITS	France	100.00	99.95	FC	100.00	99.93	FC
WASHINGTON EURO NOURRI 10 FCP	UCITS	France	99.83	99.76	FC	99.83	99.76	FC
WASHINGTON EURO NOURRI 9 FCP	UCITS	France	100.00	99.95	FC	100.00	99.93	FC
WASHINGTON EURO NOURRI 8 FCP	UCITS	France	100.00	99.95	FC	100.00	99.93	FC
WASHINGTON EURO NOURRI 7 FCP	UCITS	France	100.00	99.95	FC	100.00	99.93	FC
WASHINGTON EURO NOURRI 6 FCP	UCITS	France	100.00	99.95	FC	100.00	99.93	FC
WASHINGTON EURO NOURRI 5 FCP	UCITS	France	83.33	83.29	FC	100.00	99.93	FC
WASHINGTON EURO NOURRI 4 FCP	UCITS	France	99.62	99.57	FC	99.62	99.95	FC
WASHINGTON EURO NOURRI 3 FCP	UCITS	France	99.62	99.57	FC	99.62	99.55	FC
WASHINGTON EURO NOURRI 2 FCP	UCITS	France	83.33	83.29	FC	83.33	83.27	FC
WASHINGTON EURO NOURRI 1 FCP	UCITS	France	99.89	99.81	FC	99.89	99.81	FC
WASHINGTON INTER NOURRI 1 FCP	UCITS	France				100.00	99.93	FC
WASHING.ACT.EUROPEXEURO D	UCITS	France				100.00	99.93	FC
WASHINGTON INTER NOURRI 2 FCP	UCITS	France				100.00	99.93	FC
WASHINGTON INTER NOURRI 0 FCP	UCITS	France				100.00	99.93	FC
GROUPAMA INDEX INFLATION EURO I D	UCITS	France	100.00	99.95	FC	100.00	99.93	FC
WASHINGTON EURO NOURRI 13 FCP	UCITS	France	100.00	99.95	FC	100.00	99.93	FC
WASHINGTON EURO NOURRI 14 FCP	UCITS	France	100.00	99.95	FC	100.00	99.93	FC
WASHINGTON EURO NOURRI 15 FCP	UCITS	France	100.00	99.95	FC	100.00	99.93	FC
GROUPAMA CONVERTIBLES I D	UCITS	France	99.53	99.48	FC	99.52	99.46	FC
GROUPAMA ENTREPRISES IC C	UCITS	France	25.24	25.23	EM			
GROUPAMA CREDIT EURO I C	UCITS	France	79.46	79.42	FC	73.82	73.78	FC
GROUPAMA CREDIT EURO I D	UCITS	France	60.35	60.32	FC	60.35	60.31	FC
WASHINGTON EURO NOURRI 11 FCP	UCITS	France	80.00	79.96	FC	80.00	79.94	FC
WASHINGTON EURO NOURRI 12 FCP	UCITS	France	100.00	99.95	FC	100.00	99.93	FC
WASHINGTON INTER NOURRI 3 FCP	UCITS	France				100.00	99.93	FC
WASHINGTON EURO NOURRI 16 FCP	UCITS	France	100.00	99.95	FC	100.00	99.93	FC
WASHINGTON EURO NOURRI 17 FCP	UCITS	France	100.00	99.95	FC	100.00	99.93	FC
WASHINGTON EURO NOURRI 18 FCP	UCITS	France	100.00	99.95	FC	100.00	99.93	FC
GROUPAMA OBLIGATION MONDE I C	UCITS	France	68.71	68.67	FC	68.23	68.18	FC
WASHINGTON EURO NOURRI 19 FCP	UCITS	France	100.00	99.95	FC	100.00	99.93	FC
WASHINGTON EURO NOURRI 20 FCP	UCITS	France	100.00	99.95	FC	100.00	99.93	FC
WASHINGTON EURO NOURRI 21 FCP	UCITS	France	100.00	99.95	FC	100.00	99.93	FC
WASHINGTON EURO NOURRI 22 FCP	UCITS	France	100.00	99.95	FC	100.00	99.93	FC
WASHINGTON EURO NOURRI 23 FCP	UCITS	France	100.00	99.95	FC	100.00	99.93	FC
WASHINGTON EURO NOURRI 24 FCP	UCITS	France	100.00	99.95	FC	100.00	99.93	FC
WASHINGTON EURO NOURRI 25 FCP	UCITS	France	100.00	99.95	FC	100.00	99.93	FC
WASHINGTON EURO NOURRI 26 FCP	UCITS	France	88.89	88.84	FC	88.89	88.82	FC
ASTORG TAUX VARIABLE D	UCITS	France	100.00	99.95	FC	100.00	99.93	FC

A: Aggregation FC: Full consolidation EM: Equity method

	Sector	Country	% control	% interest	Method	% control	% interest	Method
			31.12.2012			31.12.2011		
GROUPAMA EONIA I C	UCITS	France	66.51	66.48	FC	30.56	30.54	EM
GROUPAMA FP DETTE EMERGENTE	UCITS	France	92.22	92.17	FC	92.43	92.36	FC
ASTORG PENSION C	UCITS	France	100.00	99.95	FC	98.24	98.17	FC
ASTORG CASH MA C	UCITS	France	99.08	99.03	FC			
ASTORG CASH MT C	UCITS	France	99.69	99.64	FC	94.87	94.80	FC
ASTORG CASH G C	UCITS	France	99.25	99.20	FC	99.05	98.97	FC
GROUPAMA CREDIT EURO G D	UCITS	France	44.37	44.35	EM	44.37	44.34	EM
GROUPAMA CREDIT EURO LT G D	UCITS	France	100.00	99.95	FC	100.00	99.93	FC
GROUPAMA MONETAIRE ETAT G C	UCITS	France	100.00	99.95	FC	100.00	99.93	FC
ASTORG THESSALONIQUE 1 D	UCITS	France	99.94	99.89	FC	99.95	99.89	FC
ASTORG THESSALONIQUE 2 D	UCITS	France	99.98	99.93	FC	99.89	99.82	FC
ASTORG THESSALONIQUE 3 D	UCITS	France	99.96	99.91	FC	99.96	99.88	FC
ASTORG THESSALONIQUE 4 D	UCITS	France	99.98	99.93	FC	99.98	99.91	FC
ASTORG THESSALONIQUE 5 D	UCITS	France	99.98	99.93	FC	99.98	99.91	FC
ASTORG DIVERSIFIE 6 C	UCITS	France				99.99	99.92	FC

A: Aggregation FC: Full consolidation 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 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.

STATUTORY AUDITORS' REPORT ON THE COMBINED FINANCIAL STATEMENTS

This is a free translation into English of the statutory auditors' report on rthe combined 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.

Fiscal year ended 31 December 2012

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 2012, on:

- the audit of the accompanying combined financial statements of Groupama SA;
- the justification of our assessments;
- the specific verifications required by law.

These combined 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 combined 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 combined 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 combined 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 combined financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group at 31 December 2012 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

II - Justification of our assessments

The persistence of a difficult economic and financial environment continued to make the choice of underlying economic assumptions in the preparation of the financial statements of the insurance entity particularly difficult. In particular, future changes in interest rates could significantly differ from the assumed changes and produce different direct and indirect effects. It is in this context that, 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 combined financial statements are estimated on statistical and actuarial bases, in particular technical reserves, deferred acquisition costs and the related amortisation methods, and deferred profit-sharing assets. The methods used to determine these items are described in the notes to the combined financial statements in section 3.12 as well as in notes 13, 14, 25 and 26. 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 of the notes to the combined financial statements and in Note 2 to the financial statements. 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 combined 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 of the Notes to the combined financial statements and Notes 6 and 8. 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 combined 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 combined financial statements.

Neuilly-sur-Seine and Courbevoie, 27 February 2013

The Statutory Auditors

PricewaterhouseCoopers Audit

Eric Dupont

Christine Billy

Mazars

Jean-Claude Pauly

Maxime Simoen