COMBINED ACCOUNTS 2014 GROUPAMA

Groupama
GROUP

INSURING TOMORROW WITH CONFIDENCE

REPORT OF THE BOARD OF DIRECTORS
ON THE COMBINED FINANCIAL STATEMENTS OF GROUPAMA
FISCAL YEAR 2014

1. ENVIRONMENT

MACROECONOMIC ENVIRONMENT

At the end of 2013, the expected scenario was a gradual economic recovery in all geographical areas. However, 2014 was marked by greater uncertainty and greater volatility due to the lack of a real recovery in the eurozone, increasing geopolitical tensions (Ukraine, Middle East, etc.) and the collapse in the price of oil, which intensified already existing deflationary fears. This context led the central banks to review the policies they had initially planned and caused both an acceleration in the decline in long-term rates and greater volatility on risky assets, with alternation of risk aversion and mass influx of capital related to investors in search of yield.

Despite a setback in the first quarter, the United States seem to have emerged from the crisis with increasingly strong growth. Throughout 2014, the Federal Reserve continued the reorientation of its monetary policy by gradually reducing its purchases of assets, putting an end to them in October and signalling the possibility of an increase in the key rate in 2015.

In the United Kingdom, the economy (driven by the property sector) continued and amplified its cyclical upswing. However, the imbalance in public finances remains a major obstacle. Inflation continued to slow down throughout the year (from 1.9% to less than 1%). The central bank interprets this slowdown in inflation as a sign that the economy is still far from its potential and therefore has delayed the increase in its main key rate despite the very low level of unemployment.

After an encouraging first quarter driven by the unconventional measures taken by the Japanese Central Bank in 2013, Japan had disappointing performance. Its economy was negatively affected by the increase in the VAT rate in the spring, weighing heavily on household consumption while creating an (artificial) increase in inflation.

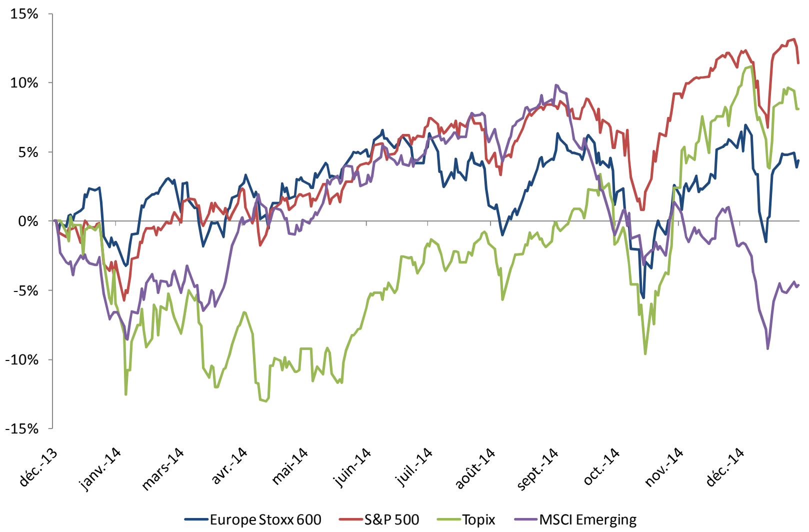
In the eurozone, 2014 remained well below expectations, from the point of view of both growth, which is still very low, and inflation, which ended the year at -0.2%. Over the first three quarters, growth was very low in France (+0.4% for GDP, -1.4% for investment) and even negative in Italy (-0.4% for GDP and -2.2% for investment). In Germany, growth remains positive (+1.6% for GDP, and +3.8% for investment).
This situation explains the ECB's particularly dense activity during the year. In June, the ECB carried out an initial rate reduction accompanied by a major long-term refinancing facility operation for banks (TLTRO) aimed at improving the functioning of the monetary policy transmission mechanism by supporting lending to the real economy. During the summer, the amplification of geopolitical tensions between Ukraine and Russia continued to weigh on the region's economy by strongly degrading confidence. Further declines in inflation expectations (falling below the 2% threshold) led the ECB to carry out a second rate reduction in September (refinancing rate of 0.05% and negative deposit rate) as well as a private sector purchase programme (ABS and secure bonds) with the objective of reviving bank lending and financing of the economy. At the end of the year, the markets already anticipated the implementation of a broader government bond purchase programme by the first half 2015.
The year 2014 was also marked by significant progress in the integration of the eurozone's banking system, with the review of bank balance sheets (Asset Quality Review) and the performance of stress tests on the equity of banks, whose published results in October (results mostly good except for a few Italian, Portuguese, Cypriot, and Greek banks) reinforced integration within the eurozone.

In the emerging countries, the situation and outlook are deteriorating, gradually suffering two evils different during the year: a reduction of capital flows related to a sharp drop in their currencies and the collapse of oil prices over the second half of the year. In 2014, the Chinese economy experienced a slowdown, with industrial production close to its 2008-2009 levels. GDP also slowed down, handicapped by low domestic demand and difficulties on the real estate market.

FINANCIAL MARKETS

The financial markets are still characterised by a very high abundance of liquidity, which has had the effect of continuing the decline in bond yields at record levels and high volatility of risky assets. On the other hand, the prospects of a slowdown in inflation and global growth have been much less favourable for the riskiest assets.

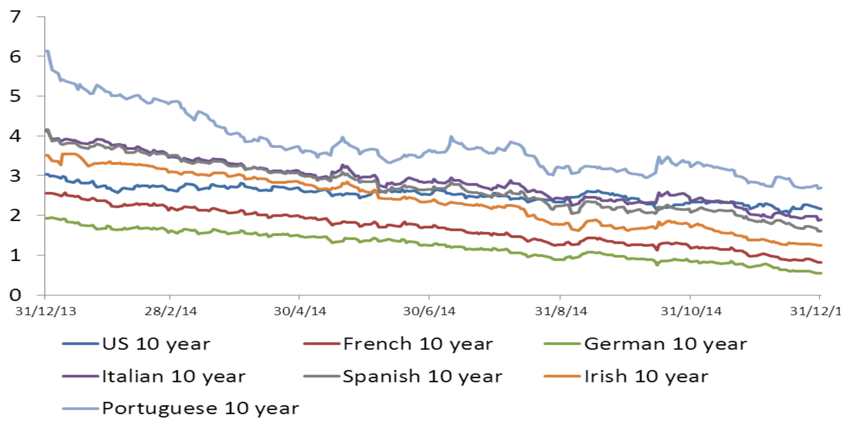
Changes in the equity market



Like in 2013, only emerging equities ended the year with negative performance; the equity indices of the three main developed regions finished the year with positive performance but more reduced than the previous year:

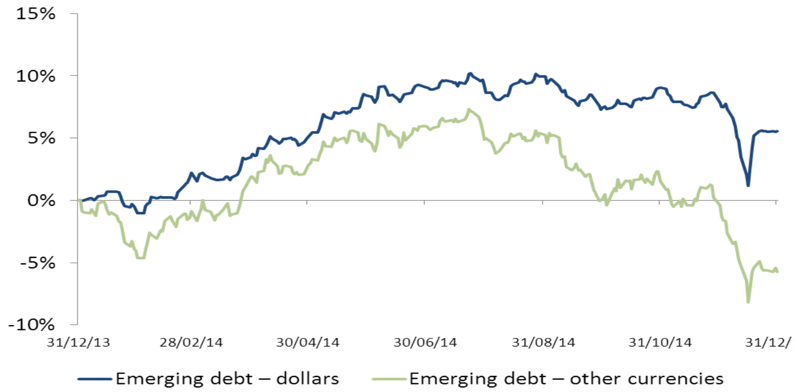
- The US market (S&P 500) had the best performance with an increase of 11.4% (after nearly 30% in 2013),
- The BCE's measures and promises allowed European equities to end the year in positive territory (+4.4% on the DJ Europe Stoxx 600 index).
- The Japanese equity market had lacklustre performance over the first half of the year before bouncing back in October. On the other hand, emerging equities fell 4.6% (MSCI Emerging), whereas at the end of the third quarter, they were still rising slightly. This is mainly explained by the collapse in oil prices during the last quarter, which was highly problematic for oil-exporting countries.

Changes in yields



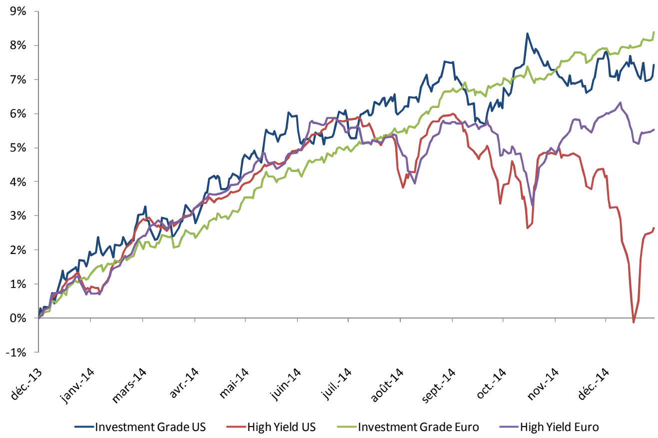
The reduction in interest rates continued in 2014 in all regions: in the United States, a much more gradual discontinuation of the Federal Reserve's unconventional measures, combined with a global slowdown in inflation, led to a decline in US long-term rates. In the eurozone, in an environment of low inflation, all sovereign debts benefited from the decrease in the ECB's rates and its various measures to inject liquidity. German and French 10-year rates fell by 173 and 139 bp respectively (ending at record lows at the end of the year of 0.54% and 0.83%).

Cumulative performance of emerging debt indices



After a rather good beginning of the year, emerging debt denominated in foreign currencies surged back strongly for the same reasons as emerging equities: collapse of currencies and sharp drop in oil prices. In total, emerging debt in local currencies lost 5.7%. On the other hand, emerging debt in dollars grew 5.5%, immune to the exchange effect by definition.

Changes in credit



The year 2014 was also good for investment grade credit, which benefited from an environment of low rates and a high compression of peripheral spreads: +7.4% on US credit >BBB and +8.4% on euro credit >BBB. High-yield credit had a more volatile year because of the rise in geopolitical tensions and the technical default of Argentina. There was a very strong decline in US high-yield at the end of the year severely punished by the decline in energy companies.

2. SIGNIFICANT EVENTS OF FISCAL YEAR 2014

Financial rating

On 11 February 2014, the rating agency Fitch upgraded its rating for Groupama SA and its subsidiaries from “BBB-” to “BBB”. It also assigned a positive outlook to this rating.

On 6 August 2014, Fitch confirmed the insurer financial strength rating of Groupama SA and its subsidiaries at “BBB” and the positive outlook.

Changes in the strategic securities held by Groupama

Groupama continued to rebalance its asset portfolio under favourable pricing conditions.

On 8 April 2014, Groupama thus sold its entire stake in Compagnie de Saint-Gobain, representing approximately 1.8% of the company’s capital, to institutional investors.

Debt refinancing

On 22 May 2014, Groupama entered into an agreement for the issue and placement of perpetual subordinated bonds with institutional investors for a total of €1.1 billion, with an annual coupon of 6.375%. This operation contributes to the active management of Groupama’s capital. It aims to extend the maturity of its debt profile and strengthen the group’s financial flexibility.

The offer to exchange all its subordinated bonds issued in 2005 and a portion of its deeply subordinated instruments issued in 2007 for the new perpetual subordinated bonds was widely successful with institutional investors holding the two instruments, since the transformation rate reached 91% on subordinated bonds issued in 2005 and the 55% ceiling set by the group on deeply subordinated instruments issued in 2007.

Institutional investors also showed great interest in the proposed new instrument: the additional bond in euros met with strong demand, with an order book subscribed more than 10 times.

These subordinated bonds are rated “BB” by the rating agency Fitch, just like other Groupama SA’s subordinated debts.

Renewal of the credit line

On 5 December 2014, Groupama repaid the full amount drawn on the existing credit line (€650 million) maturing in February 2016. Taking advantage of favourable market conditions, Groupama renewed this credit line early on 8 December for €750 million in order to have an additional line of cash if needed. No funds have been drawn on this new line.

Governance

During the first half of 2014, Marie-Ange Dubost was appointed Chairman of Groupama Centre Manche. In addition, Pascal Loiseau was appointed Chief Executive Officer of the Centre Manche regional mutual, and Michel Penet was appointed Chief Executive Officer of Groupama Méditerranée.

Jean-Yves Dagès was re-elected Chairman of Fédération Nationale Groupama during the meeting of Fédération Nationale Groupama held on 12 December 2014 in Paris. First elected Chairman of the Fédération Nationale Groupama on 14 December 2012, Jean-Yves Dagès has also been Chairman of Groupama SA and Groupama Holding Company since this date.

GEMA membership

On 11 December 2014, Groupama asked to join the GEMA as a sign of its stronger commitment within the sectoral bodies representative of the mutual insurance world and the insurance sector.
On 8 January 2015, during its extraordinary general meeting, the GEMA approved Groupama’s membership request.

POST-BALANCE SHEET EVENTS

On 12 February 2015, Groupama rebalanced its portfolio and sold its entire stake in the capital of Mediobanca, representing approximately 4.9% of the company's capital, to institutional investors for a sale price of €333 million.

3. ANALYSIS OF FINANCIAL STATEMENTS

3.1 SUMMARY OF ACTIVITY AND RESULTS

Premium income in millions of euros	31/12/2013	31/12/2013 pro forma	31/12/2014	Actual change	Like-for-like change
Property and casualty insurance - France	5,163	5,143	5,264	2.0%	2.3%
Groupama Gan Vie	3,667	3,667	3,356	-8.5%	-8.5%
Life and health insurance in France – excluding Groupama Gan Vie	1,927	1,927	1,948	1.1%	1.1%
Total Insurance - France	**10,757**	**10,737**	**10,567**	**-1.8%**	**-1.6%**
Property and casualty insurance - International	1,889	1,851	1,835	-2.9%	-0.9%
Life and health insurance - International	757	740	953	25.9%	28.9%
Total Insurance - International	**2,646**	**2,591**	**2,788**	**5.3%**	**7.6%**
Banking and financial businesses	266	266	279	5.1%	5.1%
Total - GROUPAMA	**13,669**	**13,593**	**13,634**	**-0.3%**	**0.3%**
Total Insurance	**13,403**	**13,328**	**13,355**	**-0.4%**	**0.2%**
Property and casualty insurance	7,052	6,994	7,099	0.7%	1.5%
Life and health insurance	6,351	6,334	6,257	-1.5%	-1.2%

2013 pro forma data:

On the international level, Italy's premium income was restated in order to take into account the integration of the Italian transport segment from the Groupama Transport portfolio (impact: +€12 million).

In France, Groupama SA's pro forma premium income suffered the reverse restatement (-€12 million). It also takes into account the end of the participation in the Réunion Aérienne pool (impact: -€2 million).

The pro forma premium income of Gan Assurances includes the closure of certain markets Hong Kong (an impact of -€5 million).

For those entities that do not use the euro as their functional currency (Turkey, Romania and Hungary), the exchange rate effects are neutralised in the pro forma data; the actual data as at 31 December 2013 were converted based on the exchange rate at 31 December 2014.

In the rest of the document, figures are expressed on a like-for-like basis and with constant exchange rates. The data with constant exchange rates correspond to the comparison between the actual data at 31 December 2014 and the actual data at 31 December 2013, converted at the average exchange rates at 31 December 2014.

At 31 December 2014, Groupama's **combined premium income from Insurance** stood at €13.3 billion, up 0.2% on a like-for-like basis (down 0.4% in actual data) compared with 31 December 2013. Incorporating financial businesses, the group's combined premium income was up 0.3% on a like-for-like basis (down 0.3% in actual change) at €13.6 billion.

In a difficult economic environment in the main markets where it operates, the group posted an overall increase in its premium income of 1.5% **in property and casualty insurance**. In France, property and casualty insurance increased less than in the past (+2.3%) but still greater than the market (which grew by 1.5%). This growth was accompanied by more selective underwriting measures to strengthen profitability. At the international level, property and casualty insurance continues to face gloomy markets, but its premium income is holding up well with a decrease of 0.9% mainly because of the decline in the motor insurance (-4.2%) under the effect of competitive pressure on certain markets, while other business segments increased, particularly agricultural insurance and business liability.

The decline in the group's **life and health insurance** premium income (-1.2%) is explained primarily by the reduced premium income of Groupama Gan Vie (-8.5%), which supports the individual savings/pensions business in France. This segment has changed in accordance with the strategy defined by the group with a decrease in premium income from policies in euros (-17.7%), whereas unit-linked premium income continued its strong growth (+20.3%) to €515 million. International life and health insurance premium income increased sharply (+28.9%), mainly under the effect of the growth in individual savings/pensions (+46.7% thanks to the success of various marketing campaigns in Italy in particular).

Insurance premium income in France represented 77.5% of the Group's overall business over the period, whereas international insurance premium income amounted to 20.4% of total premium income. The group's other businesses (financial and banking businesses) represented 2.1% of total premium income. Net banking income from these businesses amounted to €194 million at 31 December 2014.

Economic operating income in millions of euros	31/12/2013	31/12/2014	Change in value	Change %
Property and casualty insurance - France	-35	83	118	>100%
Life and health insurance - France	65	59	-6	-9%
Total Insurance - France	**30**	**142**	**112**	**>100%**
Property and casualty insurance - International	33	29	-4	-12%
Life and health insurance - International	22	19	-3	-14%
Total Insurance - International	**55**	**48**	**-7**	**-13%**
Banking and financial businesses	13	16	3	23%
Holding activities	-89	-77	12	13%
Total - GROUPAMA	**10**	**129**	**119**	**>100%**
Property and casualty insurance	-2	112	114	>100%
Life and health insurance	88	78	-10	-11%

The group's **economic operating income** stood at €129 million in 2014 versus €10 million in 2013, an increase of €119 million. Economic operating income from insurance in France contributed +€112 million to this increase. International economic operating income amounted to €48 million this year, down €7 million. This strong growth is due to the improvement in the non-life combined ratio, which stands at 99.0%, down 1.8 points for 2014. This income figure reflects the group's efforts to improve its technical and operational profitability. Regarding this last point, the group posted a further decrease in general expenses of €102 million in absolute value compared with 2013, bringing the overall reduction in general expenses to €386 million in absolute value compared with the 2011 figure. Banking and financial activities contributed €16 million to economic operating income, while holding companies (which bear the Group's holding and financing costs) contributed -€77 million in economic operating income.

In **France**, property and casualty insurance economic operating income improved by €118 million in 2014. The net combined ratio amounted to 98.5% in 2014 compared with 101.9% in 2013 (-3.4 points). The improvement in the loss experience net of reinsurance of -2.9 points explains this change to a large extent. The current loss experience excluding serious and weather claims was down for the 3rd consecutive year. The year 2014 was marked by the increase in the weight of serious claims (+2.2 points) offset by the decline in weather claims (-2.9 points), which, despite everything, remain high compared with the average observed over a long period. In addition, note the decrease in reserves releases on prior fiscal years (+0.4 points). The operating costs ratio decreased by 0.4 points to 29.6% in 2014, reflecting the efforts undertaken by the group to reduce general expenses. Economic operating income from life and health insurance stayed at a level comparable to the ratio in 2013. The additional margins posted on the savings portfolio as part of the transformation to unit-linked are absorbed by a loss experience that is a little less favourable on everyday accident policies or on certain supplemental protection guarantees, particularly in retirement.

International economic operating income decreased in both property and casualty insurance and life and health insurance (for respectively -€4 million and -€3 million over the period). The combined ratio in property and casualty insurance is up 1.0 point at 101.9% in 2014, under the effect of the weight of serious claims, particularly in Turkey and Italy, whereas in adverse competitive conditions, the current loss experience excluding serious and weather claims improved very slightly by -0.2 points. Operating costs including commissions decreased by €19 million compared with 2013. The improvement in underwriting income in life/capitalisation should be stressed, while the group saw a slight decrease in income from health and bodily injury (deterioration of the net combined ratio of +0.7 points).

Banking and financial businesses contributed +€16 million to the group's economic income in 2014.

The group's **holding** business posted an economic loss of -€77 million in 2014 versus €89 million in 2013, thanks to the continuation of the effort to control holding costs. Holding companies mainly bear the cost of the group's external debt and support and group business costs and constitute the backbone of the tax consolidation in France.

The Group's overall net income totalled +€257 million at 31 December 2014 compared with +€283 million at 31 December 2013. As a reminder, the 2013 increase incorporated non-recurring capital gains, particularly on bonds, for an overall amount of €432 million net of profit sharing and taxes (versus €219 million net of profit sharing and taxes in 2014) and exceptional impairment of securities in the portfolio (for €50 million).

It should be emphasised that the group's net income was generated in a continued environment of declining rates that weighs very heavily. The weight of the change in rates net of corporate tax, which involves the discount effect of certain underwriting reserves (particularly in non-life) and the fair-value effect on certain financial assets or liabilities, amounted to -€157 million in 2014 versus -€115 million in 2013.

Net income in millions of euros	31/12/2013	31/12/2014	Change in value 2014/2013
Property and casualty insurance - France	61	151	90
Life and health insurance - France (1)	349	157	-192
Total Insurance - France	**410**	**308**	**-102**
Property and casualty insurance - International	22	60	39
Life and health insurance - International	15	13	-2
Total Insurance - International	**37**	**73**	**36**
Banking and financial businesses	6	4	-3
Holding activities	-123	-133	-10
Other	**-47**	**6**	**53**
Total net income - GROUPAMA	**283**	**257**	**-26**

(1) Including Cegid's equity-method income.

3.2 ACTIVITY AND RESULTS - FRANCE

Premium income - France *in millions of euros*	31/12/2013 pro forma			31/12/2014		
	L&H	P&C	Total	L&H	P&C	Total
Regional Mutuals	1,724	3,594	5,319	1,751	3,625	5,376
Groupama SA	23	93	116	25	111	136
Groupama Gan Vie	3,667		3,667	3,356		3,356
Gan Assurances	159	1,226	1,385	155	1,259	1,413
Amaline Assurances	7	45	52	7	52	59
Other entities (1)	14	185	199	10	217	227
Total	**5,594**	**5,143**	**10,737**	**5,304**	**5,264**	**10,567**

(1) including Assuvie

Insurance premium income for France as at 31 December 2014 declined by 1.6% compared with 31 December 2013 and totalled €10,567 million.

Property and casualty insurance

Insurance premium income *in millions of euros*	P&C - France		
	31/12/2013 pro forma	31/12/2014	Change %
Regional Mutuals	3,594	3,625	0.9%
Groupama SA	93	111	20.2%
Gan Assurances	1,226	1,259	2.7%
Amaline Assurances	45	52	14.4%
Other entities	185	217	17.2%
Total	**5,143**	**5,264**	**2.3%**

In a highly competitive environment, **property and casualty insurance premium income** (49.8% of premium income in France) increased by 2.3% and posted growth greater than the market (+1.5%, source: FFSA, late December 2014). This reflects notably the rise in insurance for individuals and professionals (+2.3%, or almost 60% of written premiums in property and casualty insurance at €3,154 million). In home insurance, the group grew 5.7% (outperforming the market). The motor insurance segment posted moderate growth (+0.3%) in a tight market context, where the group sought to maintain its margins. The development of the combined portfolio with price adjustments allowed the professional risks segment to post good performance (+5.6%). Agricultural insurance saw growth of 1.0% over the period. The development of the partnership with La Banque Postale also contributed to the growth. It represents €72 million of Groupama SA's premium income (up €18 million) and €37 million of Groupama Protection Juridique's premium income (up €20 million).

Premium income of **regional mutuals** in property and casualty insurance (€3,625 million) grew 0.9% as at 31 December 2014. This performance is explained by the agricultural risk (€896 million, or +1.0%) and the home segment (€725 million, or +3.3%). Motor insurance (€1,044 million) was down 0.7% compared with 2013.

The premium income of **Groupama SA**, which supports certain national business activities (inward reinsurance of LBP Assurance, group P&C policies resulting from a merger with Gan Eurocourtage, particularly social insurance cover for company executives) and the share in the professional pools (Assurpol, etc.), amounted to €111 million as at 31 December 2014 versus €93 million over the previous period. This growth (+20.2%) arises primarily from the increase in premium income generated with La Banque Postale (+€18 million), which is reinsured by Groupama SA via a quota share treaty.

Premium income for **Gan Assurances** rose by 2.7% and stood at €1,259 million as at 31 December 2014, driven by individual and professional insurance (+2.8%). On the professional risks segment (+7.6%), targeted tariff resets and the development of the portfolio explain the increase in premium income. The home insurance segment, supported by pricing measures, rose by 5.0%. The growth of the agricultural risks segment (+7.8%) should also be noted. The motor insurance segment posted a moderate increase (+0.3%), in a context of strong risk selection.

As at 31 December 2014, **Amaline**'s premium income in property and casualty insurance amounted to €52 million (+14.4%).

Groupama Assurance Crédit posted premium income of €38 million as at 31 December 2014, up 1.9% compared with the previous period, thanks to the net development of the portfolio.

Premium income for **Mutuaide Assistance** as at 31 December 2014 was up 11.6% at €94 million. This change was particularly related to the contribution of new policies by brokers and the growth in business related to the partnership with La Banque Postale (+€1.9 million).

Groupama Protection Juridique's premium income grew by 33.1% as at 31 December 2014 to €85 million, due to the steady development of banking partnerships.

Economic operating income in **property and casualty insurance** in France totalled €83 million in 2014 compared with -€35 million in 2013. It is presented as follows:

Property and casualty insurance in France - In millions of euros	31/12/2013		31/12/2014		2014/2013 change	
Gross earned premiums	5,219	100.0%	5,294	100.0%	75	1.4%
Underwriting expenses (policy servicing) - excluding claims management costs	-3,477	-66.6%	-3,407	-64.4%	69	2.0%
Reinsurance balance	-278	-5.3%	-244	-4.6%	34	12.3%
Underwriting margin net of reinsurance	**1,464**	**28.1%**	**1,643**	**31.0%**	**179**	**12.2%**
Net expenses from current underwriting operations	-1,565	-30.0%	-1,566	-29.6%	-2	-0.1%
Underwriting income net of reinsurance	**-100**	**-1.9%**	**77**	**1.5%**	**177**	**>100%**
Recurring financial margin net of tax	85	1.6%	87	1.6%	2	1.8%
Other items	-20	-0.4%	-81	-1.5%	-60	<-100%
Economic operating income	**-35**	**-0.7%**	**83**	**1.6%**	**118**	**>100%**
Capital gains realised net of corporate income tax	97	1.9%	67	1.3%	-30	-30.8%
Allocations to reserves for permanent impairment net of corporate income tax	-4	-0.1%	-7	-0.1%	-3	-75.0%
Gains or losses on financial assets recognised at fair value net of corporate income tax	14	0.3%	11	0.2%	-3	-21.4%
Other operations net of corporate income tax	-11	-0.2%	-4	-0.1%	7	63.6%
Group net income	**61**	**1.2%**	**151**	**2.8%**	**90**	**>100%**

In **France**, **net underwriting income** (gross premiums earned – gross underwriting expenses – net expenses from current underwriting operations and reinsurance balance) increased by €177 million over the period. This growth is related to the improvement of the net combined ratio, which amounted to 98.5% in 2014 versus 101.9% in 2013, a significant decrease of 3.4 points over the period. The change in the current loss experience excluding serious and weather claims combined with a decline in weather claims led to a marked improvement of -2.2 points in the gross experience ratio, which was 64.4% in 2014. It should be noted, however, that this change is tempered by an increase in serious claims, while the group posted a slight decline in surpluses on prior years. Lastly, the operating costs ratio declined by 0.4 points to 29.6% of gross earned premiums in property and casualty insurance, reflecting in the financial statements the effects of all the actions aiming to cut the group's operating costs.

The following key items should be noted as at 31 December 2014:

The net underwriting income of the portfolio of regional mutuals is characterised by a strong improvement in the combined ratio of 5.7 points to 98.3%, related to the transaction in the accounts of all the measures aiming to recover underwriting profitability and control general costs, which decreased in absolute value by €10 million for activity up 2.7%. The underwriting improvement was driven by a decrease in the current loss experience excluding serious and weather claims by 2.8 points and the weather loss experience (-4.3 points). Only serious claims had a more mixed year by increasing (+2.9 points).
Groupama SA's other portfolios generated an underwriting margin before positive costs of €2.5 million versus €22.8 million in 2013. This change is particularly related to the weight of two serious claims borne by Groupama SA, the internal reinsurer of the group's subsidiaries.

The property and casualty combined net ratio of **Gan Assurances** was up 1.7 points compared with 2013. This change is related to a sharp decrease in surpluses on prior years compared with 2013. However, the current loss experience ratio decreased by 1.4 points to 68.5% in 2014 and is explained by the decrease in the weight of serious claims (-1.6 points), particularly in passenger vehicles and fleets as well as the current loss experience excluding serious and weather claims (-0.1 points), with the proportion of weather claims up 0.9 points. The operating costs ratio was down by 0.5 points over the period at 30.0%;

Property and casualty insurance was impacted in 2014 (like in 2013) by the effect of a decline in rates representing an expense of -€57 million versus -€79 million in 2013.

In **France**, the **recurring financial margin** (after tax) in the **property and casualty insurance business** amounted to €87 million, up very slightly over the period.

Other items particularly include other non-underwriting income and expenses, tax on recurring income, the results for companies under the equity method, and minority interests. The growth of this item is related to the sharp increase in the tax expense because of the improvement in underwriting income.

In **France**, **net income** amounted to +€151 million in 2014 versus +€61 million in 2013. This result includes a decline in the non-recurring financial margin of €36 million mainly due to lower levels of realised capital gains. Exceptional items represented an expense of -€4 million in 2014 versus -€11 million in 2013.

Life and health insurance

	L&H France		
Insurance premium income *in millions of euros*	**31/12/2013**	**31/12/2014**	**Change %**
Groupama Gan Vie	3,667	3,356	-8.5%
Regional Mutuals	1,724	1,751	1.5%
Groupama SA	23	25	6.3%
Gan Assurances	159	155	-2.4%
Amaline Assurances	7	7	4.0%
Other entities (1)	14	10	-26.4%
Total	**5,594**	**5,304**	**-5.2%**

(1) *including Assuvie*

Life and health insurance premium income (50.2% of premium income in France) fell by 5.2% to €5,303 million. Group premium income for life and capitalisation fell by 9.3% in a market that posted an increase of 8% at the end of December 2014 (source FFSA). This change in line with the group's strategy is mainly attributable to the directed decrease in individual savings/retirement business in euros (-17.7% to €1,238 million). Unit-linked premium income in individual savings/retirement increased sharply by 20.3% compared with the end of December 2013. After taking into account arbitrage operations (euros for unit-linked for €261 million) on Fourgous transfers (€297 million) and unit-linked net inflows (€288 million), the rate of actuarial reserves in individual savings is now 17.6% (compared with 13.3% as at 31 December 2013).

Premium income in health and bodily injury as at 31 December 2014 was down by 1.2% compared with 31 December 2013. This change is attributable to the decline in group inward reinsurance (-21.4%). Premium income in individual health increased by 0.5%. The group health segment was down by 4.3%.

The group's net inflows were negative at -€1,373 million as at 31 December 2014 compared with -€1,193 million over the previous period. This change is mainly related to the decline in premium income in savings invested in euros, leading to a savings inflow in euros down by €185 million. However, unit-linked net inflows increased by €45 million to €282 million in 2014. Note that surrender rates were stable compared with 2013 and slightly lower than those observed on the market.

The networks comprising **Groupama Gan Vie** posted a 8.5% decline in premium income as at 31 December 2014, totalling €3,356 million. By business line, Groupama Gan Vie's premium income was mostly generated in individual insurance (66.0%), with written premiums amounting to €2,215 million. Premium income in individual savings/retirement in euros declined by 17.7% to €1,238 million, whereas unit-linked premiums were up by 20.3% at €515 million, in connection with the commercial policy favouring development toward these solutions. The unit-linked share in individual savings premium income was 38.1% versus 28.6% as at 31 December 2013. As mentioned previously, unit-linked outstandings in individual savings represented 17.6% of total outstandings as at 31 December 2014 versus 13.3% as at 31 December 2013. Note that in addition to premium income, Groupama Gan Vie managed Fourgous transfers (not recognised in premium income) for €745 million (including €297 million in unit-linked investments) as well as arbitrages of euro funds of multi-component for unit-linked amounting to €261 million. Group insurance (34% of the business) decreased by 9.8% to €1,141 million particularly related to the implementation of a policy favouring technical balances. In addition, the network was strongly focused on developing group health in 2014. On this niche, approximately 5,000 new policies were underwritten, mainly as part of the National Interprofessional Agreement (ANI).

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

in millions of euros	2013 actual 31 December	2014 actual 31 December	Change 2014 / 2013
Regional mutuals	1,151	1,029	-10.6%
General agents	1,006	911	-9.5%
Brokerage	738	686	-7.0%
Gan Patrimoine	209	196	-6.4%
Gan Prévoyance	564	532	-5.7%
Réunima	-1	3	N/A
Total	**3,667**	**3,356**	**-8.5%**
Individuals	2,402	2,215	-7.8%
of which savings/pensions in €	*1,504*	*1,238*	*-17.7%*
of which unit-linked savings/pensions	*428*	*515*	*20.3%*
Groups	1,264	1,141	-9.8%
Total	**3,667**	**3,356**	**-8.5%**

Premium income of the **network of regional mutuals** amounted to €1,029 million as at 31 December 2014, down 10.6% compared with the previous period. In individual insurance, business amounted to €987 million because of the decline in individual savings in euros (-24%), whereas unit-linked premium income in individual savings increased by 22% over the period, in connection with the orientation of the business. Also note that Fourgous transfers amounted to €577 million as at 31 December 2014 including €219 million invested in UL. Arbitrage of euro funds for UL amounted to €138 million in 2014. Group insurance premium income totalled €42 million as at 31 December 2014, compared with €55 million over the previous period.

The agent network posted premium income of €911 million as at 31 December 2014, down 9.5% compared with 31 December 2013. Written premiums in individual insurance also decreased under the effect of the decrease in premium income of the individual savings segment in euros (-19.5%), whereas unit-linked premium income in individual savings increased by 10.3% over the period. This network benefited from Fourgous transfers of €13 million as at 31 December 2014, including €5 million invested in UL. Arbitrage of euro funds for UL amounted to €21 million in 2014. The group insurance activity decreased by 12.4%, under the effect of the decline particularly in the pension branches (-24.8%). Conversely, the network underwrote 5,000 group health policies related to the ANI.

The brokerage network's premium income amounted to €686 million as at 31 December 2014, down 7.0% compared with 31 December 2013, mainly under the effect of the decrease in business on the group retirement and group inward reinsurance segments.

The **Gan Patrimoine** network's premium income was down 6.4% and amounted to €196 million as at 31 December 2014. Like for the other networks, this decrease is related to the decline in the individual savings branch in euros, whereas unit-linked premium income increased sharply on this segment (+13.3%). The amount of Fourgous transfers was high at €155 million as at 31 December 2014 including €73 million invested in UL. Arbitrage of euro funds for UL amounted to €102 million in 2014.

Gan Prévoyance's commercial network saw a decrease of 5.7% in its business. It contributed €532 million to the group's premium income as at 31 December 2014, under the effect of decreased individual savings/pensions premiums, despite the 33.9% increase in UL premium income.

In life and health insurance, premium income of **regional mutuals** (€1,751 million) presented growth of 1.5% compared to the previous period. Life and health insurance posted an increase of 1.6% in connection with the good performance of the health insurance (+1.2% to €1,168 million) and protection insurance (+2.3% to €275 million) branches. Group life and health insurance was up 1.4%, boosted by the growth in the local authority personnel insurance (+2.0%) and protection insurance (+7.0%) segments.

Groupama SA's life and health insurance premium income, which corresponds to certain national activities (ANIPS inward reinsurance, etc.), totalled €25 million as at 31 December 2014 compared with €23 million over the previous period.

The premium income in life and health insurance (individual health) of **Gan Assurances** amounted to €155 million as at 31 December 2014. It declined 2.4% over the period.

The **Caisses Fraternelles** earned €5 million in premium income as at 31 December 2014, down 30.7% compared with the previous period following the run-off of Caisse Fraternelle Épargne.

The discontinued business of the subsidiary **Assuvie** continued to decline (-12.1%) compared with 31 December 2013. Its premium income (consisting only of periodic premiums in run off) amounted to €5 million as at 31 December 2014.

In **life and health insurance**, economic operating income in France was €59 million in 2014 compared with +€65 million in 2013.

Life and health insurance in France - In millions of euros	31/12/2013		31/12/2014		2014/2013 change	
Gross earned premiums	5,594	100.0%	5,299	100.0%	-294	-5.3%
Underwriting expenses (policy servicing) - excluding claims management costs	-4,442	-79.4%	-4,259	-80.4%	183	4.1%
Reinsurance balance	-21	-0.4%	-15	-0.3%	6	29.6%
Underwriting margin net of reinsurance	**1,131**	**20.2%**	**1,026**	**19.4%**	**-105**	**-9.3%**
Net expenses from current underwriting operations	-1,210	-21.6%	-1,128	-21.3%	82	6.8%
Underwriting income net of reinsurance	**-79**	**-1.4%**	**-102**	**-1.9%**	**-23**	**-29.3%**
Recurring financial margin net of profit sharing and tax	123	2.2%	150	2.8%	28	22.5%
Other items	21	0.4%	11	0.2%	-10	-47.9%
Economic operating income	**65**	**1.2%**	**59**	**1.1%**	**-6**	**-8.8%**
Capital gains realised net of corporate income tax and profit sharing	314	5.6%	119	2.2%	-195	-62.1%
Allocations to reserves for long-term impairment net of corporate income tax and profit sharing	-1	0.0%	-2	0.0%	-1	NA
Gains or losses on financial assets recognised at fair value net of corporate income tax and profit sharing	9	0.2%	-12	-0.2%	-21	<-100%
Other operations net of corporate income tax	-35	-0.6%	-2	0.0%	33	94.3%
Group net income (1)	**352**	**6.3%**	**162**	**3.1%**	**-190**	**-53.9%**

(1) Including Cegid's equity-method income

Underwriting income net of reinsurance decreased by €23 million. The net combined ratio in health and other injuries declined by 0.8 points to 98.1% in 2014, a €22 million improvement attributable particularly to the decrease in costs. In life/capitalisation, underwriting income decreased by €45 million due to non-recurring transfers of reserves for profit sharing to actuarial reserves. Operating costs in life and health insurance decreased by 6.8% over the period, a decrease of €82 million.

Net underwriting income **of the regional mutuals** in life and health insurance, which primarily pertains to health and bodily injury, presented a current loss experience up 0.5 points over the period to 73% in 2014.

On **Groupama Gan Vie,** the underwriting margin (excluding costs) of individual insurance increased by €3 million in 2014 particularly under the effect of the increase in the current underwriting margin (+€2 million) thanks to the significant increase in mark-ups on UL outstandings (+15.1 million) offset in large part by the decrease in mark-ups on euro premiums (-€4.8 million), lower mark-ups on Fourgous transfers (-€1.7 million), and the decline in the loss experience of additional guarantees (-€6.8 million) particularly in savings/pensions.

In Groupama Gan Vie's group insurance, the underwriting margin (excluding costs) declined (-€32 million excluding exceptional items) under the effect of lower mark-ups on premiums (-€14.8 million) in connection with the change in premium income and a decrease in current underwriting margins (-€10.4 million) resulting from the deterioration of the margin in protection (-€21.9 million) due to the increase in the loss experience in death and work stoppage (mainly in the Gan Eurocourtage network) and despite the recovery in health (+€11.1 million) due to the favourable growth in the loss experience.

The individual life and health insurance net underwriting income of the entity **Groupama SA** was down with a current loss experience ratio that decreased by +1.9 points over the period. This decline in underwriting income is attributable to health.

Recurring financial margin (net of profit sharing and taxes) increased by €28 million over the period.

In **France**, **net income** from life and health insurance amounted to +€162 million as at 31 December 2014 compared with +€352 million in 2013. The 2014 non-recurring financial margin (realised capital gains, allocations to long-term impairment reserves, and gains or losses on financial assets recognised at fair value) amounted to +€105 million, down compared with 2013 because of the lower externalisations of gains on disposal over the period.

3.3 ACTIVITY AND RESULTS - INTERNATIONAL

	31/12/2013 pro forma			31/12/2014		
International premium income in millions of euros	**L&H**	**P&C**	**Total**	**L&H**	**P&C**	**Total**
Italy	365	1,067	1,432	557	1,039	1,596
Greece	60	92	152	58	88	146
Turkey	71	303	374	81	325	406
Countries of Central and Eastern Europe	189	285	474	198	284	482
of which Hungary	*174*	*129*	*303*	*182*	*133*	*314*
of which Romania	*11*	*153*	*164*	*12*	*148*	*160*
of which Bulgaria	*5*	*3*	*8*	*4*	*3*	*7*
Portugal	46	8	54	51	7	58
Gan Outre-Mer	8	97	105	8	91	99
Total	**740**	**1,851**	**2,591**	**953**	**1,835**	**2,788**

The group's **international** combined **premium income** was €2,788 million as at 31 December 2014, up 7.6% compared with 31 December 2013.

Property and casualty insurance premium income totalled €1,835 million as at 31 December 2014, a 0.9% decrease over the previous period. This change was mainly related to the downturn in the passenger vehicle segment, which represents 65% of written premiums in property and casualty insurance. It decreased 4.2% because of macroeconomic conditions or difficult markets in certain countries (Italy, Turkey in particular). The good performance of the agricultural business segments (+21.1%), mainly in Turkey, and, to a lesser extent, in business protection (+4.5%) offset part of this change.

Life and health insurance premium income grew by 28.9% to €953 million. The individual life and health insurance segment was up 34.2% under the effect of the growth of premium income in the individual savings/pensions segment (+46.7% mainly in Italy thanks to the success of various commercial actions with the own network and partner banks). Group life and health insurance increased 4.2%, with the growth in the group protection (+9.7%) and group health (+15.9%) segments being mitigated by the decline in the group retirement segment (-7.9%).

Economic operating income from insurance on the international scope decreased by €7 million to €48 million as at 31 December 2014.

The **property and casualty insurance** combined net ratio of international subsidiaries amounted to 101.9%, up 1.0 point compared with 31 December 2013. The gross loss experience ratio increased by 2.2 points to 68.3% because of the weight of serious claims in Italy and Turkey, while the subsidiaries in Romania and Hungary saw a strong improvement in their underwriting margin, particularly in automotive. The reinsurance ratio improved by -1.8 points, mainly because of the transfer of two serious claims in Turkey. Despite the decline in operating costs in value, the ratio decreased by +0.7 points to 30.1% due to the contraction of earned premiums.

The stability of underwriting income in **life and health insurance** conceals the decline in underwriting income of the health and bodily injury businesses (-€1.2 million) and the increase in the underwriting income of the life and capitalisation businesses (+€1.5 million).

The **recurring financial margin**, which amounted to €80 million, remained relatively stable compared with 31 December 2013.

International economic operating income also included the share of the equity-method income of -€6 million as at 31 December 2014 versus -€7 million in 2013.

Economic operating income in millions of euros	31/12/2013	31/12/2014	change
Italy	60	16	-44
Greece	10	10	0
Turkey	-17	1	19
Portugal	0	0	0
Countries of Central and Eastern Europe	**6**	**15**	**9**
Hungary	*14*	*13*	0
Romania	*-9*	*2*	11
Bulgaria	*1*	*0*	-1
Great Britain	3	4	1
Gan Outre-Mer	1	7	6
Equity-method entities	**-7**	**-6**	**1**
Tunisia (Star)	2	3	2
Turkey (Günes)	-13	2	15
China (Avic)	5	-12	-16
Total	**55**	**48**	**-7**

Net income from international insurance amounted to €73 million as at 31 December 2014 compared with €37 million as at 31 December 2013. The 2014 income includes the depreciation of securities in the portfolio for -€11 million but posted an increase in bond capital gains in Italy, resulting from asset arbitrage in this subsidiary.

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

Net income in millions of euros (1)	31/12/2013	31/12/2014
Italy	**23**	**28**
Greece	**8**	**9**
Turkey	**6**	**11**
Portugal	**0**	**1**
Central and Eastern European countries	**3**	**19**
of which Hungary	11	16
of which Romania	-9	3
of which Other	1	0
Great Britain	**3**	**4**
Gan Outre-Mer	**1**	**8**
Equity-method entities	**-7**	**-6**
Tunisia (Star)	2	3
Turkey (Günes)	-13	2
China (Groupama Avic)	5	-12
Total	**37**	**73**

(1) excluding income from the Holding business.

All fully consolidated international subsidiaries posted a positive contribution to the group's income in 2014.

Italy

Premium income for the Italian subsidiary **Groupama Assicurazioni** increased 11.5% to €1,596 million as at 31 December 2014.

Property and casualty insurance premium income decreased by 2.6% to €1,039 million. This change is related to the passenger vehicle activity, which represented 77% of written premiums in property and casualty insurance and posted a decline of 5.0%. Actions to win back business made it possible to post growth of 15,400 vehicles, but their effect has not yet been fully reflected in the premium income. Change in the business was also supported by the growth of the business protection segment (+5.0% due to the increase in the net balance of production: +10,900 policies) and the home insurance segment (+7.5% thanks to the development of the portfolio: +15,000 policies).

The **life and health insurance** business (€557 million) posted a sharp increase of 52.7%, driven by the growth of the individual savings/pensions segment (+74.4%), which benefited from the success of marketing campaigns particularly through the bank's partners.

Groupama Assicurazioni's **economic operating income** totalled +€16 million in 2014, down €44 million compared with 31 December 2013.

The combined ratio in **property and casualty insurance** amounted to 103.8%, up 5.9 points compared with 31 December 2013. This adverse change is mainly explained by a significant increase in the current loss experience (+5.8 points to 76.0%), particularly under the effect in motor insurance of the increase in serious claims and the pressure on prices (decrease in the average premium) in a very competitive market. Despite the good control of operating costs in terms of value, the ratio was up by 1.6 points to 27.6% due to the decline in earned premiums, but also because 2013 was marked by non-recurring income reducing costs for €9.5 million.

In **life and health insurance**, net underwriting income was up €1.1 million thanks to non-life insurance, reaching -€1.4 million as at 31 December 2014. The combined ratio decreased by 3.8 points to 93.2%, mainly due to the favourable effect of liquidations on previous fiscal years. In life, the development of marketing of savings products through the banking channel is characterised by margin levels a little lower than on proprietary networks.

The entity's **contribution** represented a profit of €28 million in 2014, up €5 million compared with 31 December 2013. This contribution includes the depreciation of securities in the portfolio (-€10 million after tax) and the realisation of capital gains for €40.5 million, compared with €33.1 million in the same period in 2013.

Turkey

Premium income for the Turkish subsidiaries **Groupama Sigorta** and **Groupama Emeklilik** , increased by 8.7% to €406 million as at 31 December 2014.

Property and casualty insurance premium income (€325 million) increased by 7.3%. The agricultural risks segment (including Tarsim) increased by 32.6% mainly through the agriculture cooperative network TKK. The good performance posted by the business protection segment (+18.5%) should also be noted. However, these favourable developments are mitigated by the decline in the passenger vehicle segment (-5.2%, mainly under the effect of increased competition since the elimination of the minimum rate of the regulator and a very selective underwriting policy in civil liability). The subsidiary also posted 2.8% growth in the number of policies on the CASCO segment, which is the most profitable.

The **life and health insurance** business (€81 million) increased by 15.1%, mainly under the effect of the growth of the individual health segment (+26.6% thanks to the good performance of the branches, which benefited from a new regulation requiring foreign residents to take out health insurance). The group protection segment increased by 13.2% and benefited from the increase in production in the agriculture cooperative network TKK.

Economic operating income for Groupama Sigorta and Groupama Emeklilik increased sharply to €1 million as at 31 December 2014 compared with a loss of -€17 million as at 31 December 2013.

The combined ratio of the **property and casualty insurance** business declined by 5.6 points to 106.0% as at 31 December 2014. The current gross loss experience rate increased sharply by 20.9 points due to two industrial claims that are significant in size (accounting for 16.3 points) but, after reinsurance, have a limited impact on the subsidiary's underwriting income (expense of approximately -€7 million). The improvement in the net loss ratio is mainly explained by more favourable income on prior years, especially in civil liability. The operating cost ratio improved by -3.6 points to 21.5%.

Underwriting income in **life and health insurance,** close to balance as at 31 December 2013, represented a profit of €2.1 million as at 31 December 2014. This positive development resulted from the increase in the underwriting income in borrower insurance and individual protection, particularly thanks to the improvement of the loss experience and favourable liquidations of reserves over prior fiscal years.

The **net income** of the Turkish subsidiaries (excluding Günes) represented a profit of €11 million, up €5 million compared with 31 December 2013. The non-recurring financial margin was down €19 million in 2014, given the disposals of property assets and equity interests in 2013.

Greece

The premium income of **Groupama Phoenix**, which operated in a very difficult market as at 31 December 2014, decreased by 3.9% compared with the previous period to €146 million.

> The **property and casualty insurance** business was down 3.8% at €88 million. The business protection segment declined by 22.6% due to a change in policy fee method, which is now quarterly with the brokers. Home insurance was down (-9.2%) because of the decrease in production with the historical banking partner. However, the growth of the motor insurance segment (+1.5% in a declining market) mitigated this change. The subsidiary benefited from the development of the business through the network of brokers.
>
> **Life and health insurance** premium income decreased (-4.1%) to €58 million. The group retirement segment decreased by 34.6% in connection with the termination of a major policy in 2013 and the freezing of employers' contributions on other policies. However, this change was mitigated by the growth in the individual savings/pensions segment (+31.7%), which benefited from the success of marketing campaigns on unit-linked.

Economic operating income of Groupama Phoenix remained stable over the period at €10 million.

> In **property and casualty insurance** the combined ratio amounted to 86.0%, up 3 points compared with 31 December 2013. Despite this increase, this level of combined ratio reflects the rigour of the monitoring of the portfolio and the quality of the underwriting. The loss experience rate decreased by 3.6 points to 33.0% due to serious claims that occurred in 1st quarter 2014 in the fire segment. The loss experience of the motor insurance segment increased slightly due to the decline in liquidation surpluses in casualty. The operating cost ratio increased by 2.3 points to 44.9% under the effect of the decline in earned premiums.
>
> The underwriting income in **life and health insurance** was down at -€5 million under the effect of the decline in income in health and a replenishing of reserves in protection insurance.

The **net income** of the Greek subsidiary amounted to €9 million compared with a profit of €8 million as at 31 December 2013.

Hungary

Premium income for the subsidiary **Groupama Biztosito** in Hungary amounted to €314 million as at 31 December 2014, up 3.7% compared with 31 December 2013.

> Written premiums in **property and casualty insurance** increased by 2.7% to €133 million as at 31 December 2014, driven by the good performance of the fleet segments (+44.5% under the effect of a development of the portfolio while maintaining tight underwriting criteria). The motor insurance segment revived with growth and posted an increase of 1.8%. However, these good performance levels are diminished by the downturn in the agricultural business lines segment (-7.8%).
>
> In **life and health insurance**, premium income amounted to €182 million, an increase of 4.4%, in connection with the growth in premiums in individual savings/pensions (+4.2%), which benefited from the success of unit-linked campaigns conducted during the fiscal year.

Groupama Biztosito's **economic operating income** remained stable at €13 million.

> The combined ratio of **property and casualty insurance** improved by -1.4 points to 102.4% as at 31 December 2014. The loss experience rate decreased slightly (-0.8 points to 46.5%) because of a more favourable loss experience particularly in automotive (decrease in frequency and average cost), offsetting the impact of the weight of serious claims that weighed on the loss experience. The ratio of operating costs improved by -0.4 points to 51.6% (including the tax on insurance policies).
>
> Underwriting income in **life and health insurance** improved by €3 million compared with 31 December 2013 thanks to the growth of the individual savings segment in UL (life insurance).

The Hungarian subsidiary's **net income** amounted to €16 million as at 31 December 2014 compared with €11 million as at 31 December 2013.

Romania

Premium income for the Romanian subsidiary **Groupama Asigurari** decreased by 2.2% to €160 million as at 31 December 2014.

The **property and casualty insurance** business (€148 million) decreased by 0.8% (excluding the financial losses segment *in run off*). Note that the passenger vehicle segment (nearly 70% of premiums in property and casualty insurance) decreased by 0.5%, including an increase of 2.0% on the casualty segment in connection with the service quality offered and new distribution agreements signed during the fiscal year and a decline of 7.4% in civil liability (the subsidiary did not wish to follow the market's price war). It should be noted that the motor civil liability portfolio stabilised at the end of 2014 after a sharp decline in 2013.

Premium income in **life and health insurance** (€12 million) increased by 12.5% over the period, mainly under the effect of the development of the health segment, in connection with the signing of major group policies.

Groupama Asigurari's **economic operating income** represented a profit of €2 million as at 31 December 2014 compared with a loss of -€9 million in 2013.

In **property and casualty insurance,** the combined ratio improved by -8 points to 101.1% as at 31 December 2014. The loss experience rate declined by 8.7 points (to 59.7%) thanks to the efforts undertaken by the subsidiary to improve the underwriting profitability of the motor insurance segment, particularly in civil liability. The current loss experience of the motor insurance segment thus decreased by 7.5 points to 77.6% in 2014. Despite the sharp decline in general expenses, the operating cost ratio remained stable at 38.0% due to the decline in earned premiums.

The underwriting income of **life and health insurance** continued to growth while remaining close to balance thanks to the good performance of individual protection in life insurance.

The Romanian subsidiary's **net income** represented a profit of €3 million compared with a loss of -€9 million as at 31 December 2013.

Bulgaria

In **Bulgaria**, premium income of the subsidiaries Groupama Zastrahovane and Groupama Jivotozastrahovane decreased by 2.5% to €7 million as at 31 December 2014. Life and health insurance decreased by 10.4% to €4 million because of the lack of a UL campaign over the fiscal year. Property and casualty insurance (€3 million) increased by 9.7% over the period thanks to the success of a commercial campaign in motor insurance in the second half of 2014 (5,000 policies at the end of 2014).

The contribution of Bulgarian subsidiaries was -€0.2 million versus a profit of €1.2 million as at 31 December 2013. Harsh weather during the third quarter of 2014 deteriorated the non-life underwriting income.

Portugal

Premium income of the **subsidiaries in Portugal** was up 8.1% at €58 million as at 31 December 2014. In life and health insurance, written premiums increased by 10.1% to €51 million, particularly due to the increase in written life insurance policies (+12.1%). This change is mainly explained by the growth of the individual savings/pensions segment (+34.0%), which benefited from the growth on zero-rate products (including a few exceptional premiums for €1.5 million recognised at the beginning of 2014). The good performance levels of the group retirement (+8.6%) and group health (+11.7% because of the development of new business) segments should also be noted. Premium income from property and casualty insurance (€7 million as at 31 December 2014) was down by 3.8%, under the effect of the decline in the passenger vehicle segment (-4.5%), which suffered from difficult market conditions.

Net income of the Portuguese subsidiaries amounted to €0.5 million compared with €0.1 million in 2013. In particular, non-life insurance benefited from a sharp decline in serious claims, which improved the combined ratio by -8.1 points to 102% as at 31 December 2014.

Gan Outre-Mer

Premium income for **Gan Outre-Mer** decreased by 5.3% to €99 million as at 31 December 2014. The property and casualty insurance business was down 5.7% over the period and amounted to €91 million. The decline in the passenger vehicle (-7.2%) and business protection (-8.6%) segments explains this change because of the difficult economic environment and the selective underwriting policy put in place. Life and health insurance premium income (individual health) remained stable over the period at €8 million.

Economic operating income for Gan Outre-Mer totalled €7 million in 2014 compared with €1 million over the previous period. Net underwriting income in property and casualty insurance increased by €14 million with a combined net ratio at 87.9%, an improvement of 15.3 points. As a reminder, fiscal year 2013 incorporated deficits on prior years in the Pacific.

Gan Outre-Mer's **net income** totalled +€8 million in 2014, compared with +€1 million in 2013.

Great Britain

Groupama UK (which exclusively handles insurance brokerage businesses) contributed €4 million to income as at 31 December 2014, an increase compared with 2013 thanks in particular to the improvement of the income of its subsidiary Bollington.

Tunisia

The equity-method income of the **Tunisian subsidiary** STAR (number 1 insurance company on the Tunisian market) amounted to €3.4 million against €1.5 million as at 31 December 2013.

China

The contribution of the Chinese equity-method subsidiary Groupama Avic amounted to -€12 million versus €5 million as at 31 December 2013, mostly due to a high-intensity drought in the north-east of the country, which weighed on the agricultural segment's underwriting income.

Günes Sigorta (Turkey)

This Turkish equity-method entity's contribution was €2 million compared with a loss of -€13 million as at 31 December 2013.

3.4 FINANCIAL AND BANKING BUSINESSES

Premium income *in millions of euros*	**31/12/2013**	**31/12/2014**
Groupama Banque	142	154
Asset management	119	120
Employee savings scheme	6	5
Total	**266**	**279**

NBI in millions of euros	**31/12/2013**	**31/12/2014**
Groupama Banque	87	65
Asset management	112	119
Employee savings scheme	11	11
Total	**210**	**194**

In millions of euros	**31/12/2013**	**31/12/2014**	**2014/2013 change**	
Net banking income, net of cost of risk and long-term financial instruments	210	211	1	0.3%
Cost of risk	-4	-6	-2	-60.1%
Other operating income and expenses and non-underwriting current income and expenses	-188	-181	6	3.3%
Other items	-6	-7	-2	-26.7%
** Recurring income tax*	*-6*	*-7*	*-2*	*-27.2%*
Economic operating income	**13**	**16**	**3**	**23.1%**
Gains or losses on financial assets recognised at fair value net of corporate income tax		-11	-11	
Other operations net of corporate income tax	-7	-2	5	75.7%
GROUP NET INCOME	**6**	**4**	**-2**	**-40.0%**

Groupama Banque

At 31 December 2014, **Groupama Banque's** premium income increased by 8.6% to €154 million. Net banking income before long-term financial instruments was down 6.9% at €81 million. This change is mainly explained by the decline in the intermediation margin in an environment of low rates and by an increase in the network's retrocession commissions.

The **economic operating income** was a loss of -€9 million in 2014 compared with -€5 million in 2013.

The **cost of risk** fell by €2 million over the period while remaining at a satisfactory level compared with peers.

Operating expenses were down 2.8% in 2014 mainly because of the reduction of personnel expenses (decreases in headcounts following the redundancy plan).

Groupama Banque's **net income** was a loss of -€21 million in 2014 compared with -€6 million in 2013. The 2014 income incorporates an expense of -€16 million (before tax) related to the fair-value valuation of hedging instruments resulting from the decline in interest rates.

Asset management

Groupama Asset Management's premium income increased by 1.3% to €120 million as at 31 December 2014, mainly under the effect of the increase in indexed management commissions on assets managed by the entity, which amounted to €91.4 billion as at 31 December 2014, up 8.2% compared with 31 December 2013. This change is mainly explained by the market performance effect.

Groupama Asset Management's **economic operating income** amounted to +€22.5 million in 2014 versus +€17 million in 2013. The entity's net income amounted to €22.5 million in 2014 compared with €11 million in 2013. As a reminder, net income in 2013 included an exceptional expense related to the relocation of the company.

Groupama Epargne Salariale

Groupama Épargne Salariale's premium income amounted to €5.4 million as at 31 December 2014 versus €5.7 million over the previous period, owing to the decline in account maintenance fees related to the termination of two policies. Net banking income increased by 1.4% to €11 million.

Net income was €0.5 million in 2014.

Groupama Immobilier

The economic operating income of Groupama Immobilier, the group's real estate asset management subsidiary, totalled +€1.6 million in 2014, compared with +€2.5 million in 2013. This decrease is particularly attributable to the decrease in management fees following arbitrage operations on property assets as well as assistance and consulting fees.

3.5 GROUPAMA SA AND HOLDINGS

In millions of euros	31/12/2013	31/12/2014	2014/2013 change	
Other operating income and expenses and non-underwriting current income and expenses	-121	-107	15	12.2%
Recurring financial income (after corporate income tax)	36	26	-10	-28.1%
Other items	-4	4	7	>100%
** Recurring income tax*	*87*	*86*	*-1*	-1.3%
** Financing expenses*	*-91*	*-82*	*9*	9.5%
Economic operating income	**-89**	**-77**	**12**	**13.5%**
Capital gains realised net of corporate income tax	1		-1	NA
Allocations to reserves for permanent impairment net of corporate income tax	-4		4	NA
Gains or losses on financial assets recognised at fair value net of corporate income tax	-24	-53	-29	<-100%
Other operations net of corporate income tax	-7	-3	4	57.1%
GROUP NET INCOME	**-123**	**-133**	**-10**	**-8.1%**

As a reminder, Groupama SA is the parent company of the group. It serves as a holding company and thus directs the operating activities of the combined group. It is the focal point for internal and external financing. The expenses allocated to that activity correspond to the share of costs and expenses of general management, functional departments and shared, non-underwriting expenses.

The **economic operating income** of the holding companies amounted to -€77 million in 2014 compared with -€89 million in 2013. This change resulted from several factors:

- a decrease in holding costs of €15 million,
- a decrease in recurring financial income of €10 million,
- a decrease in financing expenses of €9 million.

The **net income** of holding companies was a loss of -€133 million in 2013 compared with -€123 million in 2013. This income incorporates the change in fair value of certain bonds issued by Groupama SA recognised in income for -€45 million (compared with €24 million in 2013). The environment of low rates weighs on the valuation of these bonds, which are protected by a hedging instrument.

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

Net income *in millions of euros*	**31/12/2013**	**31/12/2014**
Total Insurance - France	410	308
Total Insurance - International	37	73
Banking and financial businesses	6	4
Holding activities	-123	-133
Other	**-47**	**6**
Total net income - GROUPAMA	**283**	**257**

3.6 COMBINED BALANCE SHEET

As at 31 December 2014, Groupama's combined balance sheet totalled €106.4 billion, compared with €98.6 billion in 2013, an increase of 8.0%. This increase in the balance sheet total is related to the revaluation of assets in an environment of low rates and the securities repurchase policy, which regained a normal level after a low point as at 31 December 2013.

Goodwill

Goodwill amounted to €2.2 billion as at 31 December 2014, stable compared with 31 December 2013.

Other intangible assets

Other intangible assets totalling €343 million as at 31 December 2014 (versus €404 million in 2013) are composed primarily of amortisable portfolio securities (€144 million) and computer software. The decrease in this item is particularly related to amortisation for the period.

Investments (including unit-linked investments)

Insurance investments totalled €83.4 billion in 2014 compared with €75.6 billion in 2013, up 10.3%.

The group's unrealised capital gains (including property) increased by €5.7 billion to +€10.6 billion (compared with +€4.9 billion at the previous close), mainly because of the increase in unrealised capital gains on bonds given the decrease in rates.

By asset allocation, unrealised capital gains are broken down into +€7.8 billion on bonds, +€0.8 billion on equities and +2.0 billion on property.

Unrealised capital gains on financial assets (excluding property) totalled +€8.6 billion, with +€1.6 billion attributable to shareholders (after profit sharing and taxes) versus +€0.9 billion as at 31 December 2013. These amounts are recorded in the financial statements in the revaluation reserve. Unrealised property gains attributable to the group (net of tax and deferred profit sharing) amounted to €0.6 billion as at 31 December 2014 and were stable compared with the previous period. The group elected to account for investment and operating property according to the amortised cost method; therefore, unrealised property gains were not recorded in the accounts.

The equity share of total investments in market value was 7.5% (including 2.2% hedged) as at 31 December 2014 versus 9.3% (including 2.8% hedged) as at 31 December 2013 according to an economic view. This decrease is part of the derisking policy conducted by the group.

Shareholders' equity

At 31 December 2014, Groupama's combined shareholders' equity amounted to €8.1 billion compared with €6.7 billion as at 31 December 2013.

This change can be summarised as follows:

(In millions of euros)

Shareholders' equity at 2014 opening	6,654
Change in revaluation reserve: fair value of AFS assets	5,688
Change in revaluation reserve: shadow accounting	-4,689
Change in revaluation reserve: deferred tax	-297
Partial exchange of the deeply subordinated instrument	-551
Partial redemption of the deeply subordinated instrument	-20
Issue of new 2024 perpetual subordinated instrument	1,100
Foreign exchange adjustment	7
Other	-87
Income (Loss)	**257**
Shareholders' equity as of 31 December 2014	**8,062**

Super-subordinated instruments and perpetual subordinated bonds respectively redeemed and issued in 2014 are documented as equity pursuant to IFRS accounting standards. The corresponding amount of equity was €1,529 million.

Subordinated liabilities, financing and other debts

Total subordinated and external debt was €0.8 billion as at 31 December 2014 versus €1.9 billion in 2013.

As at 31 December 2014, subordinated debt amounted to €791 million versus €1,238 million as at 31 December 2013. This decline is related to the subordinated debt exchange carried out by Groupama SA in May 2014.

The group's external debt (excluding subordinated debt) amounted to €49 million, compared with €703 million, as Groupama SA repaid its syndicated credit line with Royal Bank of Scotland for €650 million. A new €750 million credit line was syndicated in December 2014, but no funds have been drawn from this credit line.

Underwriting reserves

Gross underwriting reserves (including deferred profit sharing) totalled €77.7 billion, compared with €72.5 billion as at 31 December 2013.

Reserves for contingencies and charges

Reserves for contingencies and charges totalled €631 million in 2014, compared with €604 million in 2013, and were primarily made up of pension commitments under IAS 19.

4. SOLVENCY/DEBT

Adjusted solvency resulted in a coverage ratio of the solvency margin requirement as at 31 December 2014 of 253% compared with 200% as at 31 December 2013.

Groupama's debt-to-equity ratio, excluding revaluation reserves (including subordinated liabilities and minority interests) stood at 11.6% in 2014, compared with 27.8% in 2013. This change is explained by the repayment of the entire amount drawn on the existing credit line (€650 million).

5. RISK MANAGEMENT

Risk management is addressed in the internal control report.

6. FINANCIAL FUTURES POLICY

Interest rate risk

The purpose of the hedges that are implemented is to partially hedge the portfolios against the risk of interest rate increases.

This is made possible by converting fixed-rate bonds into variable-rate bonds ("payer swaps"). The strategy consists in transforming a fixed-rate bond into a variable-rate bond, either on a security held or on new investments. They are intended to permit asset disposals in the event of an increase in interest rates by limiting realisations of capital losses, either to pay benefits or to invest at higher rate levels.

Hedging programmes were gradually implemented on behalf of the life insurance companies as from 2005. In accordance with the approval of the Boards of Directors, the swap programme was supplemented in 2012 and partially extended to the Non-Life portion with a tactical management objective.

All over-the-counter transactions are secured by a "collateralisation" system with Groupama SA's top-tier banking counterparties.

Foreign exchange risk

Ownership of international equities entails dollar and yen foreign exchange risk, which can be hedged through forward sales. These forward sales are terminated as the underlyings are disposed of or are renewed to hedge the residual underlyings.
The hedging of currency risk on the Hungarian forint was actively managed in 2014. The opportunities to hedge this risk will continue to be monitored in 2015.

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

Equity risk

After a significant reduction in the equity allocation over 2012 (€2 billion in equities sold), the group's equity risk was actively managed in 2013 mainly through the disposal of listed participating securities (Eiffage and finalisation of the programme initiated in 2012 with Société Générale securities), greater geographical diversification of the main mutual funds, and optimisation of the allocation of hedged shares representing a little less than €2 billion as at 31 December 2013. This last strategy used derivatives housed in mutual funds or in structured equity products for hedging, which was increased at the beginning of 2013.

In 2014, the Group's equity risk continued to be actively managed mainly through:

- the divestment of listed equity securities of Compagnie de Saint-Gobain for €450 million
- the opportunistic divestment of equity mutual funds and protected equities for more than €900 million
- continuation of a hedging policy on protected equity funds.

This last strategy uses derivatives housed in mutual funds for hedging.

Credit risk

In a tactical management strategy of the credit asset class, the Groupama AM management can be exposed or hedge credit risk by using forward financial instruments like Credit Default Swaps. This type of operation only involves assets managed through mutual funds.

7. OUTLOOK

In 2014, the group continued the path of profitable growth that it set for itself. All of the actions implemented in this regard yielded results:

- Further improvement of the loss experience in non-life insurance leading to a combined ratio of 99%;
- A significant orientation of the savings activity in France towards unit-linked policies, whose premium income increased by more than 20% (after 50% growth in 2013). It now exceeds more than 30% of the premium income in individual savings and represents 17.6% of Groupama Gan Vie's outstandings;
- Increased financial flexibility thanks to an exchange and issue of subordinated instruments, making it possible to extend the maturity of the debt. In addition, the group repaid the entire amount drawn on its existing credit line (€650 million) thus bringing its debt ratio to 11.6% (down 16.2 points);
- Control of general expenses, which decreased in absolute value by €102 million in 2014, which represents a reduction in value of €386 million compared with the reference year 2011;
- A solvency margin of 253%.

This performance level was achieved, in an environment of low interest rates that weighs on income, despite a high level of serious claims, the extra cost of which compared with average observations was significant (€140 million before tax) and in a year of more unfavourable weather loss experience (by 0.8 points) than the average loss experience over the long term.

As part of its strategic directions, the group will continue to strengthen its underwriting and operational profitability while making its customers the focus of its commitment. This goal will be pursued particularly through the development of an integrated, cross-channel organisation, making it possible to be continuously accessible to customers, as well as an innovative approach in terms of products offered, tools, and processes, promoted particularly by the deployment of new technologies.

Thanks to its mutualist values and the commitment of its employees and elected representatives, Groupama is confident in its ability to achieve its goals.

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GROUPAMA COMBINED FINANCIAL STATEMENTS - FISCAL YEAR 2014
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FINANCIAL STATEMENTS

GROUPAMA
COMBINED BALANCE SHEET (in millions of euros)

ASSETS		31.12.2014	31.12.2013
Goodwill	Note 2	2,192	2,188
Other intangible assets	Note 3	343	404
Intangible assets		**2,534**	**2,592**
Investment property excluding unit-linked items	Note 4	1,307	1,310
Unit-linked investment property	Note 7	106	104
Operating property	Note 5	1,060	1,099
Financial investments excluding unit-linked items	Note 6	74,842	67,609
Unit-linked financial investments	Note 7	5,983	5,212
Derivatives and separate embedded derivatives	Note 8	122	280
Insurance business investments		**83,421**	**75,614**
Funds used in banking sector activities and investments of other business activities	Note 9	**3,639**	**3,265**
Investments in related companies	Note 10	**1,038**	**1,053**
Share of outward reinsurers and retrocessionnaires in liabilities relating to insurance and financial contracts	Note 11	**8,216**	**8,410**
Other property, plant and equipment	Note 12	231	251
Deferred acquisition costs	Note 13	288	294
Deferred profit-sharing assets	Note 14		
Deferred tax assets	Note 15	268	429
Receivables arising from insurance and inward reinsurance operations	Note 16	2,487	2,738
Receivables from outward reinsurance operations	Note 17	212	176
Current tax receivables and other tax receivables	Note 18	265	297
Other receivables	Note 19	2,376	2,365
Other assets		**6,126**	**6,550**
Assets held for sale and discontinued business activities			
Cash and cash equivalents	Note 20	**1,465**	**1,075**
TOTAL		**106,439**	**98,559**

The notes on pages 40 to 186 are an integral part of the combined financial statements.

GROUPAMA
COMBINED BALANCE SHEET (in millions of euros)

LIABILITIES		31.12.2014	31.12.2013
Capital		32	32
Revaluation reserves	Note 21	1,630	928
Other reserves		6,549	5,824
Foreign exchange adjustments		(406)	(413)
Combined income		257	283
Shareholders' equity (Group share)		**8,062**	**6,654**
Non-controlling interests		17	15
Total shareholders' equity		**8,079**	**6,669**
Reserves for contingencies and charges	Note 22	**631**	**604**
Financing debt	Note 24	**840**	**1,941**
Technical liabilities relating to insurance policies	Note 25	**55,394**	**53,530**
Technical liabilities relating to financial contracts	Note 26	**17,392**	**18,688**
Deferred profit-sharing liabilities	Note 14	**4,892**	**328**
Resources from banking sector activities	Note 9	**3,304**	**2,861**
Deferred tax liabilities	Note 15	456	375
Debts to unit holders of consolidated mutual funds	Note 28	173	539
Operating debts to banking sector companies	Note 20	99	198
Debts arising from insurance or inward reinsurance operations	Note 29	850	829
Debts arising from outward reinsurance operations	Note 30	7,386	7,493
Current taxes payable and other tax liabilities	Note 31	242	281
Derivative instrument liabilities	Note 8	812	543
Other debts	Note 32	5,888	3,682
Other liabilities		**15,907**	**13,939**
Liabilities of business activities to be sold or discontinued			
TOTAL		**106,439**	**98,559**

The notes on pages 40 to 186 are an integral part of the combined financial statements.

GROUPAMA
COMBINED INCOME STATEMENT (in millions of euros)

INCOME STATEMENT		31.12.2014	31.12.2013
Written premiums	Note 33	13,356	13,403
Change in unearned premiums		(41)	37
Earned premiums		**13,314**	**13,440**
Net banking income, net of cost of risk		**188**	**202**
Investment income		2,488	2,512
Investment expenses		(714)	(663)
Capital gains or losses from divestment of investments net of impairment and depreciation write-backs		613	1,167
Change in fair value of financial instruments recorded at fair value through income		148	394
Change in impairment on investments		(12)	(27)
Investment income net of expenses	Note 34	**2,523**	**3,384**
Total income from ordinary business activities		**16,025**	**17,026**
Insurance policy servicing expenses	Note 35	(11,889)	(12,664)
Income on outward reinsurance	Note 36	536	1,082
Expenses on outward reinsurance	Note 36	(875)	(1,461)
Net outward reinsurance income and expenses		**(12,228)**	**(13,042)**
Banking operating expenses		(184)	(200)
Policy acquisition costs	Note 38	(1,791)	(1,850)
Administrative costs	Note 39	(485)	(509)
Other current operating income and expenses	Note 40	(830)	(892)
Total other current income and expenses		**(15,518)**	**(16,493)**
CURRENT OPERATING INCOME		**507**	**533**
Other operating income and expenses	Note 41	(64)	(160)
OPERATING INCOME		**443**	**372**
Financing expenses	Note 42	(84)	(93)
Share in income of related companies	Note 10	(2)	(10)
Corporate income tax	Note 43	(98)	15
NET INCOME FROM CONTINUING BUSINESS ACTIVITIES		**258**	**285**
Net income from discontinued business activities			
OVERALL NET INCOME		**258**	**285**
of which, non-controlling interests		1	2
OF WHICH, NET INCOME (GROUP SHARE)		**257**	**283**

The notes on pages 40 to 186 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	31.12.2014			31.12.2013		
	Group share	Non-controlling interests	Total	Group share	Non-controlling interests	Total
Net income for fiscal year	**257**	**1**	**258**	**283**	**2**	**285**
Gains and losses recognised directly in shareholders' equity						
Items recyclable to income						
Change in foreign exchange adjustments	7		7	(93)		(93)
Change in gross unrealised capital gains and losses on available-for-sale assets	5,688	16	5,704	(203)	(3)	(206)
Revaluation of hedging derivatives						
Change in shadow accounting	(4,689)	(13)	(4,702)	267	1	268
Change in deferred taxes	(297)	(1)	(298)	144	1	145
Other changes	(8)		(8)	6	1	7
Items not recyclable to income						
Restatement of net actuarial debt from pension commitments (defined-benefit schemes)	(37)		(37)	23		23
Change in deferred taxes	13		13	(8)		(8)
Other changes						
Total gains (losses) recognised directly in shareholders' equity	**677**	**2**	**679**	**136**		**136**
Net income and gains (losses) recognised in shareholders' equity	**934**	**3**	**937**	**419**	**2**	**421**

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 40 to 186 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)	Subordinated instruments	Consolidated reserves	Revaluation reserves	Foreign exchange adjustment	Shareholders' equity (Group share)	Share of non-controlling interests	Total shareholders' equity
Shareholders' equity as at 31.12.2012	**32**	**(589)**	**999**	**5,438**	**720**	**(320)**	**6,280**	**18**	**6,298**
Allocation of 2012 income (loss)		589		(589)					
Dividends [1]				(41)			(41)	(1)	(42)
Change in capital									
Business combinations				(4)			(4)	(4)	(8)
Impact of transactions with members		**589**		**(634)**			**(45)**	**(5)**	**(50)**
Foreign exchange adjustments						(93)	(93)		(93)
Available-for-sale assets					(203)		(203)	(3)	(206)
Shadow accounting					267		267	1	268
Deferred taxes				(8)	144		136	1	137
Actuarial gains (losses) of post-employment benefits				23			23		23
Other				6			6	1	7
Net income for fiscal year		283					283	2	285
Total income (expenses) recognised over the period		**283**		**21**	**208**	**(93)**	**419**	**2**	**421**
Total changes over the period		**872**		**(613)**	**208**	**(93)**	**374**	**(3)**	**371**
Shareholders' equity as at 31.12.2013	**32**	**283**	**999**	**4,825**	**928**	**(413)**	**6,654**	**15**	**6,669**
Allocation of 2013 income (loss)		(283)		283					
Dividends [1]				(55)			(55)	(2)	(57)
Change in capital									
Business combinations								1	1
Other			529				529		529
Impact of transactions with members		**(283)**	**529**	**228**			**474**	**(1)**	**473**
Foreign exchange adjustments						7	7		7
Available-for-sale assets					5,688		5,688	16	5,704
Shadow accounting					(4,689)		(4,689)	(13)	(4,702)
Deferred taxes				13	(297)		(284)	(1)	(285)
Actuarial gains (losses) of post-employment benefits				(37)			(37)		(37)
Other				(8)			(8)		(8)
Net income for fiscal year		257					257	1	258
Total income (expenses) recognised over the period		**257**		**(32)**	**702**	**7**	**934**	**3**	**937**
Total changes over the period		**(26)**	**529**	**196**	**702**	**7**	**1,408**	**2**	**1,410**
Shareholders' equity as at 31.12.2014	**32**	**257**	**1,528**	**5,021**	**1,630**	**(406)**	**8,062**	**17**	**8,079**

1) These being dividends that impact the change in shareholders' equity (group share), they are treated as compensation for subordinated instruments classified as equity according to IFRS rules.

The notes on pages 40 to 186 are an integral part of the combined financial statements.

GROUPAMA
CASH FLOW STATEMENT (in millions of euros)

*CASH FLOW STATEMENT*CASH FLOW STATEMENT	31.12.2014	31.12.2013
Operating income before taxes	443	372
Capital gains (losses) on the sale of investments	(545)	(323)
Net allocations to amortisation and depreciation	250	362
Change in deferred acquisition costs	7	83
Change in impairment	(77)	(790)
Net allocations to technical liabilities related to insurance policies and financial contracts	659	(6,309)
Net allocations to other reserves	(2)	(28)
Change in fair value of financial instruments and investments recognised at fair value through income (excluding cash and cash equivalents)	(148)	(393)
Other non-cash items included in operating income	27	52
Correction of elements included in the operating income other than cash flows and reclassification of investment and financing flows	**171**	**(7,346)**
Change in operating receivables and payables	108	6,747
Change in banking operating receivables and payables	(88)	(160)
Change in repo and reverse-repo securities	2,335	(3,349)
Cash flows from other assets and liabilities	(142)	378
Net tax paid	(145)	(199)
Net cash flows from operating activities	**2,682**	**(3,557)**
Acquisitions/divestments of subsidiaries and joint ventures, net of cash acquired	(1)	1
Stakes in related companies acquired/divested	18	(12)
Cash flows due to changes in scope of consolidation	**17**	**(11)**
Net acquisitions of financial investments (including unit-linked investments) and derivatives	(1,521)	3,084
Net acquisitions of investment property	1	93
Net acquisitions and/or issues of investments and derivatives relating to other activities		
Other non-cash items	1	(14)
Cash flows from acquisitions and issues of investments	**(1,519)**	**3,163**
Net acquisitions of property, plant and equipment, intangible fixed assets and operating property	(150)	(238)
Cash flows from acquisitions and disposals of property, plant and equipment and intangible fixed assets	**(150)**	**(238)**
Net cash flows from investment activities	**(1,652)**	**2,914**
Membership fees		
Issue of equity instruments *	1,100	
Redemption of equity instruments *	(571)	
Transactions involving own shares		
Dividends paid(1)	(57)	(44)
Cash flows from transactions with shareholders and members	**472**	**(44)**
Cash allocated to financial debt	(1,101)	(4)
Interest paid on financial debt	(84)	(93)
Cash flows from group financing	**(1,185)**	**(97)**
Net cash flows from financing activities	**(713)**	**(141)**

Cash and cash equivalents at 1 January	**1,239**	**2,068**
Net cash flows from operating activities	2,682	(3,557)
Net cash flows from investment activities	(1,652)	2,914
Net cash flows from financing activities	(713)	(141)
Cash flows from sold or discontinued assets and liabilities		
Effect of foreign exchange changes on cash	11	(45)
Cash and cash equivalents at 31 December	**1,567**	**1,239**

(1) They correspond to payment for subordinated securities classified in equity under IFRS.
* See note 21.2 regarding the subordinated debt exchange operation.

Note that the increase in "Change in repo and reverse-repo securities" is offset by the decrease in "Net acquisitions of financial investments".

CASH FLOW STATEMENT	31.12.2014
Cash and cash equivalents	1,076
Cash, central bank, postal bank and accounts receivable from banking businesses	361
Operating debts to banking sector companies	(198)
Cash and cash equivalents at 1 January 2014	**1,239**
Cash and cash equivalents	1,465
Cash, central bank, postal bank and accounts receivable from banking businesses	201
Operating debts to banking sector companies	(99)
Cash and cash equivalents at 31 December 2014	**1,567**

The notes on pages 40 to 186 are an integral part of the combined financial statements.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

1. SIGNIFICANT EVENTS AND POST-BALANCE SHEET EVENTS

SIGNIFICANT EVENTS OF FISCAL YEAR 2014

Financial rating

On 11 February 2014, the rating agency Fitch upgraded its rating for Groupama SA and its subsidiaries from “BBB-” to “BBB”. It also assigned a positive outlook to this rating.

On 6 August 2014, Fitch confirmed the insurer financial strength rating of Groupama SA and its subsidiaries at “BBB” and the positive outlook.

Changes in the strategic securities held by Groupama

Groupama continued to rebalance its asset portfolio under favourable pricing conditions.

On 8 April 2014, Groupama thus sold its entire stake in Compagnie de Saint-Gobain, representing approximately 1.8% of the company’s capital, to institutional investors.

Debt refinancing

On 22 May 2014, Groupama entered into an agreement for the issue and placement of perpetual subordinated bonds with institutional investors for a total of €1.1 billion, with an annual coupon of 6.375%. This operation contributes to the active management of Groupama’s capital. It aims to extend the maturity of its debt profile and strengthen the group’s financial flexibility.

The offer to exchange all its subordinated bonds issued in 2005 and a portion of its deeply subordinated instruments issued in 2007 for the new perpetual subordinated bonds was widely successful with institutional investors holding the two instruments, since the transformation rate reached 91% on subordinated bonds issued in 2005 and the 55% ceiling set by the group on deeply subordinated instruments issued in 2007.

Institutional investors also showed great interest in the proposed new instrument: the additional bond in euros met with strong demand, with an order book subscribed more than 10 times.

These subordinated bonds are rated BB by the rating agency Fitch, just like other Groupama SA’s subordinated debts.

Renewal of the credit line

On 5 December 2014, Groupama repaid the full amount drawn on the existing credit line (€650 million) maturing in February 2016. Taking advantage of favourable market conditions, Groupama renewed this credit line early on 8 December for €750 million in order to have an additional line of cash if needed. No funds have been drawn on this new line.

Governance

During the first half of 2014, Marie-Ange Dubost was appointed Chairman of Groupama Centre Manche. In addition, Pascal Loiseau was appointed Chief Executive Officer of the Centre Manche regional mutual, and Michel Penet was appointed Chief Executive Officer of Groupama Méditerranée.

Jean-Yves Dagès was re-elected Chairman of Fédération Nationale Groupama during the meeting of Fédération Nationale Groupama held on 12 December 2014 in Paris. First elected Chairman of the Fédération Nationale Groupama on 14 December 2012, Jean-Yves Dagès has also been Chairman of Groupama SA and Groupama Holding Company since this date.

GEMA membership

On 11 December 2014, Groupama asked to join the GEMA as a sign of its stronger commitment within the sectoral bodies representative of the mutual insurance world and the insurance sector.
On 8 January 2015, during its extraordinary general meeting, the GEMA approved Groupama’s membership request.

POST-BALANCE SHEET EVENTS

On 12 February 2015, Groupama rebalanced its portfolio and sold its entire stake in the capital of Mediobanca, representing approximately 4.9% of the company’s capital, to institutional investors for a sale price of €333 million.

2. COMBINATION PRINCIPLES, METHODS AND SCOPE

2.1. EXPLANATORY NOTE

Groupama SA is a French *société anonyme* (public limited company) nearly wholly owned, directly or indirectly, by the Caisses Régionales d'Assurances et de Réassurances Mutuelles Agricoles and the Caisses Spécialisées ("Specialised Mutuals", regional mutuals), which form the Mutual Insurance Division of Groupama. Groupama SA is domiciled in France. Its registered offices are at 8-10, rue d'Astorg, 75008, Paris, France.

The breakdown of share capital as at 31 December 2014 was as follows:

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

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

Groupama SA is a non-life insurance and reinsurance company, the sole reinsurer for the regional mutuals and the holding company for the equity management division of the Groupama Group. Its business 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 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 accounts of Groupama SA incorporate the reinsurance ceded by the regional mutuals as well as the activity of the subsidiaries.

The combined financial statements relate to the Groupama group and include all local mutuals, regional mutuals, Groupama SA and its subsidiaries.

For its activities, the company is governed by the French Commercial Code and the French Insurance Code and is supervised by the Prudential Control and Resolution Authority.

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 Groupama SA environment, 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 Fédération 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 2014 were approved by the Board of Directors, which met on 18 February 2015.

For the purposes of preparing the combined financial statements, the financial statements of each combined entity are prepared consistently in accordance with the International Financial Reporting Standards and the interpretations applicable as at 31 December 2014 as adopted by the European Union, the principal terms of which are applied by Groupama SA as described below.

The standards and interpretations with mandatory application for fiscal years opened on or after 1 January 2014 have been applied for the preparation of the Group's financial statements as at 31 December 2014. Their application had no significant effect on the Group's financial statements as at 31 December 2014. They are summarised below and in the appended notes:

- IFRS 10: Consolidated Financial Statements;
- IFRS 11: Joint Arrangements;
- IFRS 12: Disclosure of Interests in Other Entities;
- Amended IAS 28: Investments in associates and joint ventures;
- Amendments to IFRS 10, IFRS 11, and IFRS 12: Transition guidance;
- Amendments to IFRS 10, IFRS 12, and IAS 27: Investment entities.
- Amendments to IAS 32: Financial instruments: Presentation – Offsetting financial assets and liabilities;
- Amendments to IAS 36: Recoverable amount disclosures for non-financial assets
- Amendments to IAS 39: Novation of derivatives and continuation of hedge.

Interpretation IFRIC 21 "Levies" and the amendment to IAS 19 entitled "Defined Benefit Plans: Employee Contributions" adopted by the European Union in June 2014 and December 2014 respectively were not applied early. The analysis of their potential impact on the Group's financial statements is currently in progress. At this stage, no significant impact is expected.

The decisions made by the Group are based primarily on the summary of the work of the French Accounting Standards Board working groups on the specific requirements for the implementation of IFRS by insurance entities.

Subsidiaries, joint ventures, and related companies of the combination scope are consolidated within the scope in accordance with the provisions of IFRS 10, IFRS 11, and IAS 28.

However, no IFRS standard specifically deals with the methods for aggregating the 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.

In order to prepare the Group's financial statements in accordance with IFRS, Groupama's management must make assumptions and estimates that have an impact on the amount of assets, liabilities, income, and expenses as well as on the drafting of the related notes.

These estimates and assumptions are reviewed on a regular basis. They are based on past experience and other factors, including future events which can be reasonably expected to occur under the circumstances.

Final future results of operations for which estimates were necessary may prove to be different and may result in an adjustment to the financial statements.

The judgements made by management pursuant to the application of IFRS primarily concern:

- initial valuation and impairment tests performed on intangible assets, particularly goodwill (Notes 3.1.1 and 3.1.2),
- evaluation of technical reserves (Note 3.12),
- estimate of certain fair values on unlisted assets or real estate assets (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 reserves for contingencies and charges 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.

In accordance with the provisions of IAS 10 and IAS 28, mutual funds and property investment companies are consolidated either through full consolidation or through the equity method. Control is examined for each mutual fund on a case-by-case basis. Non-controlling interests pertaining to mutual funds subject to full consolidation are disclosed separately as a special financial liability item in the IFRS balance sheet. Underlying financial assets appear in the Group's insurance business investments.

➢ **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.

- **Controlled entities**

Controlled entities are fully consolidated. These entities are consolidated once they are controlled. An entity is controlled when the combining company holds power over this entity, is exposed or is entitled to variable returns because of its ties with this entity, and when it has the ability to exercise its power over this entity in order to have an influence on the amount of returns that it obtains.

An entity ceases to be fully consolidated once the combining company loses control of this entity.

Full consolidation involves:

- integrating in the consolidating company's accounts the items in the financial statements of the consolidated entities, after any restatements;
- eliminating transactions and accounts between the fully consolidated company and the other consolidated companies;
- distributing shareholders' equity and net income among the interests of the consolidating company and the interests of the holders of minority interests.

- **Related companies and joint ventures**

Investments in related companies in which the Group has a significant influence and investments in joint ventures are accounted for under the equity method.

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

A joint venture is a partnership in which the parties who exercise joint control over the entity have rights to its net assets.

The combining company has joint control over a partnership when the decisions concerning the relevant activities of the partnership require the unanimous consent of the parties sharing control.

The equity method consists of replacing the carrying amount of the shares held by the Group, the share of shareholders' equity converted at year end, including the net income for the fiscal year in accordance with consolidation rules.

- **Deconsolidation**

When an entity is in run-off mode (no longer taking new business) and the main aggregates of the balance sheet or the income statement are not significant compared with those of the group, this entity is deconsolidated.

The securities of such entity are then posted on the basis of their equivalent value, under securities held for sale at the time of deconsolidation. Subsequent changes in values are recorded in accordance with the methodology defined for this type of securities.

2.3.2 Changes in scope of 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 accounts (predominance of substance over form, elimination of local tax accounting entries).

Restatements under the principles of consistency are made when they are material.

2.3.4. Conversion of financial statements of foreign companies

Balance sheet items are translated to euros (the functional and presentation currency of the Group’s financial statements) at the official exchange rate on the balance sheet date, with the exception of shareholders’ equity, excluding net income, which is translated at historic rates. The Group share of the resulting unrealised foreign exchange adjustment is recorded under “Unrealised foreign exchange adjustments”, and the remaining balance is included in “Non-controlling interests”.

Transactions on the income statements are translated at the average rate. The Group share of the difference between income translated at the average rate and income translated at the closing rate is recorded under “Unrealised foreign exchange adjustments” and the remaining balance is included in “Non-controlling interests”.

2.3.5 Internal transactions between companies combined by Groupama

All transactions within the Group are eliminated.

When these transactions affect combined income, the elimination of profits and losses as well as capital gains and losses is done at 100% then divided between the interests of the combining company and the non-controlling interests in the company having generated the income. When eliminating losses, the Group ensures that the value of the disposed asset is not changed for the long term. 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, reserves for contingencies and charges recognised because of losses suffered by exclusively controlled companies;
- transactions on forward financial instruments;
- capital gains and losses from internal transfer of insurance investments;
- intra-Group dividends.

3. ACCOUNTING PRINCIPLES AND VALUATION METHODS USED

3.1. INTANGIBLE ASSETS

3.1.1 Goodwill

Goodwill on first-time consolidation corresponds to the difference between the acquisition cost of the securities of consolidated companies and the Group's share in restated shareholders' equity as at the acquisition date. When not assigned to identifiable items on the balance sheet, goodwill is recorded on the balance sheet in a special asset item as an intangible asset.

Residual goodwill results from 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 as and when they are incurred.

For each acquisition, a decision is made whether to value minority interests at fair value or for their share of the identifiable net assets of the acquired company.

The subsequent acquisition of minority interests does not result in the creation of additional goodwill.

Operations for the acquisition and disposal of minority interests in a controlled company that have no impact on the control exercised over that company are recorded in the Group's shareholders' equity.

Goodwill is allocated to the cash-generating units (CGU) of the acquiring company and/or the acquired company which are expected to take advantage of the business combination. A CGU is defined as the smallest group of assets that produces cash flows independently of other assets or groups of assets. With management units, management tools, geographic regions or major business lines, a CGU is created by combining entities of the same level.

Goodwill resulting from the acquisition of a foreign entity outside the eurozone is recorded in the local currency of the acquired entity and translated to euros at the closing rate. Subsequent foreign exchange fluctuations are posted to foreign exchange translation reserves.

For entities acquired during the fiscal year, the Group has twelve months from the acquisition date to assign a final value to the acquired assets and liabilities.

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 on the same date. The Group reviews the goodwill's book value in case of an unfavourable event occurring between two annual tests. Impairment is recorded when the recoverable amount of the cash generating unit to which the goodwill is allocated is less than its net book value. Recoverable value is defined as fair value less cost of sales, or value in use, whichever is higher.

Fair value, less sales costs, is computed as follows, in accordance with the recommendations of IAS 36 (§25 to 27):

- the sales price shown in a final sales agreement;
- the market value less selling costs if there is an active market;
- otherwise, the best possible information, with reference to comparable transactions.

Value in use corresponds to the current expected value of future cash flows to be generated by the cash generation unit.

Goodwill, recorded at the initial business combination, the value of which is not material or requires disproportionate valuation work in relation to its value, is immediately expensed in the year.

An impairment of goodwill recognised during a previous fiscal year may not be subsequently written back.

If the acquirer's interest in the net fair value of the identifiable assets, liabilities and reserves exceeds the acquisition cost of the company's shares, the identification and valuation of the assets, liabilities and reserves and the valuation of the cost of the combination is reassessed. If, after this revaluation, the share acquired remains greater than the acquisition cost, this excess is immediately recognised in income.

If an entity is taken over, a sale option may be granted to minority interests. The option to sell results in the Group's obligation to buy the securities held by the minority holder at a specified strike price and at a future date (or period of time) if the minority holder exercises its right. This obligation is reflected in the financial statements by a debt valued at the strike price of this discounted right.

The offset of this debt, equal to the price of the option (value of the share), is recognised in goodwill for put options granted before 1 January 2010 or as a reduction of minority interests and/or shareholders' equity for put options contracted subsequent to this date.

3.1.2 Other intangible fixed assets

Intangible fixed assets are identifiable assets, controlled by the entity because of past events and from which future economic benefits are expected for the entity.

They primarily include values in force and investment contracts, customer relations values and network values and brands, determined during business combinations, as well as software acquired and developed.

Amortisable intangible insurance assets (specifically including values in force and investment contracts, the value of customer relations and the value of the networks) are depreciated as margins are discharged over the lifetime of the policy portfolios. A recoverability test is performed each year, based on experience and anticipated changes in major assumptions, and may result in impairment.

Software acquired and developed has a finite lifetime and is generally amortised on a straight-line basis over that lifetime.

Other intangible assets that do not have a finite lifetime are not amortised but do routinely undergo an impairment.

Start-up costs are expensed rather than capitalised.

3.2 INSURANCE BUSINESS INVESTMENTS

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

3.2.1. Financial assets

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

Repurchase transactions are maintained as assets on the balance sheet.

➢ Fair value valuation methods

The fair value of financial assets is the amount for which an asset could be exchanged between well-informed, consenting parties, acting under normal market conditions.

The fair value of a financial instrument corresponds to its listed stock price on an active market. When the market for this financial instrument is not active, its fair value is measured by valuation techniques using observable market data when available or, when not available, by resorting to assumptions that imply some judgment.

Pursuant to the amendment to IFRS 7 issued by the IASB in March 2009 and IFRS 13, financial instruments (assets and liabilities) valued at fair value are classified according to a three-level hierarchy. These levels depend on whether a valuation model is used and the data sources used to populate the valuation models:

- level 1 corresponds to a price listed in an active market to which the entity may have access on the valuation date,
- level 2 corresponds to the fair value determined on the basis of a valuation model using data directly observable on an active market or data that can be determined from prices observed,
- level 3 corresponds to the fair value determined on the basis of a valuation model using data not observable on a market.

Valuation techniques include the use of recent transactions under conditions of normal competition between informed and consenting parties, if available, reference to the current fair value of another instrument identical in substance, analysis of discounted cash flows, and option valuation models.

➢ 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 valued reliably, and loans and receivables are recorded at amortised cost or historic cost. The amortised cost is the amount at which the asset was valued at the time of initial recognition, minus repayments of principal, plus or minus the cumulative amortisation of the differences between the initial amount and the amount at maturity (based on the effective interest rate) and corrected for any reserves for impairment.

The differences between the redemption value and the acquisition price are distributed actuarially as expenses (agio) or as income (discount) over the residual life of the securities. When several redemption dates are provided, the residual life is determined on the basis of the final redemption date.

Available-for-sale assets are valued at their fair value, and unrealised capital gains or losses are recorded in a separate line of shareholders' equity.

Investments representing unit-linked policies are valued at fair value through income, as an option.

* **Reserves for impairment**

At each closing date, the Group looks for the existence of objective presumptions of impairment in its investments.

Debt instruments classified as available-for-sale assets

For debt instruments classified as available-for-sale assets, a loss of value is recognised through income in the event of a proven counterparty risk.

Impairments recognised on debt instruments are written back through income in the event of reduction or disappearance of the counterparty risk.

Equity instruments classified as available-for-sale asset

For equity instruments classified as available-for-sale assets, the Group has taken into account the clarifications made by the IFRS interpretations committee (IFRIC) in its July 2009 update on the notion of significant or prolonged decrease in paragraph 61 of IAS 39.

As at 31 December 2014, there is objective evidence of impairment in the following cases:
- the financial investment was already covered by a reserve at the previous published close; or
- a 50% discount is observed as at the closing date; or
- the financial investment has been in a continuous unrealised loss position with respect to its book value over the last 36 months prior to the balance sheet date.

For securities considered strategic securities detailed in the notes, held by the Group for the long term, characterised by the Group's representation on their governance bodies or significant, lasting contractual relations or a significant stake in the capital (in absolute or relative value), without significant influence being exercised, this reference period is 48 months.

Where such objective evidence of impairment is observed then the impairment amount corresponding to the difference between the acquisition cost and the fair value for that fiscal year, less any loss in value previously recognised through income, is automatically booked to income.

These criteria may undergo changes over time, by applying good judgement, in order to take account of changes in the environment in which they were postulated. This should allow for the handling of abnormal circumstances (such as a sharp and abnormal drop in net asset values on the balance sheet date).

In addition, in all other cases in which these thresholds are not reached, the Group identifies securities in its portfolio constantly presenting a significant unrealised capital loss over the last six months based on the volatility of the financial markets. For the thus separated securities the Group then carries out a review, based on its judgement, security by security, and decides whether to post an impairment through income or not.

In the event that the financial management of a line of securities is done in a comprehensive manner at the Group level, even when these securities are held by several entities, the determination of whether objective evidence of impairment exists can be done based on the Group's cost price.

The impairment recorded on a shareholders' equity instrument will only be reversed to income when the asset in question is sold.

Investments valued at amortised cost

For investments valued at amortised cost, the amount of the reserve is equal to the difference between the net book value of the assets and the discounted value of the future cash flows expected, determined on the basis of the original effective interest rate of the financial instrument, and corrected for any reserves. The amount of the loss is included in the net income or loss for the fiscal year. The reserve may be written back through income.

- **Derecognition**

Financial assets are derecognised when the contractual risks expire or the Group transfers the financial asset.

Gains or losses on the sale of financial investments are determined using the FIFO method, with the exception of the securities carried by mutual funds. The method used for mutual funds is the weighted average cost method.

The gains and losses from divestment are recorded on the income statement on the date of realisation and represent the difference between the sale price and the net book value of the asset.

3.2.2. Investment property

The Group has chosen to recognise investment property using the cost method. It is valued using the component approach.

- **Initial recognition**

Lands and properties 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 amortisation and corrected for any reserves for impairment. The acquisition cost of the property is dependent either on an outright acquisition, or on the acquisition of a company that owns the property. In the latter case, the cost of the property is equal to its fair value on the date of acquisition of the owner company.

Each component is identified by its duration and depreciation rate.

The residual value of the shell component cannot be 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 properties is determined on the basis of the five-year independent appraisal conducted by an expert approved by domestic regulators (*Autorité de Contrôle Prudentiel et de Résolution*, in France). During each five-year period, the real estate 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 realisable value is less than the net book value, the Group recognises a loss of value in income for the difference between the two values, and the net book value is discounted to reflect only the realisable 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 regarding documentation and periodic demonstration of the efficacy of the hedge.

Hedging derivatives are recorded at fair value with changes in the income statement, except for cash flow hedges and hedges of net foreign investments considered as effective, for which the changes in fair value are deferred into equity until the cash flows hedges are recognised in the income statement or when the foreign subsidiary is sold.

For a fair value hedge of an available-for-sale asset, the changes in fair value of the hedged item are recognised in income or loss so that they exactly offset the changes in the hedging derivative.

The ineffective portion of hedges is recognised in the income statement.

3.3.3. Embedded derivatives

Embedded derivatives are components of compound financial instruments that meet the definition of a derivative product.

They are separate from the host contract and recognised as derivatives when the following three conditions are met:

- the economic features and the risks of the embedded derivative are not closely linked to the economic features and risks of the host contract;
- a separate instrument containing the same conditions as the embedded derivative meets the definition of a derivative;
- the hybrid instrument is not valued at fair value with recognition of the changes in the fair value through the income statement.

When one of these conditions is not met, there is no separation.

3.4. INVESTMENTS IN RELATED COMPANIES

Investments in related companies are consolidated using the equity method. At the time of acquisition, the investment is recorded at the acquisition cost and its net book value is subsequently raised or reduced to take into account particularly the income or losses as well as the change in fair value of financial assets in proportion to the investor's stake.

3.5 NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED ACTIVITIES

A non-current asset (or a group intended to be sold) is considered to be held for sale if its book value will be mainly recovered through a sale transaction rather than through continued use. In order for this to be the case, the asset (or the group intended to be sold) must be available for immediate sale in its current state, and its sale must be highly probable (within the next 12 months).

Non-current assets (or a group intended to be sold) classified as held for sale are valued at the lower value between the net book value and the fair value minus transfer costs. In case of an unrealised capital loss, impairment is recorded in profit or loss. In addition, non-current assets cease to be depreciated once they are reclassified as held-for-sale assets.

A discontinued activity is considered to include any component from which the entity is separated or that is classified as held for sale and is in one of the following situations:
- it constitutes a line of business or a major, separate geographical area; or
- it is part of a single, coordinated plan for divestment of a line of business or a major, separate geographical area; or
- it is a subsidiary acquired exclusively in order to be sold.

The following are presented on a particular line of the income statement:
- net income after taxes from discontinued activities until the transfer date;
- profit or loss after taxes resulting from the divestment and measurement at fair value less the costs of the sale of the assets and liabilities constituting the discontinued activities.

3.6 PROPERTY, PLANT AND EQUIPMENT

The Group has chosen to value operating property using the cost method. This property is presented on a line separate from Investment property as assets. The recognition and valuation method is identical to the method described for investment property.

Property, plant and equipment other than operating property are initially recorded at acquisition cost, which consists of the purchase price, customs duties, discounts and rebates, direct costs necessary for installation and payment discounts.

The depreciation methods reflect the method of economic consumption.

An impairment test is conducted once there is an indication of a loss of value. The loss of value is reversible and corresponds to the surplus between the book value over the realisable value, which is the higher of net fair value of withdrawal costs and the value in use.

3.7 Operating receivables and payables, other assets and other liabilities

Operating receivables and other assets are recorded at face value, taking into account any transaction costs.

Operating payables and other liabilities are recorded at the fair value of the consideration received in exchange at the origin of the contract, net of transaction costs.

Moreover, minority interests in fully consolidated mutual funds are included in other liabilities. Under IAS 32, a financial instrument that gives the holder the right to return it to the issuer in exchange for cash is a financial liability. The change in this liability is recognised through the income statement.

3.8 Cash and cash equivalents

Cash corresponds to available cash.

Cash equivalents are short-term liquid investments, easily convertible into a known amount of cash and subject to an insignificant risk of changes in value.

3.9 Shareholders' equity

- **Revaluation reserves**

The revaluation reserve contains the differences resulting from the revaluation at fair value of balance sheet items, particularly:

- the effects of the revaluation of derivatives assigned to cash flow hedges and net investments in currencies pursuant to IAS 21;
- the effects of the revaluation of financial assets available for sale in accordance with the provisions of IAS 39. These are unrealised gains and losses,
- the cumulative impact of the gain or loss from shadow accounting of investment assets available for sale,
- the cumulative impact of the deferred tax gain or loss generated by the transactions described above.

- **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.

➢ Non-controlling interests

Non-controlling interests represent the share in the net assets and net income of a fully consolidated Group company. This share represents the interests that are not held directly by the parent company or indirectly through subsidiaries (concerning non-controlling interests relating to consolidated mutual funds and the purchase of non-controlling interests, refer to paragraphs 3.7 and 3.11).

3.10 RESERVES FOR CONTINGENCIES AND CHARGES

Reserves for contingencies and charges are liabilities for which the due date or the amount is uncertain. A reserve must be recognised if the following three conditions are met:

- the Company has a current legal or implicit obligation that is the result of a past event,
- it is probable that an outflow of resources representing economic benefits will be necessary to discharge the obligation,
- it is possible to obtain a reliable estimate of the amount of the reserve.

When the impact of the time value of the money is substantial, the amount of the reserves is discounted to the present value of the expected expenditures, which the company believes necessary to discharge the obligation.

➢ Personnel benefit

- **Pension commitment**

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 schemes and similar schemes correspond to the discounted value of the obligation linked to the defined-benefit schemes at closing, after deducting the closing fair value of the scheme assets.

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

The costs of past services are immediately recognised in income, regardless of whether the rights are ultimately acquired in the event of a change of pension scheme.
With regard to defined-contribution schemes, the Group pays contributions to retirement insurance schemes and is not bound by any other payment commitment. The contributions are booked as expenses related to personnel benefits when they are due. The contributions paid in advance are recorded as assets to the extent that the advance payment results in a reduction of future payments or a cash reimbursement.

3.11 FINANCIAL DEBT

Financial debt includes subordinated liabilities, financial debt represented by securities, and financial debt to banking institutions.

In the absence of a specific IFRIC interpretation, commitments to purchase minority interests are recorded in financing debt at current fair value (strike price of the option). The cross-entry of these debts is recognised either in goodwill for put options granted before 1 January 2010 or as a reduction in shareholders' equity for put options contracted subsequent to this date.

- **Initial recognition**

Financial debt is recognised when the Group becomes party to the contractual provisions of this debt. The amount of the financial debt is then equal to the fair value, adjusted if necessary for the transaction costs directly chargeable to the acquisition or issue of such debt.

- **Valuation rules**

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

- **Derecognition**

Financial debt is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

3.12 TECHNICAL OPERATIONS

3.12.1. Classification and method of recognition

There are two categories of contract issued by the Group's insurance companies:

- insurance contracts 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, other than a financial risk, transferred from the policyholder to the issuer. This risk is significant when an insured event may require an insurer to pay significant additional benefits whatever the scenario, with the exception of scenarios that lack business significance.

The existing accounting practices for insurance policies subject to IFRS 4 continue to be maintained, with the exception of the equalisation reserves as defined by IFRS 4 which have been annulled, provided that the reserves thus established meet the solvency tests stipulated by international standards (see paragraph 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 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 paragraph 3.12.3.

3.12.2 Insurance policies under IFRS 4

a. Non-life insurance policies

- **Premiums**

Written premiums exclude taxes and are gross of reinsurance and net of cancellations, reductions,
rebates, of the change in premiums still to be written and of the change in premiums to be cancelled.

Premiums written and adjusted for the change in reserves for unearned premiums (which are defined below) constitute earned premiums.

- **Insurance policy servicing expenses**

Non-life insurance policy servicing expenses mainly include benefits and expenses paid and the change in reserves for claims and other technical reserves.

Benefits and expenses paid relate to the claims settled net of claims receivable collected for the fiscal year and the periodic payment of annuities. They also include the fees and commissions for the management of claims and payment for services.

- **Technical liabilities related to non-life insurance policies**

  - **Reserves for unearned premiums**

The technical reserves for unearned premiums represent the portion of premiums for the period between the inventory date and the next contract payment date. They are calculated on a pro rata basis.

  - **Reserves for unexpired risks**

The reserves for unexpired risks are intended to cover the portion of the cost of claims and the related management fees that exceeds the fraction of deferred premiums net of deferred acquisition costs.

  - **Outstanding claims reserves**

The outstanding claims reserves represent the estimate, net of claims receivable, of the cost of all unpaid claims at the end of the fiscal year, both declared and undeclared. They include a charge for management fees that is determined on the basis of actual expense rates.

For construction risks, in addition to the outstanding claims reserves (declared or not yet declared), separate claims reserves that have not yet appeared are also funded for the ten-year civil liability coverage and the ten-year coverage against structural damage.

Reserves are assessed on the basis of the type of specific risks covered, particularly agricultural and climate risks and risks that are highly seasonal in nature.

Other technical reserves

Actuarial reserves for annuities
The actuarial reserves for annuities represent the present value of the Company's payables for annuities and annuity expenses.

Reserve for increasing risks
This reserve is set aside for periodic premium health and disability insurance policies, for which the risk grows with the age of the policyholders.

Deferred acquisition costs

In non-life insurance, acquisition costs related to unearned premiums are deferred and recorded in assets on the balance sheet.

b. Life insurance policies and financial contracts with discretionary profit sharing

Premiums

Written premiums exclude taxes and are gross of reinsurance and net of cancellations, reductions,
rebates, of the change in premiums still to be written and of the change in premiums to be cancelled.

Insurance policy servicing expenses

Servicing expenses for life insurance policies and financial contracts with discretionary profit sharing means:

- all claims once they have been paid to the beneficiary,
- technical interest and profit sharing that may be included in those claims,
- all costs incurred by the insurance company for the management and payment of claims.

They also include the profit sharing and the change in life insurance reserves and other technical reserves.

Technical liabilities related to life insurance policies and financial contracts with discretionary profit sharing

Actuarial reserves

Actuarial reserves represent the difference between the present values of the commitments made by the insurer and the policyholders respectively, taking into account the probability that these commitments will be realised. Actuarial reserves are recognised as liabilities on the balance sheet at their gross underwriting value, before reinsurance and deferred acquisition costs.

No reserve for financial contingencies is recorded when the actuarial reserves have been funded on the basis of discount rates at most equal to the forecast yield rates, prudently estimated, of the assets assigned to represent them.

❖ Profit-sharing reserve

The profit-sharing reserve consists of a reserve for profit-sharing payable and potentially as a reserve for deferred profit sharing.

The reserve for payable profit sharing includes the identifiable amounts, from regulatory or contractual obligations, intended for the policyholders or beneficiaries of contracts in the form of profit sharing and rebates, to the extent that these amounts have not been credited to the policyholder's account or included in "Life technical reserves".

The reserve for deferred profit sharing includes:

- the reserve for unconditional profit sharing, which is recognised when a difference is recorded between the bases for calculating future rights in the individual company accounts and the consolidated accounts;
- the reserve for conditional profit-sharing, which relates to the difference in liabilities between the individual company and the consolidated accounts, the payment of which depends on a management decision or the occurrence of an event.

In the particular case of restatement in the consolidated accounts of the capitalisation reserve, a reserve for deferred profit-sharing is determined when the Asset/Liability Management assumptions demonstrate a probable permanent write-back of the total capitalisation reserve. The Group recognised no deferred profit sharing on the restatement of the capitalisation reserve.

❖ Application of shadow accounting

For participatory contracts, the Group has decided to apply shadow accounting, which is intended to pass on to the value of insurance liabilities, deferred acquisition costs and the intangible assets related to insurance policies, the effects of taking into account the unrealised gains and losses on financial assets valued at fair value. Deferred profit-sharing is recognised through the revaluation reserve or the income statement, depending on whether these gains and losses have been recognised in the reserve or in the income statement.

Shadow accounting is applied on the basis of a profit-sharing rate that is estimated and applied to unrealised gains and losses. This rate is obtained by applying the regulatory and contractual conditions for calculating profit sharing observed in the past three years.

In case of an overall unrealised capital loss of the entity's asset portfolio, the Group records a deferred profit-sharing asset limited to the fraction of deferred profit sharing actually recoverable. A recoverability test based on the projected future performance of insurance portfolios is carried out. This test specifically includes unrealised capital gains on assets posted at amortised cost.

❖ Other technical reserves

Overall management expenses reserve
The management expenses reserve is established for all future contract management expenses not covered by mark-ups on premiums or by deductions on investment income provided for by them. This approach is carried out according to the grid of departmental categories.

➢ Deferred acquisition costs

Variable costs directly attributable to the acquisition of life insurance policies are recorded in assets in the consolidated accounts. These amounts may not under any circumstances be greater than the present value of future income from the policies.

These costs are amortised over the average life of the policies based on the rate of emergence of future margins for each generation of policies; future margins are determined using economic assumptions (profit-sharing rate, future rate of return on assets and lapse rate). Since these acquisition costs are capitalised, the actuarial reserves appearing on the balance sheet are presented as non-zillmerised.

Every year the expected present value of future margins by homogeneous product family is compared with the total of the deferred acquisition costs net of amortisation already recognised in the past. If this value is lower, an extraordinary impairment charge is recognised on the income statement.

The Group applies shadow accounting for deferred acquisition costs.

c. Liabilities adequacy test

An adequacy test is performed at each balance sheet date for liabilities under IFRS 4 intended to ensure that insurance liabilities are sufficient with regard to current estimates of future cash flows generated by insurance policies. Future cash flows resulting from policies take into account their related cover and options. If necessary, and for the purposes of this test, the insurance liabilities are reduced by the deferred acquisition costs and the values of business in force recorded at the time of business combinations or transfers of the related policies.

In case of inadequacy, the potential losses are recognised in full through income.

This test is performed at each balance sheet date and for each consolidated entity.

d. Unit-linked policies under IFRS 4

Unit-linked policies under IFRS 4 are either insurance policies containing a significant insurance risk, such as a death risk, or financial contracts with discretionary profit sharing, for which the financial risk is assumed by the policyholder.

The technical reserves for unit-linked policies are valued at the market value of the unit of account at the inventory date.

e. Embedded derivatives in insurance policies and financial contracts with discretionary profit sharing

Embedded derivatives are components of insurance policies that meet the definition of a derivative product.

If the same contract contains a financial component and an insurance component, the financial component is valued separately at fair value when it is not closely tied to the host contract or when the accounting standards do not require recognising all of the rights and obligations associated with the deposit component, in application of the provisions of IFRS 4.
In other cases, the entire contract is treated as an insurance policy.

3.12.3. Financial contracts under IAS 39

Liabilities related to financial contracts without discretionary profit sharing must be recognised on the basis of the principle of deposit accounting. Thus the premiums collected and the benefits are booked on the balance sheet. Management charges and expenses for the contracts are recorded in income. Unearned income is deferred over the estimated life of the contract.

This category primarily includes unit-linked policies and indexed policies that do not meet the definition of insurance policies and financial contracts with discretionary profit sharing. Commitments under these policies are valued at the unit-linked fair value in inventory.

The additional costs directly related to management of the investments of a contract are booked as assets if they can be identified separately and reliably valued, and if it is probable that they will be recovered. This asset, which corresponds to the contractual right acquired by the Group on income resulting from the management of investments, is amortised over the duration of this management and symmetrically with recognition of the corresponding income.

3.12.4. Reinsurance operations

- **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 paragraph 3.12.1. In the absence of sufficient information from the outward reinsurer, estimates are made.

An asset deposit is recorded for the amount of the counterparty given to the ceding and retroceding companies.

Securities used as hedges are recorded in the statement of commitments given and received.

- **Outward reinsurance**

Outward reinsurance is recognised in accordance with the terms of the various treaties and according to the same rules as described in Note 3.12.1 on insurance policies and financial contracts. A liabilities deposit is recorded for the amount of the corresponding asset received from outward reinsurers and retrocessionaires.
Securities from reinsurers (outward reinsurers and retrocessionaires) remitted as collateral are recorded in the statement of commitments given and received.

3.13 TAXES

Corporate income tax includes all current and deferred taxes. When a tax is payable or receivable and payment is not subject to the execution of future transactions, such tax is classified as current, even if the payment is spread over several fiscal years. It appears as an asset or liability on the balance sheet as applicable.

Operations carried out by the Group may have positive or negative tax consequences other than those taken into consideration for calculating the payable tax. The result is tax assets or liabilities classified as deferred.

This is particularly the case when, because of completed transactions that are posted in either the individual company statements or only in the consolidated accounts as restatements and eliminations of 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 profits are regularly examined by the Group's principal operational decision-makers in order to assess the segment's performance and decide on the resources to allocate to it.

The Group is organised into three operational segments: insurance in France, international insurance, 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	31.12.2014			31.12.2013		
	France	International	Total	France	International	Total
Intangible assets	888	1,647	2,535	928	1,664	2,592
Insurance business investments	76,694	6,727	83,421	69,446	6,168	75,614
Funds used in banking sector activities and investments of other business activities	3,639		3,639	3,265		3,265
Investments in related companies	860	178	1,038	877	176	1,053
Share of outward reinsurers and retrocessionnaires in liabilities relating to insurance and financial contracts	8,007	209	8,216	8,144	265	8,410
Other assets	5,201	925	6,126	5,607	943	6,650
Assets held for sale and discontinued business activities						
Cash and cash equivalents	1,004	461	1,465	691	384	1,075
Consolidated total assets	**96,292**	**10,147**	**106,439**	**88,958**	**9,601**	**98,559**
Reserves for contingencies and charges	541	91	631	516	87	604
Financing debt	840		840	1,941		1,941
Technical liabilities relating to insurance policies	50,255	5,140	55,394	48,450	5,080	53,530
Technical liabilities relating to financial contracts	15,822	1,570	17,392	17,374	1,314	18,688
Deferred profit-sharing liabilities	4,722	170	4,892	281	47	328
Resources from banking sector activities	3,304		3,304	2,861		2,861
Other liabilities	15,527	380	15,907	13,550	388	13,939
Liabilities of business activities to be sold or discontinued						
Total consolidated liabilities excluding shareholders' equity	**91,010**	**7,350**	**98,361**	**84,973**	**6,917**	**91,890**

NOTE 1.1.2 – SEGMENT REPORTING BY OPERATING SEGMENT – INCOME STATEMENT

In millions of euros	31.12.2014			31.12.2013		
	France	Inter-national	Total	France	Inter-national	Total
Earned premiums	10,686	2,628	13,314	10,906	2,534	13,440
Net banking income, net of cost of risk	188		188	202		202
Investment income	2,230	258	2,488	2,246	267	2,512
Investment expenses	(673)	(41)	(714)	(616)	(47)	(663)
Capital gains or losses from divestment of investments net of impairment and depreciation write-backs	549	64	613	1,138	29	1,167
Change in fair value of financial instruments recorded at fair value through income	109	40	148	366	28	394
Change in impairment on investments	(6)	(7)	(12)	(16)	(11)	(27)
Total income from ordinary business activities	**13,084**	**2,941**	**16,025**	**14,227**	**2,799**	**17,026**
Insurance policy servicing expenses	(9,763)	(2,125)	(11,889)	(10,701)	(1,963)	(12,664)
Income on outward reinsurance	486	49	536	880	202	1,082
Expenses on outward reinsurance	(751)	(124)	(875)	(1,185)	(276)	(1,461)
Banking operating expenses	(184)		(184)	(200)		(200)
Policy acquisition costs	(1,380)	(411)	(1,791)	(1,432)	(418)	(1,850)
Administrative costs	(324)	(161)	(485)	(345)	(164)	(509)
Other current operating income and expenses	(777)	(53)	(830)	(833)	(59)	(892)
CURRENT OPERATING INCOME	**390**	**117**	**507**	**412**	**121**	**533**
Other operating income and expenses	(41)	(23)	(64)	(49)	(111)	(160)
OPERATING INCOME	**350**	**93**	**443**	**363**	**9**	**372**
Financing expenses	(84)		(84)	(93)		(93)
Share in income of related companies	3	(6)	(2)	(2)	(8)	(10)
Corporate income tax	(75)	(23)	(98)	31	(16)	15
NET INCOME FROM CONTINUING BUSINESS ACTIVITIES	**194**	**65**	**258**	**300**	**(15)**	**285**
Net income from discontinued business activities						
OVERALL NET INCOME	**194**	**65**	**258**	**300**	**(15)**	**285**
of which, non-controlling interests	1		1	2		2
OF WHICH, NET INCOME (GROUP SHARE)	**193**	**64**	**257**	**298**	**(15)**	**283**

NOTE 1.2 – SEGMENT REPORTING BY BUSINESS

NOTE 1.2.1 – SEGMENT REPORTING BY BUSINESS – BALANCE SHEET

In millions of euros	31.12.2014				31.12.2013			
	Insurance	Banking	Inter-segment eliminations	Total	Insurance	Banking	Inter-segment eliminations	Total
Goodwill	2,171	20		2,191	2,167	20		2,187
Other intangible assets	337	6		343	395	9		404
Insurance business investments	86,052	9	(2,640)	83,421	77,686	8	(2,080)	75,614
Funds used in banking sector activities and investments of other business activities		3,676	(37)	3,639		3,287	(22)	3,265
Investments in related companies	1,038			1,038	1,053			1,053
Share of outward reinsurers and retrocessionnaires in liabilities relating to insurance and financial contracts	12,146		(3,930)	8,216	12,219		(3,809)	8,410
Other assets	6,654	217	(745)	6,126	7,266	127	(843)	6,550
Assets held for sale and discontinued business activities								
Cash and cash equivalents	1,465	4	(4)	1,465	1,075	6	(6)	1,075
Consolidated total assets	**109,862**	**3,932**	**(7,355)**	**106,439**	**101,862**	**3,457**	**(6,760)**	**98,559**
Reserves for contingencies and charges	611	20		631	583	21		604
Financing debt	2,723	27	(1,910)	840	3,233	27	(1,320)	1,940
Technical liabilities relating to insurance policies	59,327		(3,933)	55,394	57,339		(3,809)	53,530
Technical liabilities relating to financial contracts	17,392			17,392	18,688			18,688
Deferred profit-sharing liabilities	4,892			4,892	328			328
Resources from banking sector activities		3,330	(26)	3,304		2,885	(24)	2,861
Other liabilities	17,208	185	(1,486)	15,907	15,394	151	(1,607)	13,938
Liabilities of business activities to be sold or discontinued								
Total consolidated liabilities excluding shareholders' equity	**102,153**	**3,562**	**(7,355)**	**98,360**	**95,566**	**3,084**	**(6,760)**	**91,890**

NOTE 1.2.2 – SEGMENT REPORTING BY BUSINESS – INCOME STATEMENT

In millions of euros	31.12.2014									
	France					International				Total
	Property and casualty insurance	Life and health insurance	Banking	Holding	Total	Property and casualty insurance	Life and health insurance	Holding	Total	
Earned premiums	**5,378**	**5,307**			**10,686**	**1,693**	**936**		**2,628**	**13,314**
Net banking income, net of cost of risk			**188**		**188**					**188**
Investment income	239	1,989		2	2,230	113	142	3	258	2,488
Investment expenses	(114)	(590)		31	(673)	(27)	(12)	(1)	(41)	(714)
Capital gains or losses from divestment of investments net of impairment and depreciation write-backs	103	446			549	50	14		64	613
Change in fair value of financial instruments recorded at fair value through income	18	172		(81)	109	7	32		40	148
Change in impairment on investments		(5)		(1)	(6)	(4)	(3)		(7)	(12)
Total income from ordinary business activities	**5,624**	**7,319**	**188**	**(48)**	**13,084**	**1,831**	**1,109**	**1**	**2,941**	**16,025**
Insurance policy servicing expenses	(3,720)	(6,043)			(9,763)	(1,197)	(928)		(2,125)	(11,889)
Income on outward reinsurance	100	386			486	44	5		49	536
Expenses on outward reinsurance	(349)	(402)			(751)	(117)	(6)		(124)	(875)
Banking operating expenses			(184)		(184)					(184)
Policy acquisition costs	(856)	(525)			(1,380)	(318)	(93)		(411)	(1,791)
Administrative costs	(221)	(104)			(324)	(106)	(55)		(161)	(485)
Other current operating income and expenses	(298)	(381)	2	(99)	(777)	(43)	(7)	(3)	(53)	(830)
CURRENT OPERATING INCOME	**280**	**251**	**7**	**(147)**	**390**	**94**	**24**	**(1)**	**117**	**507**
Other operating income and expenses	(19)	(17)		(5)	(41)	(20)	(4)		(23)	(64)
OPERATING INCOME	**260**	**234**	**7**	**(152)**	**350**	**74**	**20**	**(1)**	**93**	**443**
Financing expenses	(1)	(1)		(82)	(84)					(84)
Share in income of related companies	(5)	8			3	(6)			(6)	(2)
Corporate income tax	(96)	(78)	(3)	102	(75)	(15)	(8)		(23)	(98)
NET INCOME FROM CONTINUING BUSINESS ACTIVITIES	**158**	**164**	**4**	**(132)**	**194**	**53**	**12**	**(1)**	**64**	**258**
Net income from discontinued business activities										
TOTAL NET INCOME	**158**	**164**	**4**	**(132)**	**194**	**53**	**12**	**(1)**	**64**	**258**
of which, non-controlling interests		1			1					1
OF WHICH, NET INCOME (GROUP SHARE)	**158**	**163**	**4**	**(132)**	**193**	**53**	**12**	**(1)**	**64**	**257**

In millions of euros	31.12.2013									
	France					International				Total
	Property and casualty insurance	Life and health insurance	Banking	Holding	Total	Property and casualty insurance	Life and health insurance	Holding	Total	
Earned premiums	**5,305**	**5,602**			**10,906**	**1,785**	**749**		**2,534**	**13,440**
Net banking income, net of cost of risk			**202**		**202**					**202**
Investment income	242	1,999		5	2,246	118	146	2	267	2,512
Investment expenses	(108)	(549)		41	(616)	(32)	(15)		(47)	(663)
Capital gains or losses from divestment of investments net of impairment and depreciation write-backs	130	1,003		6	1,138	33	(4)		29	1,167
Change in fair value of financial instruments recorded at fair value through income	21	381		(37)	366		28		28	394
Change in impairment on investments	(6)	(4)		(6)	(16)	(7)	(4)		(11)	(27)
Total income from ordinary business activities	**5,584**	**8,432**	**202**	**9**	**14,227**	**1,898**	**900**	**2**	**2,799**	**17,026**
Insurance policy servicing expenses	(3,804)	(6,897)			(10,701)	(1,235)	(728)		(1,963)	(12,664)
Income on outward reinsurance	366	514			880	194	8		202	1,082
Expenses on outward reinsurance	(649)	(535)			(1,185)	(269)	(7)		(276)	(1,461)
Banking operating expenses			(200)		(200)					(200)
Policy acquisition costs	(851)	(581)			(1,432)	(325)	(93)		(418)	(1,850)
Administrative costs	(229)	(116)			(345)	(108)	(57)		(164)	(509)
Other current operating income and expenses	(297)	(425)	3	(115)	(833)	(48)	(8)	(3)	(59)	(892)
CURRENT OPERATING INCOME	**120**	**392**	**6**	**(106)**	**412**	**107**	**15**	**(2)**	**121**	**533**
Other operating income and expenses	(16)	(26)		(7)	(49)	(104)	(7)		(111)	(160)
OPERATING INCOME	**104**	**366**	**6**	**(112)**	**363**	**3**	**8**	**(2)**	**9**	**372**
Financing expenses	(1)	(1)		(91)	(93)					(93)
Share in income of related companies	(7)	5			(2)	(8)			(8)	(10)
Corporate income tax	(36)	(15)	(3)	86	31	(21)	5		(16)	15
NET INCOME FROM CONTINUING BUSINESS ACTIVITIES	**61**	**354**	**2**	**(117)**	**300**	**(26)**	**13**	**(2)**	**(15)**	**285**
Net income from discontinued business activities										
OVERALL NET INCOME	**61**	**354**	**2**	**(117)**	**300**	**(26)**	**13**	**(2)**	**(15)**	**285**
of which, non-controlling interests		2			2					2
OF WHICH, NET INCOME (GROUP SHARE)	**61**	**352**	**2**	**(117)**	**298**	**(26)**	**13**	**(2)**	**(15)**	**283**

NOTE 2 – GOODWILL

In millions of euros	31.12.2014				31.12.2013
	Gross value	Impairment	Foreign exchange adjustment	Net value	Net value
Opening value	**3,047**	**(581)**	**(278)**	**2,188**	**2,240**
Newly consolidated entities					
Eliminations from the scope of consolidation					
France	2			2	
Central and Eastern European countries			(12)	(12)	(4)
Turkey			8	8	(46)
United Kingdom			6	6	(2)
Other changes during the fiscal year	**2**		**2**	**4**	**(52)**
Closing value	**3,049**	**(581)**	**(276)**	**2,192**	**2,188**

The grouping within a single cash-generating unit for all countries of Central and Eastern Europe is explained by common tools and a common platform as well as centralised management bancassurance agreements.

Changes during the fiscal year:

The changes that affected goodwill on the balance sheet correspond to exchange-rate differences and a positive variation resulting from the revaluation of the purchase price of the Groupama SA securities as part of the liquidity commitment undertaken by Groupama Holding Company resulting from the privatisation of GAN SA.

Impairment test:

Goodwill is tested for impairment at least once a year. This test is carried out at the level of the cash-generating unit.

As for those insurance entities acquired during the fiscal year where no index on loss in value exists, no impairment test is carried out. Nevertheless, an internal audit is conducted on a simplified basis so as to link in to the purchase price.

Each cash-generating unit provides its underwriting income forecasts calculated based on an estimated increase in premium income and a target combined ratio for the plan period. These assumptions are adapted on the basis of past experience and external constraints imposed by the local market (competition, regulation, market shares, etc.). Financial assumptions (discount rate and yield rate) are fixed by the Group and used to determine the financial income forecasts and discounted cash flows.

The benchmark value in use applied to justify impairment tests corresponds to the current value of future cash flows to be generated by this cash-generating unit.

As a general rule, the flows used correspond to:
- An explicit period based on the Group's operational strategy planning in the early years. This is subject to an iterative discussion process between local management and the Group;
- Beyond the explicit horizon, the cash flow column is completed by a terminal value. This terminal value is based on long-term growth assumptions applied to an updated projection of normative cash flows.

In mature countries, the explicit life insurance period is generally 10 years, and 6 years for non-life insurance. It may be extended over a longer period (which may be 10 or 15 years) for emerging countries. In effect, this period is necessary for the market to attain a sufficient level of maturity for the normative cash flow to be representative of recurring long-term performance.

The discount rates are set based on risk-free rates for each country, plus a risk premium specific to the insurance business itself.

The rate thus applied in the major countries of Western and Southern Europe, excluding Greece, is 8%. Despite the decline in long-term interest rates, the group retained a cautious approach by maintaining the same discount rate as in 2013 in this region.

For emerging countries, the yield curve used takes into account a higher explicit risk premium and then incorporates future changes in the country's macroeconomic situation and the expected higher level of maturity in these economies. This is particularly the case for the "new countries" of the European Union, which are assumed to have a strong possibility of joining the eurozone.

With regard to Hungary, the yield curve used corresponds to an average rate of 12.6% from 2015 to 2017, converging in the medium term towards 9%.

Regarding Romania, the yield curve used is decreasing, from 16.9% in 2015 to 13.5% in 2019, converging in the medium term towards 12.5%.

For Turkey, the yield curve is between 13% and 15% from 2015 to 2017 with a medium-term convergence towards 12%.

Regarding Greece, despite good performance indicators of the subsidiary (results, level of activity) and a more favourable general environment, the discount rate of modelled cash flows was maintained at 14% for all projections. The rate of return on assets was also adjusted to take into account the accrued risk premium.

The growth rate applied for valuation after the explicit period depends on market maturity. It is based on indicators resulting from strategic studies. The rates used for Western and Southern European mature markets are within the 1% to 3% bracket. In the emerging markets with a low insurance penetration level this rate may be up to 5%.

Applying these impairment tests did not result in any additional devaluation of goodwill as at 31 December 2014.

Ex-post comparative analyses of business plan data and actual data for the main income statement totals (combined ratio, underwriting income etc.) have been carried out and have not had any impact on the impairment tests.

Sensitivity tests have been carried out on the value in use applied, with the following change assumptions:
- rise of 100 basis points in the discount rate; and
- decline of 50 basis points in the long-term rate of growth.

For the goodwill of the CGU in countries of Central and Eastern Europe, a combined increase of 100 basis points in the discount rate and yield rate would lead to a decrease in the excess hedging of €31 million (while a lowering by 100 basis points would result in an additional excess hedging of €46 million).
On this same CGU, the sensitivity test on the long-term growth rate would result in a decrease in excess hedging of €16 million if it fell by 50 basis points (the excess would €22 million higher with an increase of 50 basis points).

For the goodwill of the CGU of the Greek subsidiary, Groupama Phoenix, an increase of 100 basis points in the discount rate would lead to a loss in value of -€7 million (while a lowering of the discount rate by 100 basis points would result in a surplus of €17 million). The sensitivity test on a decrease in the long-term growth rate of 100 basis points would result in a hedging shortfall of -€2 million.

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

NOTE 2.1 – GOODWILL – DETAILS BY CASH-GENERATING UNIT

In millions of euros	31.12.2014			
	Gross value	Impairment	Foreign exchange adjustment	Net value
Central and Eastern European countries	1,026	(502)	(177)	347
Italy	781			781
Turkey	262		(73)	189
United Kingdom	142	(31)	(27)	84
Greece	131	(48)		83
Total International	**2,342**	**(581)**	**(277)**	**1,484**
Groupama Gan Vie	470			470
Gan Assurances	196			196
Financial businesses, property and other insurance companies	41			41
Total France and Overseas	707			707
Closing value	**3,049**	**(581)**	**(277)**	**2,192**

In millions of euros	31.12.2013			
	Gross value	Impairment	Foreign exchange adjustment	Net value
Central and Eastern European countries	1,026	(502)	(164)	360
Italy	781			781
Turkey	262		(81)	181
United Kingdom	142	(31)	(33)	78
Greece	131	(48)		83
Total International	**2,342**	**(581)**	**(278)**	**1,483**
Groupama Gan Vie	470			470
Gan Assurances	196			196
Financial businesses, property and other insurance companies	39			39
Total France and Overseas	**705**			**705**
Closing value	**3,047**	**(581)**	**(278)**	**2,188**

It should be recalled that in fiscal years 2009 to 2012, the Group devalued goodwill by €581 million for the following cash-generating units:

- Countries of Eastern and Central Europe for a total of €502 million, including: €113 million in 2009 corresponding to start-up risk in the emerging countries of Eastern Europe, where the OTP Bank group is active, €79 million in 2010, €51 million in 2011, and €260 million in 2012.
- Greece: €39 million in 2011 and €9 million in 2012.
- United Kingdom: €30 million on the brokerage firm Bollington in 2012.

NOTE 3 – OTHER INTANGIBLE ASSETS

In millions of euros	31.12.2014			31.12.2013		
	Intangible assets related to insurance business	Other intangible assets	Total	Intangible assets related to insurance business	Other intangible assets	Total
Opening gross value	**532**	**1,602**	**2,133**	**557**	**1,521**	**2,078**
Increase		82	82	5	96	101
Decrease	(1)	(11)	(12)	(5)	(17)	(22)
Foreign exchange adjustments	2	(3)	(1)	(25)	(2)	(27)
Change in scope of consolidation					3	3
Closing gross value	**533**	**1,671**	**2,203**	**532**	**1,602**	**2,133**
Opening cumulative amortisation	**(233)**	**(1,356)**	**(1,589)**	**(222)**	**(1,212)**	**(1,434)**
Increase	(17)	(113)	(130)	(31)	(144)	(175)
Decrease		2	2		7	7
Foreign exchange adjustments	(1)	1	0	20	1	21
Change in scope of consolidation					(3)	(3)
Reclassifications					(6)	(6)
Closing cumulative amortisation	**(251)**	**(1,466)**	**(1,717)**	**(233)**	**(1,356)**	**(1,589)**
Opening cumulative long-term impairment	**(136)**	**(3)**	**(139)**	**(65)**	**(9)**	**(74)**
Long-term impairment recognised	(1)	(1)	(2)	(75)	(1)	(76)
Long-term impairment write-backs						
Foreign exchange adjustments	(1)		(1)	4		4
Change in scope of consolidation						
Reclassifications					6	6
Closing cumulative long-term impairment	**(138)**	**(4)**	**(142)**	**(136)**	**(3)**	**(139)**
Opening net value	**163**	**242**	**404**	**270**	**300**	**570**
Closing net value	**144**	**201**	**344**	**163**	**242**	**404**

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.
Recall that the elimination of the automatic renewal system in Italy as well as the continuation of the tax on insurance activities in Hungary led to a revision of the assumptions originally made in order to recognise these portfolio values, which resulted in an additional impairment of these assets at 31 December 2013.

Other intangible assets

Other intangible assets consist primarily of software acquired and developed internally.
Note that the termination compensation provided for in article 26 of the law of 9 November 2010 on pension reform has been completely amortised.

NOTE 3.1 – OTHER INTANGIBLE ASSETS – BY OPERATING SEGMENT

In millions of euros	31.12.2014						31.12.2013	
	Intangible assets related to insurance business		Other intangible assets		Total		Total	
	France	International	France	International	France	International	France	International
Closing gross value	**27**	**507**	**1,504**	**166**	**1,531**	**673**	**1,474**	**660**
Closing cumulative amortisation		(252)	(1,336)	(130)	(1,336)	(382)	(1,239)	(351)
Closing cumulative long-term impairment	(10)	(129)	(4)		(14)	(129)	(11)	(128)
Amortisation and reserves	**(10)**	**(381)**	**(1,340)**	**(130)**	**(1,350)**	**(511)**	**(1,250)**	**(479)**
Net book value	**17**	**126**	**164**	**36**	**181**	**162**	**224**	**181**

NOTE 4 – INVESTMENT PROPERTY, EXCLUDING UNIT-LINKED INVESTMENTS

In millions of euros	31.12.2014			31.12.2013		
	Property	SCI units	Total	Property	SCI units	Total
Opening gross value	**1,430**	**232**	**1,662**	**1,465**	**221**	**1,686**
Acquisitions	4	19	23	25	9	34
Change in scope of consolidation						
Subsequent expenditure						
Assets capitalised in the year	39		39	7		7
Transfer from/to unit-linked property						
Transfer from/to operating property	(2)		(2)	18	15	33
Foreign exchange adjustments				(1)		(1)
Outward reinsurance	(49)	(6)	(55)	(84)	(13)	(97)
Other						
Closing gross value	**1,422**	**245**	**1,667**	**1,430**	**232**	**1,662**
Opening cumulative amortisation	**(335)**		**(335)**	**(329)**		**(329)**
Increase	(26)		(26)	(25)		(25)
Change in scope of consolidation						
Transfer from/to unit-linked property						
Transfer from/to operating property						
Decrease	18		18	19		19
Other						
Closing cumulative amortisation	**(343)**		**(343)**	**(335)**		**(335)**
Opening cumulative long-term impairment	**(12)**	**(5)**	**(18)**	**(8)**	**(1)**	**(10)**
Long-term impairment recognised				(4)		(4)
Change in scope of consolidation						
Transfer from/to operating property					(4)	(4)
Long-term impairment write-backs						
Closing cumulative long-term impairment	**(12)**	**(5)**	**(18)**	**(12)**	**(5)**	**(18)**
Opening net value	**1,083**	**227**	**1,310**	**1,128**	**220**	**1,348**
Closing net value	**1,067**	**240**	**1,307**	**1,083**	**227**	**1,310**
Closing fair value of investment property	**2,586**	**405**	**2,991**	**2,567**	**405**	**2,972**
Unrealised capital gains	**1,519**	**165**	**1,684**	**1,484**	**178**	**1,662**

The realisation of unrealised capital gains on property representing life insurance commitments would give rise to rights in favour of policy beneficiaries as well as taxation.

Unrealised gains accruing to the Group, including property operating activities (see Note 5), amounted to €645 million as at 31 December 2014 (net of profit sharing and tax), compared with €635 million as at 31 December 2013.

The table also shows property under leasing contracts for an amount at the net book value of €36 million as at 31 December 2014, compared to €37 million as at 31 December 2013. The fair value of this property is estimated at €62 million (i.e., unrealised capital gains of €26 million as at 31 December 2014, compared with €14 million as at 31 December 2013).

Assets capitalised in the year include the acquisition of a property complex before its completion for €20 million.

As per the fair value hierarchy established in IFRS 13, the fair value of investment property is ranked as Level 2 for an amount of €2,438 million, and Level 3 for an amount of €553 million. The Level 2 investment property comprises mainly property located in Paris, or the Greater Paris region, whose fair value is based on observable data.

NOTE 4.1 – INVESTMENT PROPERTY – BY OPERATING SEGMENT

In millions of euros	31.12.2014						31.12.2013					
	Property			SCI units			Property			SCI units		
	France	Inter-national	Total	France	Inter-national	Total	France	Inter-national	Total	France	Inter-national	Total
Gross value	1,371	51	1,422	246		246	1,374	57	1,430	233		233
Cumulative amortisation & impairment	(326)	(16)	(343)				(318)	(17)	(335)			
Long-term impairment	(4)	(8)	(12)	(6)		(6)	(4)	(8)	(12)	(6)		(6)
Closing net value	**1,040**	**27**	**1,067**	**240**		**240**	**1,051**	**32**	**1,083**	**227**		**227**
Closing fair value of investment property	**2,536**	**50**	**2,586**	**405**		**405**	**2,511**	**56**	**2,567**	**405**		**405**
Unrealised capital gains	**1,496**	**24**	**1,519**	**165**		**165**	**1,459**	**24**	**1,483**	**178**		**178**

NOTE 4.2 – INVESTMENT PROPERTY BY BUSINESS

NOTE 4.2.1 – INVESTMENT PROPERTY BY BUSINESS – FRANCE

In millions of euros	31.12.2014					
	Property			SCI units		
	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty	Total
Gross value	963	408	1,371	108	137	246
Cumulative amortisation & impairment	(208)	(118)	(326)			
Long-term impairment	(2)	(2)	(4)	(1)	(4)	(6)
Closing net value	**753**	**288**	**1,040**	**107**	**133**	**240**
Closing fair value of investment property	**1,895**	**641**	**2,536**	**173**	**232**	**405**
Unrealised capital gains	**1,143**	**353**	**1,496**	**66**	**99**	**165**

In millions of euros	31.12.2013					
	Property			SCI units		
	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty	Total
Gross value	969	404	1,374	101	131	233
Cumulative amortisation & impairment	(204)	(115)	(318)			
Long-term impairment	(2)	(2)	(4)	(1)	(4)	(6)
Closing net value	**764**	**287**	**1,051**	**100**	**127**	**227**
Closing fair value of investment property	**1,863**	**648**	**2,511**	**172**	**233**	**405**
Unrealised capital gains	**1,099**	**360**	**1,459**	**72**	**106**	**178**

NOTE 4.2.2 – INVESTMENT PROPERTY BY BUSINESS – INTERNATIONAL

In millions of euros	31.12.2014					
	Property			SCI units		
	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total
Gross value	29	22	51			
Cumulative amortisation & impairment	(10)	(6)	(16)			
Long-term impairment	(5)	(3)	(8)			
Closing net value	**14**	**13**	**27**			
Closing fair value of investment property	**26**	**24**	**50**			
Unrealised capital gains	**12**	**11**	**24**			

In millions of euros	31.12.2013					
	Property			SCI units		
	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total
Gross value	33	23	57			
Cumulative amortisation & impairment	(11)	(5)	(17)			
Long-term impairment	(5)	(3)	(8)			
Closing net value	**18**	**15**	**32**			
Closing fair value of investment property	**29**	**27**	**56**			
Unrealised capital gains	**12**	**12**	**24**			

NOTE 5 – OPERATING PROPERTY

In millions of euros	31.12.2014			31.12.2013		
	Property	SCI units	Total	Property	SCI units	Total
Opening gross value	**1,356**	**79**	**1,435**	**1,309**	**94**	**1,403**
Acquisitions	15	2	17	71	3	74
Change in scope of consolidation						
Assets capitalised in the year	6		6	3		3
Transfer from/to investment property	2		2	(18)	(15)	(33)
Foreign exchange adjustments	(1)		(1)	(1)		(1)
Outward reinsurance	(21)	(9)	(30)	(8)	(3)	(11)
Other						
Closing gross value	**1,357**	**72**	**1,429**	**1,356**	**79**	**1,435**
Opening cumulative amortisation	**(329)**		**(329)**	**(299)**		**(299)**
Increase	(38)		(38)	(34)		(34)
Change in scope of consolidation						
Transfer from/to investment property				1		1
Decrease	14		14	3		3
Other						
Closing cumulative amortisation	**(353)**		**(353)**	**(329)**		**(329)**
Opening cumulative long-term impairment	**(4)**	**(2)**	**(6)**	**(4)**	**(6)**	**(10)**
Long-term impairment recognised	(14)		(14)			
Change in scope of consolidation						
Transfer from/to investment property					4	4
Long-term impairment write-backs	2	2	4			
Closing cumulative long-term impairment	**(16)**	**0**	**(16)**	**(4)**	**(2)**	**(6)**
Opening net value	**1,023**	**77**	**1,100**	**1,006**	**88**	**1,094**
Closing net value	**988**	**72**	**1,060**	**1,023**	**77**	**1,100**
Closing fair value of operating property	**1,308**	**118**	**1,426**	**1,326**	**121**	**1,447**
Unrealised capital gains	**320**	**46**	**366**	**303**	**44**	**347**

A reserve for impairment was recognised in the 2014 financial statements for €14 million. This impairment pertains to a building in the Paris suburbs.

NOTE 5.1 – OPERATING PROPERTY – BY OPERATING SEGMENT

In millions of euros	31.12.2014						31.12.2013					
	Property			SCI units			Property			SCI units		
	France	Inter-national	Total	France	Inter-national	Total	France	Inter-national	Total	France	Inter-national	Total
Gross value	1,238	119	1,357	72		72	1,241	114	1,355	79		79
Cumulative amortisation & impairment	(343)	(10)	(353)				(321)	(8)	(329)			
Long-term impairment	(16)		(16)				(3)		(4)	(3)		(3)
Closing net value	**880**	**108**	**988**	**72**		**72**	**917**	**106**	**1,023**	**76**		**76**
Closing fair value of operating property	**1,202**	**106**	**1,308**	**118**		**118**	**1,221**	**105**	**1,326**	**121**		**121**
Unrealised capital gains	**322**	**(2)**	**320**	**46**		**46**	**304**	**(1)**	**303**	**44**		**44**

NOTE 5.2 – OPERATING PROPERTY BY BUSINESS

NOTE 5.2.1 – OPERATING PROPERTY BY BUSINESS – FRANCE

In millions of euros	31.12.2014					
	Property			SCI units		
	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total
Gross value	666	572	1,238	19	53	72
Cumulative amortisation & impairment	(137)	(205)	(343)			
Long-term impairment	(2)	(13)	(16)			
Closing net value	**526**	**355**	**880**	**19**	**53**	**72**
Closing fair value of operating property	**632**	**571**	**1,202**	**33**	**85**	**118**
Unrealised capital gains	**106**	**216**	**322**	**14**	**32**	**46**

In millions of euros	31.12.2013					
	Property			SCI units		
	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total
Gross value	663	578	1,241	20	59	79
Cumulative amortisation & impairment	(123)	(198)	(321)			
Long-term impairment	(1)	(3)	(3)	(1)	(2)	(3)
Closing net value	**539**	**378**	**917**	**19**	**57**	**76**
Closing fair value of operating property	**650**	**571**	**1,221**	**32**	**88**	**121**
Unrealised capital gains	**111**	**194**	**304**	**13**	**31**	**44**

NOTE 5.2.2 – OPERATING PROPERTY BY BUSINESS – INTERNATIONAL

In millions of euros	31.12.2014					
	Property			SCI units		
	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total
Gross value	53	66	119			
Cumulative amortisation & impairment	(4)	(6)	(10)			
Long-term impairment						
Closing net value	**49**	**60**	**108**			
Closing fair value of operating property	**48**	**59**	**106**			
Unrealised capital gains	**(1)**	**(1)**	**(2)**			

In millions of euros	31.12.2013					
	Property			SCI units		
	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total
Gross value	49	66	114			
Cumulative amortisation & impairment	(3)	(5)	(8)			
Long-term impairment						
Closing net value	**45**	**60**	**106**			
Closing fair value of operating property	**46**	**59**	**105**			
Unrealised capital gains	**1**	**(1)**	**(1)**			

NOTE 6 – FINANCIAL INVESTMENTS EXCLUDING UNIT-LINKED ITEMS

In millions of euros	31.12.2014	31.12.2013
	Net value	Net value
Assets valued at fair value	73,336	66,183
Assets valued at amortised cost	1,506	1,426
Total financial investments excluding unit-linked items	**74,842**	**67,609**

Total financial investments (excluding property, unit-linked items, and derivatives) as at 31 December 2014 were €74,842 million, marking an increase of €7,233 million versus 31 December 2013.
The bond security repurchase agreement activity was €4,115 million versus €1,775 million at 31 December 2013. The cash from these repurchase agreements is invested in specific funds held directly.

NOTE 6.1 – INVESTMENTS VALUED AT FAIR VALUE BY OPERATING SEGMENT

In millions of euros	31.12.2014								
	Net amortised cost			Fair value [a]			Gross unrealised capital gains (losses)		
	France	International	Total	France	International	Total	France	International	Total
Available-for-sale assets									
Equities and other variable-income investments	3,290	247	3,537	4,096	270	4,366	806	23	829
Bonds and other fixed-income investments	45,496	4,317	49,813	52,704	4,866	57,570	7,208	549	7,757
Other investments	44		44	44		44			
Total available-for-sale assets	**48,830**	**4,564**	**53,394**	**56,844**	**5,136**	**61,980**	**8,014**	**572**	**8,586**
Trading assets									
Equities and other variable-income investments classified as “trading”	35		35	35		35			
Equities and other variable-income investments classified as “held for trading”	586	181	767	586	181	767			
Bonds and other fixed-income investments classified as “trading”	89		89	89		89			
Bonds and other fixed-income investments classified as “held for trading”	2,209	54	2,263	2,209	54	2,263			
Cash mutual funds classified as “trading”	5,847	201	6,048	5,847	201	6,048			
Cash mutual funds classified as “held for trading”	2,085	70	2,155	2,085	70	2,155			
Other investments classified as “trading”									
Other investments classified as “held for trading”									
Total trading assets	**10,851**	**506**	**11,357**	**10,851**	**506**	**11,357**			
Total investments valued at fair value	**59,681**	**5,070**	**64,751**	**67,695**	**5,642**	**73,336**	**8,014**	**572**	**8,586**

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

As at 31 December 2014, capital gains that were unrealised but recognised for accounting purposes through equity (revaluation reserves) as available-for-sale investment assets and through income as trading assets were €8,586 million and €318 million, respectively, compared with €2,881 million and €185 million as at 31 December 2013.

In millions of euros	31.12.2013								
	Net amortised cost			Fair value (a)			Gross unrealised capital gains (losses)		
	France	International	Total	France	International	Total	France	International	Total
Available-for-sale assets									
Equities and other variable-income investments	4,050	198	4,248	4,821	252	5,073	771	54	825
Bonds and other fixed-income investments	43,996	4,254	48,250	45,841	4,465	50,306	1,845	211	2,056
Other investments	41		41	41		41			
Total available-for-sale assets	**48,087**	**4,452**	**52,539**	**50,703**	**4,717**	**55,420**	**2,616**	**265**	**2,881**
Trading assets									
Equities and other variable-income investments classified as “trading”	37		37	37		37			
Equities and other variable-income investments classified as “held for trading”	683	140	823	683	140	823			
Bonds and other fixed-income investments classified as “trading”	176		176	176		176			
Bonds and other fixed-income investments classified as “held for trading”	2,076	55	2,131	2,076	55	2,131			
Cash mutual funds classified as “trading”	6,503	24	6,527	6,503	24	6,527			
Cash mutual funds classified as “held for trading”	917	150	1,067	917	150	1,067			
Other investments classified as “trading”									
Other investments classified as “held for trading”	2		2	2		2			
Total trading assets	**10,394**	**369**	**10,763**	**10,394**	**369**	**10,763**			
Total investments valued at fair value	**58,481**	**4,821**	**63,302**	**61,097**	**5,086**	**66,183**	**2,616**	**265**	**2,881**

(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	31.12.2014											
	Net amortised cost				Fair value (a)				Gross unrealised capital gains (losses)			
	Life and health insurance	Property and casualty	Holding	Total	Life and health insurance	Property and casualty	Holding	Total	Life and health insurance	Property and casualty	Holding	Total
Available-for-sale assets												
Equities and other variable-income investments	2,517	773		3,290	2,995	1,101		4,096	478	328		806
Bonds and other fixed-income investments	40,435	5,061		45,496	47,069	5,635		52,704	6,634	574		7,208
Other investments	10	34		44	10	34		44				
Total available-for-sale assets	**42,962**	**5,868**		**48,830**	**50,074**	**6,770**		**56,844**	**7,112**	**902**		**8,014**
Trading assets												
Equities and other variable-income investments classified as “trading”	6	29		35	6	29		35				
Equities and other variable-income investments classified as “held for trading”	447	139		586	447	139		586				
Bonds and other fixed-income investments classified as “trading”	89			89	89			89				
Bonds and other fixed-income investments classified as “held for trading”	1,792	417		2,209	1,792	417		2,209				
Cash mutual funds classified as “trading”	5,128	718	1	5,847	5,128	718	1	5,847				
Cash mutual funds classified as “held for trading”	2,084	1		2,085	2,084	1		2,085				
Other investments classified as “trading”												
Other investments classified as “held for trading”												
Total trading assets	**9,546**	**1,304**	**1**	**10,851**	**9,546**	**1,304**	**1**	**10,851**				
Total investments valued at fair value	**52,508**	**7,172**	**1**	**59,681**	**59,620**	**8,074**	**1**	**67,695**	**7,112**	**902**		**8,014**

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

In millions of euros	31.12.2013											
	Net amortised cost				Fair value (a)				Gross unrealised capital gains (losses)			
	Life and health insurance	Property and casualty	Holding	Total	Life and health insurance	Property and casualty	Holding	Total	Life and health insurance	Property and casualty	Holding	Total
Available-for-sale assets												
Equities and other variable-income investments	3,018	1,032		4,050	3,442	1,379		4,821	424	346		771
Bonds and other fixed-income investments	39,696	4,300		43,996	41,248	4,593		45,841	1,552	293		1,845
Other investments	7	34		41	7	34		41				
Total available-for-sale assets	**42,721**	**5,366**		**48,087**	**44,697**	**6,006**		**50,703**	**1,976**	**640**		**2,616**
Trading assets												
Equities and other variable-income investments classified as “trading”	8	29		37	8	29		37				
Equities and other variable-income investments classified as “held for trading”	556	127		683	556	127		683				
Bonds and other fixed-income investments classified as “trading”	164	12		176	164	12		176				
Bonds and other fixed-income investments classified as “held for trading”	1,629	447		2,076	1,629	447		2,076				
Cash mutual funds classified as “trading”	5,280	1,221	2	6,503	5,280	1,221	2	6,503				
Cash mutual funds classified as “held for trading”	916	1		917	916	1		917				
Other investments classified as “trading”												
Other investments classified as “held for trading”	1	1		2	1	1		2				
Total trading assets	**8,554**	**1,838**	**2**	**10,394**	**8,554**	**1,838**	**2**	**10,394**				
Total investments valued at fair value	**51,275**	**7,204**	**2**	**58,481**	**53,251**	**7,844**	**2**	**61,097**	**1,976**	**640**		**2,616**

(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	31.12.2014								
	Net amortised cost			Fair value (a)			Gross unrealised capital gains (losses)		
	Life and health insurance	Property and casualty	Total	Life and health insurance	Property and casualty	Total	Life and health insurance	Property and casualty	Total
Available-for-sale assets									
Equities and other variable-income investments	143	104	247	152	118	270	9	14	23
Bonds and other fixed-income investments	2,373	1,944	4,317	2,697	2,169	4,866	324	225	549
Other investments									
Total available-for-sale assets	**2,516**	**2,048**	**4,564**	**2,849**	**2,287**	**5,136**	**333**	**239**	**572**
Trading assets									
Equities and other variable-income investments classified as “trading”									
Equities and other variable-income investments classified as “held for trading”	95	86	181	95	86	181			
Bonds and other fixed-income investments classified as “trading”									
Bonds and other fixed-income investments classified as “held for trading”	31	23	54	31	23	54			
Cash mutual funds classified as “trading”	138	63	201	138	63	201			
Cash mutual funds classified as “held for trading”	37	33	70	37	33	70			
Other investments classified as “trading”									
Other investments classified as “held for trading”									
Total trading assets	**301**	**205**	**506**	**301**	**205**	**506**			
Total investments valued at fair value	**2,817**	**2,253**	**5,070**	**3,150**	**2,492**	**5,642**	**333**	**239**	**572**

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

In millions of euros	31.12.2013								
	Net amortised cost			Fair value [a]			Gross unrealised capital gains (losses)		
	Life and health insurance	Property and casualty	Total	Life and health insurance	Property and casualty	Total	Life and health insurance	Property and casualty	Total
Available-for-sale assets									
Equities and other variable-income investments	94	104	198	136	116	252	42	12	54
Bonds and other fixed-income investments	2,277	1,977	4,254	2,396	2,069	4,465	119	92	211
Other investments									
Total available-for-sale assets	**2,371**	**2,081**	**4,452**	**2,532**	**2,185**	**4,717**	**161**	**104**	**265**
Trading assets									
Equities and other variable-income investments classified as “trading”									
Equities and other variable-income investments classified as “held for trading”	69	71	140	69	71	140			
Bonds and other fixed-income investments classified as “trading”									
Bonds and other fixed-income investments classified as “held for trading”	31	24	55	31	24	55			
Cash mutual funds classified as “trading”	23	1	24	23	1	24			
Cash mutual funds classified as “held for trading”	89	61	150	89	61	150			
Other investments classified as “trading”									
Other investments classified as “held for trading”									
Total trading assets	**212**	**157**	**369**	**212**	**157**	**369**			
Total investments valued at fair value	**2,583**	**2,238**	**4,821**	**2,744**	**2,342**	**5,086**	**161**	**104**	**265**

(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	31.12.2014								
	Net amortised cost			Fair value (a)			Gross unrealised capital gains (losses)		
	France	International	Total	France	International	Total	France	International	Total
Equities and other variable-income investments									
Available-for-sale assets	3,290	247	3,537	4,096	270	4,366	806	23	829
Assets classified as “trading”	35		35	35		35			
Assets classified as “held for trading”	586	181	767	586	181	767			
Total equities and other variable-income investments	**3,911**	**428**	**4,339**	**4,717**	**451**	**5,168**	**806**	**23**	**829**
Bonds and other fixed-income investments									
Available-for-sale assets	45,496	4,317	49,813	52,704	4,866	57,570	7,208	549	7,757
Assets classified as “trading”	89		89	89		89			
Assets classified as “held for trading”	2,209	54	2,263	2,209	54	2,263			
Total bonds and other fixed-income investments	**47,794**	**4,371**	**52,165**	**55,002**	**4,920**	**59,922**	**7,208**	**549**	**7,757**
Cash mutual funds									
Assets classified as “trading”	5,847	201	6,048	5,847	201	6,048			
Assets classified as “held for trading”	2,085	70	2,155	2,085	70	2,155			
Total cash mutual funds	**7,932**	**271**	**8,203**	**7,932**	**271**	**8,203**			
Other investments									
Available-for-sale assets	44		44	44		44			
Assets classified as “trading”									
Assets classified as “held for trading”									
Total other investments	**44**		**44**	**44**		**44**			
Total investments valued at fair value	**59,681**	**5,070**	**64,751**	**67,695**	**5,642**	**73,337**	**8,014**	**572**	**8,586**

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

In millions of euros	31.12.2013								
	Net amortised cost			Fair value (a)			Gross unrealised capital gains (losses)		
	France	Inter-national	Total	France	Inter-national	Total	France	Inter-national	Total
Equities and other variable-income investments									
Available-for-sale assets	4,050	198	4,248	4,821	252	5,073	771	54	825
Assets classified as “trading”	37		37	37		37			
Assets classified as “held for trading”	683	140	823	683	140	823			
Total equities and other variable-income investments	**4,770**	**338**	**5,108**	**5,541**	**392**	**5,933**	**771**	**54**	**825**
Bonds and other fixed-income investments									
Available-for-sale assets	43,996	4,254	48,250	45,841	4,465	50,306	1,845	211	2,056
Assets classified as “trading”	176		176	176		176			
Assets classified as “held for trading”	2,076	55	2,131	2,076	55	2,131			
Total bonds and other fixed-income investments	**46,248**	**4,309**	**50,557**	**48,093**	**4,520**	**52,613**	**1,845**	**211**	**2,056**
Cash mutual funds									
Assets classified as “trading”	6,503	24	6,527	6,503	24	6,527			
Assets classified as “held for trading”	917	150	1,067	917	150	1,067			
Total cash mutual funds	**7,420**	**174**	**7,594**	**7,420**	**174**	**7,594**			
Other investments									
Available-for-sale assets	41		41	41		41			
Assets classified as “trading”									
Assets classified as “held for trading”	2		2	2		2			
Total other investments	**43**		**43**	**43**		**43**			
Total investments valued at fair value	**58,481**	**4,821**	**63,302**	**61,097**	**5,086**	**66,183**	**2,616**	**265**	**2,881**

(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	31.12.2014			31.12.2013		
	France	International	Total	France	International	Total
Loans	141	67	208	151	67	218
Deposits	1,154	28	1,182	924	30	954
Other	116		116	254		254
Total assets valued at amortised cost	**1,411**	**95**	**1,506**	**1,329**	**97**	**1,426**

NOTE 6.5 – RESERVES FOR IMPAIRMENT OF INVESTMENTS

In millions of euros	31.12.2014			31.12.2013		
	Gross	Reserves	Net	Gross	Reserves	Net
Available-for-sale assets						
Equities and other variable-income investments	4,744	(1,207)	3,537	5,522	(1,274)	4,248
Bonds and other fixed-income investments	49,828	(15)	49,813	48,267	(17)	48,250
Other investments	44		44	41		41
Total available-for-sale assets	**54,616**	**(1,222)**	**53,394**	**53,830**	**(1,291)**	**52,539**
Financial investments valued at amortised cost	1,509	(3)	1,506	1,430	(4)	1,426
Financial investments valued at amortised cost	**1,509**	**(3)**	**1,506**	**1,430**	**(4)**	**1,426**

As at 31 December 2014, total impairment reserves for investments valued at fair value were €1,222 million, compared with €1,291 million as at 31 December 2013. In total, the impairment reserves for available-for-sale financial assets represent 2.2% of their gross amortised cost.

The change in reserves is mainly due to write-backs of reserves on sold securities for €64 million.

Regarding equities, the reserve for impairment includes an impairment of strategic securities for nearly €1 billion.

Reserves for impairment on investments valued at amortised cost totalled €3 million.

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

NOTE 6.6 – FINANCIAL INVESTMENTS – BY CURRENCY

In millions of euros	31.12.2014					
	Euro	Dollar	Pound	Yen	Other	Total
Available-for-sale assets						
Equities and other variable-income investments	3,527	447	65	1	327	4,366
Bonds and other fixed-income investments	56,745	41	283		501	57,570
Other investments	44					44
Total available-for-sale assets	**60,316**	**488**	**347**	**1**	**828**	**61,980**
Trading assets						
Equities and other variable-income investments classified as “trading”	35					35
Equities and other variable-income investments classified as “held for trading”	765	1				766
Bonds and other fixed-income investments classified as “trading”	89					89
Bonds and other fixed-income investments classified as “held for trading”	2,232	2			28	2,262
Cash mutual funds classified as “trading”	6,049					6,049
Cash mutual funds classified as “held for trading”	2,155					2,155
Other investments classified as “trading”						
Other investments classified as “held for trading”						
Total trading assets	**11,324**	**3**			**28**	**11,356**
Assets valued at amortised cost						
Loans	207				1	208
Deposits	1,155				27	1,182
Other investments	116					116
Total assets valued at amortised cost	**1,478**				**28**	**1,506**
Total financial investments (net of derivatives and unit-linked items)	**73,118**	**491**	**347**	**1**	**884**	**74,842**

The above figures do not include the hedging for foreign exchange risk established in 2013 and 2014 (currency swaps).

In millions of euros	31.12.2013					
	Euro	Dollar	Pound	Yen	Other	Total
Available-for-sale assets						
Equities and other variable-income investments	4,130	536	16	1	389	5,073
Bonds and other fixed-income investments	49,551		268	12	475	50,306
Other investments	41					41
Total available-for-sale assets	**53,721**	**536**	**284**	**13**	**864**	**55,420**
Trading assets						
Equities and other variable-income investments classified as “trading”	37					37
Equities and other variable-income investments classified as “held for trading”	822	1				823
Bonds and other fixed-income investments classified as “trading”	176					176
Bonds and other fixed-income investments classified as “held for trading”	2,103				27	2,131
Cash mutual funds classified as “trading”	6,527					6,527
Cash mutual funds classified as “held for trading”	1,066					1,066
Other investments classified as “trading”						
Other investments classified as “held for trading”	3					3
Total trading assets	**10,735**	**1**			**27**	**10,763**
Assets valued at amortised cost						
Loans	217				1	218
Deposits	929				24	954
Other investments	254					254
Total assets valued at amortised cost	**1,400**				**25**	**1,425**
Total financial investments (net of derivatives and unit-linked items)	**65,857**	**537**	**284**	**13**	**917**	**67,609**

The above figures do not include the hedging for foreign exchange risk established in 2013 (forward currency sales or currency swaps).

NOTE 6.7 – BREAKDOWN OF LISTED INVESTMENTS

In millions of euros	31.12.2014	31.12.2013
Equities	2,093	2,747
Shares in fixed-income mutual funds	4,308	4,074
Shares in other mutual funds	2,783	2,878
Cash mutual funds	8,203	7,593
Bonds and other fixed-income securities	55,434	48,390
Total listed investments	**72,820**	**65,683**

The above table meets the disclosure requirements of IFRS 12 on non-consolidated mutual funds. As at 31 December 2014, the fair value of these assets totalled €15,294 million compared with €14,545 million as at 31 December 2013.

As at 31 December 2014, impairment on listed investments valued at fair value totalled €1,118 million, compared with €1,177 million as at 31 December 2013.

NOTE 6.8 – BREAKDOWN OF UNLISTED INVESTMENTS

In millions of euros	31.12.2014	31.12.2013
Equities at fair value	292	308
Bonds and other fixed-income securities at fair value	181	149
Other investments at fair value	44	43
Loans at amortised cost	208	218
Other investments at amortised cost	1,298	1,208
Total unlisted investments	**2,022**	**1,927**

As at 31 December 2014, impairment on unlisted investments valued at fair value totalled €104 million, compared with €114 million as at 31 December 2013.

NOTE 6.9 – SIGNIFICANT INVESTMENTS IN NON-CONSOLIDATED COMPANIES

In millions of euros	31.12.2014				31.12.2013			
	% interest	Acquisition cost net of reserves	Fair value	Revaluation reserve (with PB effect and tax) (1)	% interest	Acquisition cost net of reserves	Fair value	Revaluation reserve (with PB effect and tax) (1)
Veolia Environnement	5.20%	256	436	180	5.20%	245	335	90
Saint Gobain					1.83%	442	407	(35)
French companies		**256**	**436**	**180**		**687**	**742**	**55**
Mediobanca	4.91%	147	291	144	4.93%	147	269	122
OTP Bank	8.30%	261	279	42	8.30%	261	317	79
Foreign companies		**408**	**570**	**186**		**408**	**586**	**201**
Total significant investments in non-consolidated companies		**664**	**1,006**	**366**		**1,095**	**1,328**	**256**

(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.

Changes during the fiscal year:

Like in 2013, the group pursued its equity derisking policy with the divestment of its Saint Gobain securities.

The reserves for impairment on strategic securities thus amounted to nearly €1 billion as at 31 December 2014.

NOTE 6.10 – BREAKDOWN OF THE BOND PORTFOLIO

At the end of December 2013, bond instruments accounted for 80% of total financial investments excluding unit-linked items, 77% of which were classified as “available-for-sale assets” and 3% as “assets held for trading”.

The presentations below pertain to only bond investments held directly or through consolidated mutual funds and do not take into account other investments with similar features (bond mutual funds, rate mutual funds, bond funds, etc.).

NOTE 6.10.1 – BREAKDOWN OF THE BOND PORTFOLIO

The table below shows the Group’s exposure to interest rate risks at the close of each fiscal year.

In millions of euros	31.12.2014			31.12.2013		
	Fixed rate	Variable rate	Total	Fixed rate	Variable rate	Total
Listed bonds						
Available-for-sale	53,574	1,311	54,885	46,452	1,531	47,983
Classified as “trading”				13		13
Classified as “held for trading”	422	127	549	269	124	393
Total listed bonds	**53,996**	**1,438**	**55,434**	**46,734**	**1,655**	**48,390**
Unlisted bonds						
Available-for-sale	112	39	152	82	41	123
Classified as “trading”						
Classified as “held for trading”	6	23	29	6	20	26
Total unlisted bonds	**119**	**62**	**181**	**88**	**61**	**149**
Total bond portfolio	**54,115**	**1,500**	**55,615**	**46,822**	**1,716**	**48,539**

NOTE 6.10.2 – BOND PORTFOLIO – BY MATURITY

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

In millions of euros	31.12.2014				31.12.2013			
	<1 year	1 to 5 years	>5 years	Total	<1 year	1 to 5 years	>5 years	Total
Listed bonds								
Available-for-sale	2,110	11,288	41,487	54,885	1,969	9,947	36,068	47,983
Classified as “trading”						3	10	13
Classified as “held for trading”	128	97	324	549	111	73	209	393
Total listed bonds	**2,237**	**11,386**	**41,811**	**55,434**	**2,080**	**10,022**	**36,287**	**48,390**
Unlisted bonds								
Available-for-sale	53	2	96	152	4	26	93	123
Classified as “trading”								
Classified as “held for trading”	17	1	10	29	1	2	24	26
Total unlisted bonds	**70**	**3**	**107**	**180**	**5**	**28**	**117**	**149**
Total bond portfolio	**2,308**	**11,389**	**41,918**	**55,615**	**2,085**	**10,050**	**36,404**	**48,539**

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 2014 by the three main agencies (S&P, Moody's and Fitch Ratings) for Group bonds.

In millions of euros	31.12.2014						
	AAA	AA	A	BBB	<BBB	Not rated	Total
Listed bonds							
Available-for-sale	3,371	25,388	6,648	17,477	1,053	949	54,885
Classified as "trading"							
Classified as "held for trading"	33	13	147	90	25	241	549
Total listed bonds	**3,404**	**25,401**	**6,795**	**17,567**	**1,078**	**1,190**	**55,434**
Unlisted bonds							
Available-for-sale		36	96	5		14	152
Classified as "trading"							
Classified as "held for trading"		6	6	6	6	5	29
Total unlisted bonds		**42**	**102**	**11**	**6**	**19**	**180**
Total bond portfolio	**3,404**	**25,443**	**6,897**	**17,578**	**1,084**	**1,209**	**55,615**

In millions of euros	31.12.2013						
	AAA	AA	A	BBB	<BBB	Not rated	Total
Listed bonds							
Available-for-sale	4,322	20,933	5,745	14,970	1,083	930	47,983
Classified as "trading"					3	10	13
Classified as "held for trading"	24	40	147	45	22	115	393
Total listed bonds	**4,346**	**20,973**	**5,892**	**15,015**	**1,108**	**1,055**	**48,390**
Unlisted bonds							
Available-for-sale		38	77	3	4		123
Classified as "trading"							
Classified as "held for trading"		5	10		6	5	26
Total unlisted bonds		**43**	**87**	**3**	**10**	**5**	**149**
Total bond portfolio	**4,346**	**21,016**	**5,979**	**15,018**	**1,118**	**1,060**	**48,539**

NOTE 6.10.4 – BOND PORTFOLIO – BY TYPE OF BOND ISSUER

In millions of euros	31.12.2014	31.12.2013
Bonds issued by EU Member States	34,973	29,828
Bonds issued by States outside the EU	267	158
Bonds from public and semi-public sectors	3,789	3,633
Corporate bonds	16,514	14,332
Other bonds	73	588
Total bond portfolio	**55,615**	**48,539**

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	31.12.2014					
	Gross discounted cost price	Reserves for impairment	Net discounted cost price	Fair value	Gross unrealised capital gains (losses)	Unrealised capital gains (losses) net of taxes and profit-sharing
Spain	2,588		2,588	3,280	692	58
Greece						
Ireland	25		25	29	4	1
Italy	7,561		7,561	9,236	1,675	224
Portugal	254		254	287	33	3
Total	**10,428**		**10,428**	**12,832**	**2,404**	**286**

In millions of euros	31.12.2013					
	Gross discounted cost price	Reserves for impairment	Net discounted cost price	Fair value	Gross unrealised capital gains (losses)	Unrealised capital gains (losses) net of taxes and profit-sharing
Spain	2,697		2,697	2,673	(24)	1
Greece						
Ireland	20		20	22	2	
Italy	7,595		7,595	7,727	132	41
Portugal	447		447	387	(60)	(9)
Total	**10,759**		**10,759**	**10,809**	**50**	**33**

Exposure to sovereign debt securities of peripheral eurozone countries included directly owned securities and look-through reporting, which is required on consolidated mutual funds. Unrealised capital gains on these securities totalled €286 million (net of taxes and profit sharing).

All sovereign debt securities of peripheral eurozone countries are classed as Level 1 using the fair value hierarchy established by IFRS 7; these securities are listed on an active market, and their prices can be easily and regularly obtained.

Recall that the Group sold its entire exposure to Greek sovereign debt during the 2012 fiscal year.

In addition, the exposure level on Hungary is approximately €268 million, mainly held by the Hungarian subsidiary.

The sovereign debt securities of the peripheral eurozone countries have the following maturities:

In millions of euros	31.12.2014				
	< 3 years	3 to 7 years	7 to 10 years	> 10 years	Total
Spain	236	32	124	2,888	3,280
Greece					
Ireland	4	18	3	4	29
Italy	426	1,288	1,339	6,183	9,236
Portugal	4	21	120	142	287
Total	**670**	**1,359**	**1,586**	**9,217**	**12,832**

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	31.12.2014					
	Spain	Greece	Ireland	Italy	Portugal	Total
Opening sovereign debt securities	**2,666**	**0**	**22**	**7,424**	**387**	**10,500**
Change in unrealised capital gains/losses	715		2	1,534	84	2,335
Change in scope of consolidation						0
Acquisitions	18			410		428
Divestments/Redemptions	(138)			(461)	(187)	(786)
Foreign exchange adjustments						
Closing sovereign debt securities	**3,261**	**0**	**24**	**8,907**	**284**	**12,477**

To date, the consolidated mutual funds hold €355 million in sovereign debt securities of peripheral eurozone countries, including €18 million in Spanish sovereign debt and €329 million in Italian sovereign debt.

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

In millions of euros	31.12.2014					
	Gross discounted cost price	Reserves for impairment	Net discounted cost price	Fair value	Gross unrealised capital gains (losses)	Unrealised capital gains (losses) net of taxes and profit-sharing
Spain	644		644	758	114	13
Greece						
Ireland	27		27	28	1	
Italy	721		721	793	72	21
Portugal	19		19	20	1	
Total	**1,411**		**1,411**	**1,599**	**188**	**34**

In millions of euros	31.12.2013					
	Gross discounted cost price	Reserves for impairment	Net discounted cost price	Fair value	Gross unrealised capital gains (losses)	Unrealised capital gains (losses) net of taxes and profit-sharing
Spain	644		644	692	48	6
Greece						
Ireland	51		51	52	1	1
Italy	921		921	957	36	9
Portugal	40		40	40		
Total	**1,656**		**1,656**	**1,741**	**85**	**16**

The balance sheet value of the Group's investments in bonds issued by companies, banks, local authorities and para-governmental organisations located in peripheral countries of the eurozone (mainly Spain and Italy) was €1,599 million as at 31 December 2014. These securities present an unrealised capital gain net of taxes and profit sharing of €34 million.

Exposure to non-sovereign debt securities of peripheral eurozone countries included directly-owned securities and look-through reporting which is required on consolidated mutual funds only.

NOTE 6.12 – 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 on an active market or data that can be determined from prices observed,
- level 3 corresponds to the fair value determined on the basis of a valuation model using data not observable on a market.

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	31.12.2014				31.12.2013			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Available-for-sale assets								
Equities and other variable-income investments	3,977	99	291	4,367	4,716	90	266	5,072
Bonds and other fixed-income investments	56,708	603	259	57,570	49,377	736	194	50,307
Other investments	42		1	43	36	3	2	41
Total available-for-sale assets	**60,727**	**702**	**551**	**61,980**	**54,129**	**829**	**462**	**55,420**
Trading assets								
Equities and other variable-income investments classified as “trading” or “held for trading”	312		489	801	283		577	860
Bonds and other fixed-income investments classified as “trading” or “held for trading”	1,937	66	349	2,352	2,129	48	130	2,307
Cash mutual funds classified as “trading” or “held for trading”	8,176	26		8,202	7,593			7,593
Other investments							2	2
Total trading assets	**10,425**	**92**	**838**	**11,355**	**10,005**	**48**	**709**	**10,762**
Sub-total of financial investments (excluding unit-linked items)	**71,152**	**794**	**1,389**	**73,335**	**64,134**	**877**	**1,171**	**66,182**
Investments in unit-linked policies	**4,381**	**112**	**1,596**	**6,089**	**3,479**	**106**	**1,731**	**5,316**
Derivative assets and liabilities		**(689)**		**(689)**		**(262)**	**(1)**	**(263)**
Total financial assets and liabilities valued at fair value	**75,533**	**217**	**2,985**	**78,735**	**67,613**	**721**	**2,901**	**71,235**

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

Derivative instruments posted to assets totalled €122 million and derivative instruments posted to liabilities on the balance sheet totalled €812 million as at 31 December 2014. These instruments are mainly classified in level 2.

The Level 3 investments comprise:

- for equities, these largely involve shares of private equity funds and unlisted equities. The private equity fund units are valued based on the latest net asset values. The valuation of unlisted equities is based on several methods, such as the discounted cash flow techniques or the restated net asset method.
- for bonds, securities valued based on a model using extrapolated data;
- for investments in unit-linked policies in level 3, structured products not listed on an active market, the remuneration of which is indexed to indices, baskets of shares, or rates.

Beyond the financial assets and liabilities described in the table, the Group recorded fair-value financial contracts without discretionary profit sharing in its technical liabilities. This amount totalled €60 million as at 31 December 2014, compared with €51 million as at 31 December 2013.

In millions of euros	31.12.2014								
	Available-for-sale assets			Trading assets				Investments in unit-linked policies	Derivative assets and liabilities
	Equities	Bonds	Other investments	Equities	Bonds	Cash mutual funds	Other investments		
Level 3 opening amount	**266**	**194**	**2**	**577**	**130**		**2**	**1,731**	**(1)**
Change in unrealised capital gains/losses recognised in:									
- income				(9)	144			(62)	1
- gains and losses recognised directly in shareholders' equity	(15)	5							
Transfer to level 3		52			93				
Transfer outside of level 3	(2)				(18)				
Reclassification to loans and receivables									
Change in scope of consolidation									
Acquisitions	55	8		39	1				
Divestments/Redemptions	(14)		(1)	(118)			(2)	(50)	
Foreign exchange adjustments	1							(23)	
Level 3 closing amount	**291**	**259**	**1**	**489**	**349**		**0**	**1,596**	**0**

NOTE 7 - INVESTMENTS REPRESENTING COMMITMENTS IN UNIT-LINKED INVESTMENTS

In millions of euros	31.12.2014			31.12.2013		
	France	International	Total	France	International	Total
Variable-income securities and related securities		4	4		3	3
Bonds	1,478	638	2,116	1,174	648	1,822
Equity mutual fund units	3,551	71	3,622	3,120	69	3,190
Bond and other mutual fund units	99	74	174	71	51	123
Other investments		67	67		74	74
Subtotal of unit-linked financial investments	**5,129**	**854**	**5,983**	**4,366**	**846**	**5,212**
Unit-linked investment property	106		106	104		104
Subtotal of unit-linked investment property	**106**		**106**	**104**		**104**
Total	**5,235**	**854**	**6,089**	**4,470**	**846**	**5,316**

The unit-linked investments are solely connected to the Life and Health Insurance business.

NOTE 8 – ASSET AND LIABILITY DERIVATIVE INSTRUMENTS AND SEPARATE EMBEDDED DERIVATIVES

In millions of euros	31.12.2014					
	France		International		Total	
	Positive fair value	Negative fair value	Positive fair value	Negative fair value	Positive fair value	Negative fair value
Swaps	51	(798)			51	(798)
Options	69	(7)	2		71	(7)
Foreign currency futures		(7)				(7)
Other						
Total	**120**	**(812)**	**2**		**122**	**(812)**

In millions of euros	31.12.2013					
	France		International		Total	
	Positive fair value	Negative fair value	Positive fair value	Negative fair value	Positive fair value	Negative fair value
Swaps	136	(530)			136	(530)
Options	137	(13)	1		138	(13)
Foreign currency futures	6				6	
Other						
Total	**279**	**(543)**	**1**		**280**	**(543)**

As at 31 December 2014, the following derivative instruments were available to the Group:

- swaps indexed to a variable rate primarily for macro-protection of the bond portfolio against an increase in rates;
- currency or inflation-indexed swaps. The economic aim of this strategy is to invest in fixed-rate euro bonds;
- currency risk hedging;
- synthetic exposure to the credit risk of private issuers through option strategies;
- equity risk hedges through purchases of index call options.

These derivatives are not recorded as hedging transactions in the sense of IAS 39. As per the principles described in Section 3.3, they are recognised at fair value on the balance sheet through income.

The counterparty credit risk was taken into account when determining the fair value of the financial instruments, as per IFRS 13, but this had no significant impact on the fair value of the derivative instruments thanks to the “collateralisation” system put in place by the Group.

NOTE 9 – USES AND SOURCES OF FUNDS FOR BANKING SECTOR ACTIVITIES

NOTE 9.1 – USES OF FUNDS FOR BANKING SECTOR ACTIVITIES

In millions of euros	31.12.2014			31.12.2013		
	Gross value	Reserves	Net value	Gross value	Reserves	Net value
Petty cash, central banks and postal accounts	18		18	275		275
Financial assets at fair value through income	134		134	73		73
Hedging derivatives	11		11			
Available-for-sale financial assets	651		651	400		400
Loans and receivables on credit institutions	412		412	228		228
Loans and receivables on customers	1,703	(25)	1,678	1,640	(26)	1,613
Revaluation difference of interest rate hedged portfolios	3		3	5		5
Held-to-maturity financial assets	733		733	670		670
Investment property						
Total	**3,664**	**(25)**	**3,639**	**3,291**	**(26)**	**3,265**

NOTE 9.2 – RESOURCES FROM BANKING SECTOR ACTIVITIES

In millions of euros	31.12.2014	31.12.2013
Central banks, postal accounts		
Financial liabilities at fair value through income	20	5
Hedging derivatives	18	5
Debts to credit institutions	266	128
Debts to customers	2,866	2,307
Debts represented by securities	134	415
Revaluation difference of interest rate hedged portfolios		
Total	**3,304**	**2,861**

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

- During 2014, the success of the Elancio campaign with customers explains the increase in “Debts to customers”. This increase in resources, without credit increasing in the same proportions (Loans and receivables on customers), made it possible to reduce the securities issued by the bank (decrease in Debts represented by securities).
- The decrease in the return on deposits with the ECB led the group to revise its investment strategy by focusing on available-for-sale financial assets and financial assets at fair value at the expense of cash flow.

NOTE 10 – INVESTMENTS IN RELATED COMPANIES

In millions of euros	31.12.2014		31.12.2013	
	Equivalent value	Share of income	Equivalent value	Share of income
Bollington	1			(1)
Günes Sigorta	27	2	31	(13)
CEGID	74	6	71	3
La Banque Postale IARD	78	(5)	74	(7)
STAR	85	3	76	2
GROUPAMA - AVIC Property Insurance Co.	64	(12)	70	5
HOLDCO	708	3	731	1
Total	**1,038**	**(2)**	**1,053**	**(10)**

NOTE 10.1 – SIGNIFICANT DATA PURSUANT TO IFRS 12

In millions of euros	2014					2013				
	Premium income	Net income	Underwriting reserves	Total assets	Shareholders' equity	Premium income	Net income	Underwriting reserves	Total assets	Shareholders' equity
Bollington	18	1		36	(1)	17	(1)		36	0
Günes Sigorta (1)	417	2	226	440	115	389	(27)	211	410	114
CEGID (1)	267	19		371	201	268	17		366	189
La Banque Postale IARD	207	(15)	204	347	34	131	(19)	136	278	25
STAR (3)	128	10	239	395	119	121	9	226	364	111
Groupama - AVIC Property Insurance Co.	186	(17)	125	316	129	184	5	95	275	139
HOLDCO (real estate company) (2)	1,760	11		11,062	2,841	1,593	5		11,516	2,934

nc: not communicated - (1) premium income: actual data; other data are estimated - (2) estimated data for total assets - (3) based on forecast data

The group holds several stakes in insurance companies:
- Günes Sigorta in Turkey, whose principal activity is non-life insurance;
- La Banque Postale IARD in France in the form of a partnership;
- STAR in Tunisia, a leader in the insurance market in Tunisia, jointly owned with the Tunisian government.

In addition, Groupama AVIC Property Insurance Co is the result of the joint venture between Groupama and the AVIC group. This company sells non-life insurance products in the People's Republic of China.

Holdco is a holding company 24.93% owned by Groupama, the remainder being owned by Caisse des Depots et Consignations. It holds mainly securities of the listed investment company Icade, which is the leading office property and business park company in the Greater Paris region, the leading healthcare property company, and a major partner of French large metropolises in property development.

In addition, the group holds a stake in the capital of CEGID, the leading French publisher of management solutions.

The main key figures of these different companies are provided in the above table.

NOTE 11 – SHARE OF OUTWARD REINSURERS AND RETROCESSIONAIRES IN LIABILITIES RELATED TO INSURANCE POLICIES AND FINANCIAL CONTRACTS

In millions of euros	31.12.2014			31.12.2013		
	France	International	Total	France	International	Total
Share of reinsurers in non-life insurance reserves						
Reserves for unearned premiums	11	31	42	22	30	52
Outstanding claims reserves	634	171	806	865	224	1,089
Other underwriting reserves	288		288	184	4	188
Total	**933**	**203**	**1,136**	**1,070**	**258**	**1,329**
Share of reinsurers in life insurance reserves						
Life insurance reserves	6,924	2	6,926	6,941	3	6,944
Outstanding claims reserves	131	4	135	114	4	118
Profit-sharing reserves	19		19	19		19
Other underwriting reserves						
Total	**7,074**	**6**	**7,080**	**7,074**	**7**	**7,081**
Share of reinsurers in financial contract reserves						
Total	**8,007**	**209**	**8,216**	**8,144**	**265**	**8,410**

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	31.12.2014			31.12.2013		
	France	International	Total	France	International	Total
Share of reinsurers in opening reserves for claims	**865**	**224**	**1,089**	**935**	**215**	**1,150**
Portfolio transfers and changes in scope of consolidation				(1)	1	
Share of reinsurers in total claims expense	34	57	91	343	132	475
Share of reinsurers in total payments	(265)	(111)	(375)	(412)	(118)	530
Foreign exchange variation	1	1	2		(7)	(7)
Share of reinsurers in closing reserves for claims	**634**	**171**	**806**	**865**	**224**	**1,089**

NOTE 12 – OTHER PROPERTY, PLANT AND EQUIPMENT

NOTE 12.1 – CHANGE IN OTHER PROPERTY, PLANT AND EQUIPMENT

In millions of euros	31.12.2014			31.12.2013		
	Other property, plant and equipment	Other long-term operating assets	Total	Other property, plant and equipment	Other long-term operating assets	Total
Opening gross value	**743**	**55**	**798**	**771**	**58**	**829**
Acquisitions	37	1	38	48	1	49
Change in scope of consolidation				2		2
Assets capitalised in the year	4		4	3		3
Foreign exchange adjustments				(3)		(3)
Outward reinsurance	(39)	(3)	(42)	(78)	(4)	(82)
Closing gross value	**746**	**53**	**799**	**743**	**55**	**798**
Opening cumulative amortisation & impairment	**(539)**		**(539)**	**(538)**		**(538)**
Increase	(58)		(58)	(55)		(55)
Change in scope of consolidation	(1)		(1)	(2)		(2)
Foreign exchange adjustments				3		3
Decrease	34		34	53		53
Closing cumulative amortisation & impairment	**(563)**		**(563)**	**(539)**		**(539)**
Opening cumulative long-term impairment	**(7)**	**(1)**	**(7)**	**(4)**	**(2)**	**(5)**
Long-term impairment recognised				(3)		(3)
Change in scope of consolidation						
Foreign exchange adjustments						
Long-term impairment write-backs	1		1		1	1
Closing cumulative long-term impairment	**(6)**	**(1)**	**(6)**	**(7)**	**(1)**	**(7)**
Opening net value	**197**	**54**	**251**	**229**	**56**	**285**
Closing net value	**178**	**52**	**230**	**197**	**54**	**251**
Closing fair value of other property, plant and equipment	**177**	**101**	**278**	**197**	**93**	**290**
Unrealised capital gains	**(1)**	**49**	**48**	**0**	**39**	**39**

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	31.12.2014						31.12.2013					
	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	637	109	746	53		53	634	109	743	55		55
Cumulative amortisation & impairment	(474)	(89)	(563)				(453)	(86)	(539)			
Long-term impairment	(6)		(6)	(1)		(1)	(7)		(7)	(1)		(1)
Closing net value	**158**	**20**	**178**	**53**		**53**	**174**	**23**	**197**	**53**		**53**
Closing fair value of investment property	**156**	**21**	**177**	**101**		**101**	**174**	**23**	**197**	**93**		**93**
Unrealised capital gains/losses	**(2)**	**1**	**(1)**	**49**		**49**	**0**	**0**	**0**	**40**		**40**

NOTE 13 – DEFERRED ACQUISITION COSTS

In millions of euros	31.12.2014			31.12.2013		
	Gross	Deferred profit-sharing	Net	Gross	Deferred profit-sharing	Net
Non-life insurance policies	149		149	147		147
Life insurance policies and financial contracts with discretionary profit sharing	54	(1)	53	74	(3)	71
France	**203**	**(1)**	**202**	**221**	**(3)**	**218**
Non-life insurance policies	62		62	59		59
Life insurance policies and financial contracts with discretionary profit sharing	26	(3)	24	19	(2)	17
International	**88**	**(3)**	**85**	**78**	**(2)**	**76**
Total deferred acquisition costs	**291**	**(4)**	**288**	**299**	**(4)**	**294**

NOTE 14 – DEFERRED PROFIT SHARING

NOTE 14.1 – DEFERRED PROFIT SHARING LIABILITIES

In millions of euros	31.12.2014			31.12.2013		
	France	International	Total	France	International	Total
Reserve for deferred profit sharing of insurance policies	4,722	15	4,737	281	47	328
Reserve for deferred profit sharing of financial contracts		155	155			
Total	**4,722**	**170**	**4,892**	**281**	**47**	**328**

The rate of deferred profit sharing is determined entity by entity (based on regulatory requirements). It is based on the real rate of sharing of investment income between policyholders and shareholders and corresponds to the average real rates over the past three years. This average prevents the inclusion of non-recurring, atypical factors in the calculation.
In the particular case of France, a prospective analysis of the profit-sharing rates was performed based on three-year business plans, which confirmed the rate used in the financial statements.

The deferred profit-sharing rates used in France as at 31 December 2014 fall within a bracket of between 78.34% and 90.35%, with 90.35% for Groupama Gan Vie.

NOTE 15 – DEFERRED TAXES

NOTE 15.1 – DEFERRED TAX ASSETS – BY OPERATING SEGMENT

In millions of euros	31.12.2014			31.12.2013
	France	International	Total	Total
Deferred tax assets	252	17	268	429
Total	**252**	**17**	**268**	**429**

NOTE 15.2 – DEFERRED TAX LIABILITIES – BY OPERATING SEGMENT

In millions of euros	31.12.2014			31.12.2013
	France	International	Total	Total
Deferred tax liabilities	412	44	456	375
Total	**412**	**44**	**456**	**375**

NOTE 15.3 – ANALYSIS OF THE MAJOR COMPONENTS OF DEFERRED TAXES

In millions of euros	31.12.2014	31.12.2013
Deferred taxes resulting from timing differences		
Restatements on AFS & Trading financial instruments (net of deferred profit sharing)	(650)	(390)
Life acquisition costs and overall management expenses reserve	(52)	(49)
Consolidation restatements on underwriting reserves	(194)	(238)
Other differences on consolidation restatements	131	121
Deferred non-life acquisition costs	(51)	(47)
Tax differences on underwriting reserves and other contingent liabilities	486	473
Tax-deferred capital gains	(4)	(3)
Valuation difference on mutual funds	127	96
Foreign exchange hedge	4	10
Other temporary tax differences	(15)	19
Subtotal of deferred taxes resulting from timing differences	**(218)**	**(8)**
Deferred taxes from stocks of ordinary losses	**30**	**62**
Deferred taxes recorded on the balance sheet	**(188)**	**54**
of which, assets	268	429
of which, liabilities	(456)	(375)

The Group's combined financial statements show total deferred tax liabilities of €188 million. This deferred tax liability may be broken down as follows:

- A deferred tax asset of €268 million as at 31 December 2014 compared with €429 million as at 31 December 2013, or a decrease of €161 million.
- A deferred tax liability of €456 million as at 31 December 2014 compared with €375 million as at 31 December 2013, or an increase of €81 million.

Deferred tax assets from ordinary losses amounted to €30 million as at 31 December 2014 compared with €62 million as at 31 December 2013, or a decrease of €32 million following the use of the stock of loss by the tax consolidation group on the 2014 tax. Total deferred taxes were not corrected for the exceptional 10.7% contribution that applies to taxable income for companies with revenue of more than €250 million (see 2014 amending finance law).

As at 31 December 2013, unrecognised deferred net tax assets totalled €87 million compared with €101 million as at 31 December 2013.

NOTE 16 – RECEIVABLES FROM INSURANCE OR INWARD REINSURANCE TRANSACTIONS

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

In millions of euros	31.12.2014							31.12.2013
	France			International			Total	Total
	Gross value	Reserves	Net value	Gross value	Reserves	Net value		
Earned unwritten premiums	585		585	12		12	597	778
Policyholders, intermediaries, and other third parties	1,209	(17)	1,192	453	(72)	381	1,573	1,640
Current accounts – co-insurers and other third parties	64	(1)	63	45	(26)	19	82	86
Current accounts – ceding and retroceding companies	229		229	6	(1)	5	234	235
Total	**2,087**	**(17)**	**2,069**	**516**	**(99)**	**418**	**2,487**	**2,738**

NOTE 16.2 – RECEIVABLES FROM INSURANCE OR INWARD REINSURANCE – BY MATURITY

In millions of euros	31.12.2014				31.12.2013			
	< 1 year	1 to 5 years	> 5 years	Total	< 1 year	1 to 5 years	> 5 years	Total
Earned unwritten premiums	601	(4)		597	781	(3)		778
Policyholders, intermediaries, and other third parties	1,550	24		1,573	1,613	27		1,640
Current accounts – co-insurers and other third parties	71	11		82	75	11		86
Current accounts – ceding and retroceding companies	185	47	2	234	114	78	42	235
Total	**2,407**	**78**	**2**	**2,487**	**2,583**	**113**	**42**	**2,738**

NOTE 17 – RECEIVABLES FROM OUTWARD REINSURANCE TRANSACTIONS

In millions of euros	31.12.2014			31.12.2013
	Gross value	Reserves	Net value	Net value
Outward reinsurer and retrocessionaire current accounts	87	(6)	81	69
Other receivables from reinsurance transactions	137	(7)	130	107
Total	**224**	**(12)**	**212**	**176**

NOTE 17.1 – RECEIVABLES FROM OUTWARD REINSURANCE TRANSACTIONS – BY MATURITY

In millions of euros	31.12.2014				31.12.2013			
	< 1 year	1 to 5 years	> 5 years	Total	< 1 year	1 to 5 years	> 5 years	Total
Outward reinsurer and retrocessionaire current accounts	54	27	1	81	44	19	5	69
Other receivables from reinsurance transactions	130			130	106	1	1	107
Total	**184**	**27**	**1**	**212**	**150**	**20**	**6**	**176**

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	31.12.2014				31.12.2013			
	< 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	265			265	286	11		297

"Current tax receivables and other tax receivables" amounted to €265 million as at 31 December 2014 compared with €297 million as at 31 December 2013. It includes corporate tax as well as other government and public authority receivables.

Current tax receivables totalled €87 million as at 31 December 2014, including €48 million for international subsidiaries, versus €99 million at 31 December 2013.

Other current tax receivables totalled €178 million as at 31 December 2014, including €60 million for international subsidiaries, versus €197 million as at 31 December 2013.

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

In millions of euros	31.12.2014			31.12.2013		
	France	International	Total	France	International	Total
Current tax receivables and other tax receivables	157	108	265	192	105	297

NOTE 19 – OTHER RECEIVABLES

In millions of euros	31.12.2014			31.12.2013
	Gross Values	Reserves	Total	Total
Accrued interest not yet due	800		800	790
Due from employees	10		10	28
Social agencies	28		28	21
Other debtors	1,388	(126)	1,262	1,241
Other receivables	277		277	286
Total	**2,503**	**(126)**	**2,376**	**2,365**

NOTE 19.1 – OTHER RECEIVABLES – BY MATURITY

In millions of euros	31.12.2014				31.12.2013			
	< 1 year	1 to 5 years	> 5 years	Total	< 1 year	1 to 5 years	> 5 years	Total
Accrued interest not yet due	800			800	790			790
Due from employees	10			10	28			28
Social agencies	28			28	21			21
Other debtors	1,174	54	34	1,262	1,158	56	27	1,241
Other receivables	277			277	286			286
Total	**2,288**	**54**	**34**	**2,376**	**2,282**	**56**	**27**	**2,365**

NOTE 19.2 – OTHER RECEIVABLES – BY OPERATING SEGMENT

In millions of euros	31.12.2014			31.12.2013		
	France	International	Total	France	International	Total
Accrued interest not yet due	723	77	800	708	82	790
Due from employees	9	1	10	27	1	28
Social agencies	27		28	20		21
Other debtors	1,211	51	1,262	1,183	57	1,241
Other receivables	253	23	277	262	24	286
Total	**2,223**	**153**	**2,376**	**2,200**	**165**	**2,365**

NOTE 20 – CASH AND CASH EQUIVALENTS

NOTE 20.1 – CASH AND CASH EQUIVALENTS APPLIED TO BALANCE SHEET ASSETS

In millions of euros	31.12.2014	31.12.2013
France	1,004	691
International	461	384
Total	**1,465**	**1,075**

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	31.12.2014				31.12.2013			
	< 1 year	1 to 5 years	> 5 years	Total	< 1 year	1 to 5 years	> 5 years	Total
Operating debts to banking sector companies	99			99	198			198
Total	**99**			**99**	**198**			**198**

In millions of euros	31.12.2014			
	Currencies		Rate	
	Eurozone	Non eurozone	Fixed rate	Variable rate
Operating debts to banking sector companies	99		99	
Total	**99**		**99**	

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 accounts through the establishment of "adjusted" solvency by taking into account, where applicable, the banking activities engaged in by the insurance group, according to the French accounting and regulatory framework.

NOTE 21.2 – IMPACTS OF TRANSACTIONS WITH MEMBERS

➢ **Changes in the Group's shareholders' equity during fiscal year 2014**

In May 2014, Groupama SA exchanged at par a portion of its perpetual debt issued in 2007 (super-subordinated bonds), recognised as an equity instrument, for a nominal amount of €551 million and a portion of its perpetual subordinated debt (subordinated perpetual bonds), recognised in financing debts, issued in 2005 for a nominal amount of €449 million and issued, in exchange, a new perpetual subordinated debt for an equivalent nominal amount. This exchange was supplemented by an issue of the same instrument to new investors for a nominal amount of €100 million.

In November and December 2014, Groupama SA redeemed part of its perpetual debt issued in 2007 (super-subordinated bonds) on the market for a nominal amount of €20 million.
Following these transactions, loans classified as shareholders' equity are as follows:
- a subordinated perpetual bond, issued in May 2014, at the fixed interest rate of 6.375% for a nominal value of €1,100 million, and;- a super-subordinated bond, at the fixed interest rate of 6.298% for a remaining nominal value of €429 million.

➢ **Accounting treatment of subordinated instruments classified as shareholders' equity**

These loans have special characteristics, such as:
- unlimited term,
- the ability to defer or cancel any interest payment to unitholders in a discretionary manner,
- an interest "step-up" clause that kicks in following the tenth year of the bond.

Given their characteristics and pursuant to IAS 32 §16 and 17, these loans are considered equity instruments and not financial liabilities. They are therefore recognised under shareholders' equity. Interest costs net of tax are charged directly against shareholders' equity in accordance with IAS 32 § 35 (rather than as an expense in the income statement).

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

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

In millions of euros	31.12.2014	31.12.2013
Gross unrealised capital gains (losses) on available-for-sale assets	8,586	2,881
of which, unrealised gross capital gains (losses) on AFS assets allocated to life and health insurance	7,445	2,136
of which, unrealised gross capital gains (losses) on AFS assets allocated to property and casualty insurance	1,141	745
Shadow accounting	(6,304)	(1,602)
Cash flow hedge and other changes	(60)	(60)
Deferred taxes	(586)	(288)
Share of non-controlling interests	(5)	(2)
Revaluation reserve - Group share	**1,630**	**928**

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 divestment of the foreign subsidiary.

Pursuant to IFRS 10, the wording "minority interests" has been changed to "non-controlling interests".

NOTE 22 – CONTINGENT LIABILITIES

In millions of euros	31.12.2014						
	France			International			Total
	Reserves for pensions and similar obligations	Other contingent liabilities(1)	Total	Reserves for pensions and similar obligations	Other contingent liabilities(1)	Total	
Opening balance	**352**	**164**	**516**	**44**	**44**	**88**	**604**
Changes in scope of consolidation, changes in accounting methods, and transfers							
Increases for the year	90	47	137	5	21	26	163
Write-backs for the year	(33)	(80)	(113)	(9)	(14)	(23)	(136)
Foreign exchange variation							
Closing balance	**409**	**131**	**540**	**40**	**51**	**91**	**631**

(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	31.12.2013						
	France			International			Total
	Reserves for pensions and similar obligations	Other contingent liabilities(1)	Total	Reserves for pensions and similar obligations	Other contingent liabilities(1)	Total	
Opening balance	**355**	**198**	**553**	**44**	**50**	**94**	**647**
Changes in scope of consolidation, changes in accounting methods, and transfers					(3)	(3)	(3)
Increases for the year	52	56	108	5	24	29	137
Write-backs for the year	(55)	(90)	(145)	(4)	(26)	(30)	(175)
Foreign exchange variation				(1)	(1)	(2)	(2)
Closing balance	**352**	**164**	**516**	**44**	**44**	**88**	**604**

(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 – RESERVE FOR PENSIONS

In millions of euros	31.12.2014			31.12.2013		
	Post-employment benefits	Other long-term benefits	Total	Post-employment benefits	Other long-term benefits	Total
Actuarial debt	728	80	808	650	72	722
Fair value of hedging assets	359		359	327		327
Net actuarial debt	**369**	**80**	**449**	**323**	**72**	**395**

NOTE 23.1.1 – RESERVE FOR PENSIONS – CHANGE IN THE ACTUARIAL VALUE OF THE DEBT

In millions of euros	31.12.2014			31.12.2013		
	Post-employment benefits	Other long-term benefits	Total	Post-employment benefits	Other long-term benefits	Total
Opening actuarial debt	**649**	**72**	**722**	**643**	**72**	**715**
Cost of past services	16	6	22	15	6	21
Interest expense	21	2	23	19	1	21
Revaluations of actuarial debt						
Actuarial differences resulting from changes in demographic assumptions	4		4	(3)	1	(2)
Actuarial differences resulting from changes in financial assumptions	59	6	65	5	(2)	3
Experience-related adjustments	(8)	(3)	(11)	(9)	(2)	(11)
Benefits paid directly by the employer	(15)	(3)	(18)	(13)	(4)	(17)
Benefits paid by hedging assets	(21)		(21)	(13)		(13)
Cost of past services and profit/loss on liquidation				4		4
Change in scope of consolidation						
Change in exchange rates	22		22	(7)		(7)
Other				8		8
Closing actuarial debt	**728**	**80**	**808**	**649**	**72**	**722**

NOTE 23.1.2 – RESERVE FOR PENSIONS – CHANGE IN THE FAIR VALUE OF HEDGING ASSETS

In millions of euros	31.12.2014			31.12.2013		
	Post-employment benefits	Other long-term benefits	Total	Post-employment benefits	Other long-term benefits	Total
Opening fair value of hedging assets	**327**		**327**	**316**		**316**
Interest income	14		14	13		13
Revaluations of hedging assets						
Portion of yield on hedging assets in excess of the discount rate	18		18	16		16
Change in effect of asset cap						
Benefits paid	(21)		(21)	(13)		(13)
Employer contributions	5		5	4		4
Employee contributions						
Change in scope of consolidation						
Change in exchange rates	21		21	(6)		(6)
Other	(6)		(6)	(2)		(2)
Closing fair value of hedging assets	**359**		**359**	**327**		**327**

NOTE 23.2 – POST-EMPLOYMENT BENEFIT EXPENSE RECOGNISED ON THE STATEMENT OF NET INCOME AND GAINS AND LOSSES RECOGNISED DIRECTLY IN SHAREHOLDERS' EQUITY

In millions of euros	31.12.2014	31.12.2013
Cost of services:		
Cost of past services	(17)	(15)
Cost of past services and profit/loss on liquidation		(4)
Net interest on net actuarial debt	(7)	(6)
Other		
Component of the expense recognised in the income statement	**(24)**	**(25)**
Revaluation of net actuarial debt:		
Portion of return on hedging assets not recognised in the income statement	18	16
Actuarial differences resulting from changes in demographic assumptions	(3)	3
Actuarial differences resulting from changes in financial assumptions	(59)	(5)
Experience-related adjustments	8	9
Change in effect of asset cap		
Component of the expense recognised through profit/losses posted directly as shareholders' equity	**(36)**	**23**

NOTE 23.3 – INFORMATION PERTAINING TO EMPLOYEE BENEFITS – DISTRIBUTION OF HEDGING ASSETS

In millions of euros	31.12.2014	31.12.2013
Equities	153	168
Bonds	41	131
General euro funds	164	27
Other		
Closing fair value of assets	**358**	**326**

NOTE 23.4 – PRINCIPAL ACTUARIAL ASSUMPTIONS

In millions of euros	31.12.2014				31.12.2013			
	France	United Kingdom	Other	Total	France	United Kingdom	Other	Total
Actuarial debt	385	377	45	807	353	325	44	722
Fair value of hedging assets	10	347	1	358	26	300	1	327
Net actuarial debt	**375**	**30**	**44**	**449**	**327**	**25**	**43**	**395**
Principal actuarial assumptions								
Financial assumptions								
Discount rate	1.80%	3.60%	3.50%		3.00%	4.40%	3.50%	
Yield expected from plan assets	1.80%	3.60%	3.25%		3.00%	4.40%		
Expected salary/pension increase	1.93%	3.00%	3.25%		1.75%	3.30%	5.50%	
Turn-over								
- 18 to 34 years	3.64%	NA	NS		3.67%	NA	NS	
- 35 to 44 years	2.10%	NA	NS		2.44%	NA	NS	
- 45 to 54 years	0.96%	NA	NS		1.18%	NA	NS	
- 55 and older	0.00%	NA	NS		0.00%	NA	NS	

The English pension fund operates autonomously and is managed by a Trustee Board. Its role is to act in the best interests of the beneficiaries by determining in particular the policy for investing and managing the hedging assets.

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

As in 2013, the discount rate used at 31 December 2014 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 -6.1% on the gross actuarial debt total for France, and -9.1% for the United Kingdom.

Sensitivity to social commitments in relation to illness cover: as at 31 December 2014, actuarial debt for illness cover amounted to €10.8 million. The sensitivity of this debt to an increase of 50 basis points in the discount rate is -5.4%.

A 0.5% change in the increase in medical costs would not have a material impact on the Group's consolidated accounts.

NOTE 24 – FINANCING DEBT

NOTE 24.1 – FINANCING DEBT – BY MATURITY

In millions of euros	31.12.2014				31.12.2013			
	< 1 year	1 to 5 years	> 5 years	Total	< 1 year	1 to 5 years	> 5 years	Total
Subordinated debt			791	791			1,238	1,238
of which subordinated debt of insurance companies			791	791			1,238	1,238
of which subordinated debt of banking companies								
Financing debt represented by securities								
Financing debt with banking-sector companies	2	16	31	49	653	16	34	703
Total	**2**	**16**	**822**	**840**	**653**	**16**	**1,272**	**1,941**

The group's external debt decreased by €1,101 million at 31 December 2014 compared with 31 December 2013 in connection with the at-par exchange in May 2014, on a portion of the subordinated debt issued in 2005 and the repayment of the credit line for €650 million.

NOTE 24.2 – FINANCING DEBT – BY CURRENCY AND RATE

In millions of euros	31.12.2014			
	Currencies		Rate	
	Eurozone	Non eurozone	Fixed rate	Variable rate
Subordinated debt	791		791	
Financing debt represented by securities				
Financing debt with banking-sector companies	49		49	
Total	**840**		**840**	

The "Subordinated debt" line comprises several issues of bond loans as follows:

- A fixed-rate perpetual subordinated bond (TSDI) issued by Groupama SA in July 2005 with a balance of €41 million.
  - This bond includes a clause that allows the issuer to redeem the bond early as from the tenth year.
  - Groupama SA has the option of deferring interest payments if the Group's solvency is below 150%.

  At 31 December 2014, this issue was quoted at 99.5% compared with 92.2% at 31 December 2013. This quotation is the result of valuation of a counterparty as the liquidity of this security is very low.

- A fixed interest loan in the form of subordinated redeemable securities (TSR) issued in October 2009 by Groupama SA for an amount of €750 million.

  The key terms of this bond are as follows:
  - the term of the bond is 30 years,
  - an early redemption option available to Groupama SA that it may exercise as from the tenth year,
  - a clause entitling Groupama SA to defer interest payments as follows, the deferred interest remaining is due to the holders of the securities.
  - Groupama SA has the option of deferring interest payments if the Group's solvency is below 100%.

  At 31 December 2014, this issue was quoted at 111.5% compared with 104.3% at 31 December 2013.

In view of the specific terms and conditions of each issue pursuant to IAS 32 §16 and 17, these bonds are considered as financial liabilities rather than equity instruments. They are therefore recognised under financing debt. Interest costs net of tax are recognised in the income statement.

The item "Financing debts to banking sector companies" amounts to €49 million and corresponds to a leasing debt for €30 million and miscellaneous borrowings for €19 million.

NOTE 25 – UNDERWRITING LIABILITIES RELATED TO INSURANCE POLICIES

NOTE 25.1 – UNDERWRITING LIABILITIES RELATED TO INSURANCE POLICIES – BY OPERATING SEGMENT

In millions of euros	31.12.2014			31.12.2013		
	France	International	Total	France	International	Total
Gross underwriting reinsurance reserves						
Life insurance reserves	30,265	1,162	31,427	30,372	1,247	31,619
Outstanding claims reserves	654	68	722	582	61	643
Profit-sharing reserves	915	28	943	939	21	960
Other underwriting reserves	7	27	34	7	26	34
Total Life insurance	**31,841**	**1,286**	**33,127**	**31,899**	**1,356**	**33,255**
Reserves for unearned premiums	1,014	693	1,707	986	677	1,663
Outstanding claims reserves	8,130	2,285	10,415	8,058	2,174	10,232
Other underwriting reserves	3,132	47	3,179	3,080	46	3,125
Total Non-life insurance	**12,276**	**3,025**	**15,302**	**12,123**	**2,897**	**15,021**
Life insurance reserves for unit-linked policies	6,137	829	6,966	4,427	827	5,254
Total	**50,254**	**5,140**	**55,394**	**48,450**	**5,080**	**53,530**

The adequacy tests carried out on liabilities as at 31 December 2014 were found to be satisfactory and did not result in the recognition of any additional technical expense.

For several months, the ACPR has conducted a number of controls with market players pertaining to the management by life insurers of compliance with Article L132-9-3 of the French insurance code. Groupama Gan Vie attaches great importance to compliance with these provisions and has established operational measures to ensure compliance of its practices with the regulations. The presentation of these measures to the ACPR, as part of the controls mentioned above, is still the subject of ongoing discussions.

NOTE 25.2 – UNDERWRITING LIABILITIES RELATED TO INSURANCE POLICIES BY BUSINESS

NOTE 25.2.1 – UNDERWRITING LIABILITIES RELATED TO INSURANCE POLICIES BY BUSINESS – FRANCE

In millions of euros	31.12.2014			31.12.2013		
	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total
Gross underwriting reinsurance reserves						
Life insurance reserves	30,265		30,265	30,371		30,371
Outstanding claims reserves	654		654	582		582
Profit-sharing reserves	915		915	939		939
Other underwriting reserves	7		7	7		7
Total Life insurance	**31,841**		**31,841**	**31,899**		**31,899**
Reserves for unearned premiums	140	874	1,014	136	850	986
Outstanding claims reserves	904	7,226	8,130	923	7,135	8,058
Other underwriting reserves	2,564	568	3,132	2,471	608	3,079
Total Non-life insurance	**3,608**	**8,668**	**12,276**	**3,530**	**8,594**	**12,123**
Life insurance reserves for unit-linked policies	6,137		6,137	4,427		4,427
Total gross underwriting reserves relating to insurance policies	**41,586**	**8,668**	**50,254**	**39,856**	**8,594**	**48,450**

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

In millions of euros	31.12.2014			31.12.2013		
	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total
Gross underwriting reinsurance reserves						
Life insurance reserves	1,162		1,162	1,247		1,247
Outstanding claims reserves	68		68	61		61
Profit-sharing reserves	28		28	21		21
Other underwriting reserves	27		27	26		26
Total Life insurance	**1,286**		**1,286**	**1,355**		**1,355**
Reserves for unearned premiums	66	627	693	61	616	677
Outstanding claims reserves	82	2,203	2,285	86	2,088	2,174
Other underwriting reserves	10	37	47	9	37	46
Total Non-life insurance	**158**	**2,867**	**3,025**	**156**	**2,741**	**2,897**
Life insurance reserves for unit-linked policies	829		829	827		827
Total gross underwriting reserves relating to insurance policies	**2,273**	**2,867**	**5,140**	**2,339**	**2,741**	**5,080**

NOTE 25.3 – BREAKDOWN OF UNDERWRITING RESERVES FOR INSURANCE POLICIES BY MAIN CATEGORY

In millions of euros	31.12.2014			31.12.2013		
	Gross life insurance reserves	Gross outstanding claims reserves	Total	Gross life insurance reserves	Gross outstanding claims reserves	Total
Single-premium policies						
Capitalisation	121	24	145	308	25	333
Individual insurance	11,314	190	11,504	10,198	208	10,406
Group policies	199	4	203	193	5	198
Other	2,389		2,389	2,831		2,831
Total reserves for single-premium contracts	**14,023**	**218**	**14,241**	**13,530**	**237**	**13,767**
Periodic-premium contracts						
Capitalisation	314	11	325	348	11	358
Individual insurance	6,730	169	6,898	7,359	125	7,484
Group policies	7,220	295	7,515	7,183	240	7,423
Other	596	4	600	698	4	702
Total reserves for periodic-premium contracts	**14,860**	**478**	**15,338**	**15,588**	**379**	**15,968**
Inward reinsurance	**2,544**	**26**	**2,570**	**2,500**	**26**	**2,527**
Total	**31,427**	**722**	**32,149**	**31,619**	**643**	**32,262**

In millions of euros	31.12.2014			31.12.2013		
	Reserves for unearned premiums	Outstanding claims reserves	Total	Reserves for unearned premiums	Outstanding claims reserves	Total
Non-life insurance						
Motor insurance	756	4,640	5,396	753	4,334	5,087
Bodily injury	217	1,207	1,425	213	1,141	1,354
Property damage	453	2,030	2,484	435	2,199	2,634
General third party liability	53	482	535	53	454	507
Marine, aviation, transport	10	208	218	8	261	269
Other risks	218	1,473	1,691	200	1,477	1,677
Inward reinsurance	**0**	**374**	**374**	**1**	**366**	**367**
Total non-life insurance reserves	**1,707**	**10,415**	**12,122**	**1,663**	**10,232**	**11,895**

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

In millions of euros	31.12.2014			31.12.2013		
	France	International	Total	France	International	Total
Opening reserves for non-life claims	**8,059**	**2,174**	**10,233**	**8,012**	**2,109**	**10,121**
Portfolio transfers				**(25)**	**25**	**0**
Claims expense for the current fiscal year	5,915	1,321	7,236	6,051	1,301	7,352
Claims expense for previous fiscal years	(119)	(5)	(124)	(215)	41	(174)
Total claims expense	**5,797**	**1,315**	**7,112**	**5,836**	**1,342**	**7,179**
Claims payments for the current fiscal year	(2,900)	(581)	(3,481)	(3,103)	(601)	(3,702)
Claims payments for previous fiscal years	(2,826)	(630)	(3,456)	(2,662)	(654)	(3,316)
Total payments	**(5,726)**	**(1,212)**	**(6,937)**	**(5,763)**	**(1,255)**	**(7,018)**
Foreign exchange variation	**1**	**7**	**8**	**(1)**	**(47)**	**(49)**
Closing reserves for non-life claims	**8,130**	**2,285**	**10,415**	**8,059**	**2,174**	**10,233**

NOTE 25.5 – IMPACT OF GROSS CLAIMS

In millions of euros	2010	2011	2012	2013	2014
Estimate of the claims expense					
End N	7,186	6,944	7,368	7,327	7,240
End N+1	7,285	7,376	7,434	7,366	
End N+2	7,345	7,285	7,387		
End N+3	7,300	7,253			
End N+4	7,276				
Claims expense	**7,276**	**7,253**	**7,387**	**7,366**	**7,240**
Cumulative claims payments	**6,650**	**6,448**	**6,344**	**5,849**	**3,484**
Outstanding claims reserves	**626**	**805**	**1,043**	**1,517**	**3,756**
Earned premiums	**9,025**	**9,481**	**9,885**	**9,848**	**9,928**
Claims ratio	**80.6%**	**76.5%**	**74.7%**	**74.8%**	**72.9%**

The statement of claim trends shows changes in estimates of the gross claims expense per year of occurrence covering the years 2010 to 2014, i.e., changes in the initial estimates and discounted expense as at the balance sheet date.

The reserve per year of occurrence is calculated as the difference between the estimated claim expense (revalued as at the balance sheet date) and the cumulative payments made.

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

GROSS VALUE

In millions of euros	31.12.2014			31.12.2013		
	France	International	Total	France	International	Total
Closing non-life annuity actuarial reserves (net of recoveries)	**2,275**	**23**	**2,298**	**2,231**	**24**	**2,255**
Closing non-life annuity actuarial reserves (net of recoveries) before change in discount rate	2,222	23	2,245	2,158	24	2,183
Closing non-life annuity actuarial reserves (net of recoveries) excluding technical interest	2,629	23	2,651	2,640	24	2,664
Technical interest	(406)		(406)	(481)		(481)
Impact of change in discount rate	53		53	73		73

PROPORTION CEDED

In millions of euros	31.12.2014			31.12.2013		
	France	International	Total	France	International	Total
Share of reinsurers in non-life annuity actuarial reserves carried forward (net of recoveries)	194		194	128	(5)	123
Share of reinsurers in non-life annuity actuarial reserves carried forward (net of recoveries) before change in discount rate	191		191	123	(5)	118
Share of reinsurers in non-life annuity actuarial reserves carried forward (net of recoveries) excluding technical interest	217		217	154	(5)	149
Technical interest	(26)		(26)	(31)		(31)
Impact of change in discount rate	3		3	5		5

NOTE 26 – UNDERWRITING LIABILITIES RELATED TO FINANCIAL CONTRACTS

In millions of euros	31.12.2014	31.12.2013
Reserves on financial contracts with discretionary profit sharing		
Life underwriting reserves	17,121	18,407
Reserves on unit-linked policies	86	91
Outstanding claims reserves	78	93
Profit-sharing reserves	38	39
Other underwriting reserves	1	
Total	**17,325**	**18,630**
Reserves for financial contracts without discretionary profit sharing		
Life underwriting reserve	7	7
Reserves on unit-linked policies	60	51
Outstanding claims reserves		
Profit-sharing reserves		
Other underwriting reserves		
Total	**68**	**58**
Total	**17,392**	**18,688**

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

In millions of euros	31.12.2014			31.12.2013		
	France	International	Total	France	International	Total
Reserves on financial contracts - Life	15,611	1,518	17,128	17,137	1,277	18,414
Outstanding claims reserves	68	10	78	88	5	93
Profit-sharing reserves	35	3	38	36	3	39
Other underwriting reserves	1		1			
Total	**15,715**	**1,530**	**17,246**	**17,261**	**1,285**	**18,546**

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

In millions of euros	31.12.2014			31.12.2013		
	Reserves on financial contracts - Life	Gross outstanding claims reserves	Total	Reserves on financial contracts - Life	Gross outstanding claims reserves	Total
Single-premium policies						
Capitalisation	276	5	281	273	6	279
Individual insurance	16,061	15	16,076	17,468	10	17,478
Group policies	86		86	89		89
Other						
Total reserves for single-premium contracts	**16,423**	**20**	**16,443**	**17,830**	**16**	**17,845**
Periodic-premium contracts						
Capitalisation	116	1	117	119	1	120
Individual insurance	329	51	379	199	70	269
Group policies	257	6	263	263	5	269
Other	3	1	4	3	1	4
Total reserves for periodic-premium contracts	**705**	**58**	**763**	**585**	**77**	**662**
Inward reinsurance						
Total Non-Life Insurance reserves	**17,128**	**78**	**17,206**	**18,414**	**93**	**18,507**

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

In millions of euros	31.12.2014			31.12.2013		
	France	International	Total	France	International	Total
Opening actuarial reserves	**47,509**	**2,524**	**50,033**	**48,616**	**2,514**	**51,130**
Premiums for the year	1,875	490	2,365	2,231	309	2,541
Portfolio transfer/changes in scope of consolidation						
Interest credited	235	64	299	237	70	307
Profit sharing	1,095	22	1,118	896	14	910
Policies at term	(332)	(176)	(507)	(302)	(127)	(429)
Redemptions	(1,853)	(220)	(2,073)	(2,143)	(220)	(2,362)
Annuity arrears	(513)	(3)	(515)	(521)	(3)	(523)
Death benefits	(912)	(14)	(926)	(976)	(10)	(986)
Other changes	(1,229)	(7)	(1,237)	(531)	(24)	(555)
Closing actuarial reserves	**45,876**	**2,680**	**48,556**	**47,509**	**2,523**	**50,033**

Other changes are due largely to the arbitrage of euro contracts for unit-linked contracts.

NOTE 28 – DEBTS TO UNIT HOLDERS OF CONSOLIDATED MUTUAL FUNDS

In millions of euros	31.12.2014			31.12.2013		
	Insurance	Banking	Total	Insurance	Banking	Total
Debts to unit holders of consolidated mutual funds	173		173	539		539
Total	**173**		**173**	**539**		**539**

NOTE 29 – LIABILITIES FROM INSURANCE OR INWARD REINSURANCE OPERATIONS

In millions of euros	31.12.2014				31.12.2013			
	< 1 year	1 to 5 years	> 5 years	Total	< 1 year	1 to 5 years	> 5 years	Total
Policyholders, intermediaries, and other third parties	717	1		718	663	4		667
Co-insurers	54	1		55	82			82
Current accounts – ceding and retroceding companies	41	36		77	49	32		81
Total	**812**	**39**		**850**	**794**	**36**		**830**

NOTE 30 – LIABILITIES FROM OUTWARD REINSURANCE ACTIVITIES

In millions of euros	31.12.2014				31.12.2013			
	< 1 year	1 to 5 years	> 5 years	Total	< 1 year	1 to 5 years	> 5 years	Total
Outward reinsurer and retrocessionaire current accounts (1)	7,295	18	5	7,318	7,344	22		7,366
Other liabilities from reinsurance activities	68			68	123	3		126
Total	**7,363**	**18**	**5**	**7,386**	**7,467**	**25**		**7,493**

(1) Including deposits received from reinsurers.

NOTE 31 – CURRENT TAXES PAYABLE AND OTHER TAX LIABILITIES

In millions of euros	31.12.2014				31.12.2013			
	< 1 year	1 to 5 years	> 5 years	Total	< 1 year	1 to 5 years	> 5 years	Total
Current taxes payable and other tax liabilities	239	3		242	264	16		281
Total	**239**	**3**		**242**	**264**	**16**		**281**

"Current taxes payable and other tax liabilities" amounted to €242 million as at 31 December 2014 compared with €281 million as at 31 December 2013. It includes corporate income taxes due in France and abroad as well as other government and public authority liabilities.

Current tax payables totalled €80 million as at 31 December 2014, versus €101 million as at 31 December 2013, broken down as follows:

- €21 million for companies within the tax consolidation scope;
- €59 million for foreign companies.

Other tax liabilities totalled €162 million as at 31 December 2014, including €38 million for foreign companies, versus €180 million as at 31 December 2013.

NOTE 32 – OTHER DEBTS

NOTE 32.1 – OTHER DEBTS – BY OPERATING SEGMENT

In millions of euros	31.12.2014			31.12.2013		
	France	International	Total	France	International	Total
Due to employees	296	8	304	287	6	294
Social agencies	225	7	233	221	8	230
Other loans, deposits, and guarantees received	4,188	6	4,194	1,834	11	1,844
Miscellaneous creditors	696	55	751	758	43	801
Other debts	370	36	406	479	34	513
Total	**5,776**	**111**	**5,888**	**3,579**	**102**	**3,682**

The "Other loans, deposits and guarantees received" line item amounted to €4,194 million as at 31 December 2014, compared with €1,844 million as at 31 December 2013, an increase of €2,350 million. The increase mainly comes from debt resulting from the bond repurchase agreement, which amounted to €4,096 million as at 31 December 2014 compared with €1,757 million as at 31 December 2013, an increase of €2,339 million, mainly from Groupama Gan Vie.

NOTE 32.2 – OTHER DEBT – BY MATURITY

In millions of euros	31.12.2014				31.12.2013			
	< 1 year	1 to 5 years	> 5 years	Total	< 1 year	1 to 5 years	> 5 years	Total
Due to employees	287	1	16	304	280	1	13	294
Social agencies	232	1		233	228	1		230
Other loans, deposits, and guarantees received	4,119	13	61	4,194	1,757	15	73	1,844
Miscellaneous creditors	748	2	1	751	795	5	1	801
Other debts	406			406	513			513
Total	**5,792**	**17**	**79**	**5,888**	**3,574**	**22**	**87**	**3,682**

NOTE 32.3 – OTHER DEBT – BY CURRENCY AND BY RATE

In millions of euros	31.12.2014			
	Currencies		Rate	
	Eurozone	Non eurozone	Fixed rate	Variable rate
Due to employees	302	2	304	
Social agencies	232	1	233	
Other loans, deposits, and guarantees received	4,180	14	4,183	11
Miscellaneous creditors	727	24	751	
Other debts	406		406	
Total	**5,847**	**41**	**5,877**	**11**

Note 33 – Analysis of premium income

Note 33.1 – Analysis of insurance premium income by major category

In millions of euros	31.12.2014			31.12.2013		
	France	International	Total	France	International	Total
Individual retirement savings	1,764	628	2,392	1,946	434	2,380
Individual protection insurance	612	114	726	615	112	727
Individual health insurance	1,370	65	1,435	1,363	64	1,427
Other	168		168	159		159
Individual life and health insurance	**3,914**	**808**	**4,722**	**4,082**	**611**	**4,693**
Group retirement savings	165	45	210	210	49	259
Group protection scheme	516	67	583	542	67	609
Group health insurance	514	24	538	537	22	559
Other	203		203	231		231
Group life and health insurance	**1,398**	**137**	**1,534**	**1,520**	**138**	**1,658**
Life and health insurance	**5,312**	**945**	**6,256**	**5,602**	**749**	**6,351**
Motor insurance	1,545	1,161	2,706	1,542	1,238	2,780
Other vehicles	105		105	108		108
Home insurance	996	178	1,174	944	177	1,120
Personal and professional property and casualty	411	13	424	390	13	403
Construction	161		161	166		166
Private and professional	**3,218**	**1,352**	**4,570**	**3,151**	**1,428**	**4,578**
Fleets	410	11	421	402	8	410
Business and municipal property	440	190	630	441	187	628
Businesses and local authorities	**850**	**201**	**1,051**	**843**	**195**	**1,038**
Agricultural risks	483	112	595	480	102	582
Climate risks	246		246	252		252
Tractors and agricultural equipment	256		256	243		243
Agricultural business segments	**985**	**112**	**1,097**	**976**	**102**	**1,078**
Other business segments	302	79	381	290	68	358
Property and casualty insurance	**5,355**	**1,743**	**7,099**	**5,260**	**1,793**	**7,052**
Total Insurance	**10,667**	**2,688**	**13,356**	**10,862**	**2,541**	**13,403**

NOTE 33.2 – ANALYSIS OF PREMIUM INCOME BY BUSINESS

In millions of euros	31.12.2014					31.12.2013				
	Life and health insurance	Property and casualty insurance	Financial businesses	Total	% share	Life and health insurance	Property and casualty insurance	Financial businesses	Total	% share
France	5,312	5,355	279	10,947	80%	5,602	5,260	266	11,128	81%
Southern Europe	747	1,460		2,207	16%	552	1,502		2,054	15%
CEEC	198	284		482	4%	196	291		487	4%
Total	**6,257**	**7,099**	**279**	**13,635**	**100%**	**6,351**	**7,053**	**266**	**13,669**	**100%**

The geographic areas are broken down as follows:
- France;
- Southern Europe: Portugal, Italy, Greece and Turkey;
- Central and Eastern European Countries (CEEC): Bulgaria, Hungary and Romania.

NOTE 33.3 – ANALYSIS OF BANKING ITEMS CONTRIBUTING TO PREMIUM INCOME

In millions of euros	31.12.2014			31.12.2013		
	Groupama Banque	Other companies	Total	Groupama Banque	Other companies	Total
Interest and related income	53		53	71		71
Commissions (income)	59	122	181	60	123	183
Gains on financial instruments at fair value through income	20	1	21	10		10
Gains on available-for-sale financial assets and their hedges	21		22		1	
Income from other business activities		3	3		1	1
Total	**154**	**126**	**279**	**142**	**124**	**266**

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

NOTE 34 – INVESTMENT INCOME NET OF MANAGEMENT EXPENSES

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

In millions of euros	31.12.2014			31.12.2013		
	France	International	Total	France	International	Total
Interest on deposits and financial investments income	1,904	244	2,148	1,980	243	2,224
Gains on foreign exchange transactions	78	9	88	21	18	39
Income from differences in redemption prices to be received (premium-discount)	105	3	108	110	4	114
Income from property	143	1	143	134	1	135
Other investment income						
Income from investments	**2,230**	**258**	**2,488**	**2,246**	**267**	**2,512**
Interest received from reinsurers	(2)		(3)	(2)		(2)
Losses on foreign exchange transactions	(21)	(9)	(31)	(24)	(15)	(39)
Amortisation of differences in redemption prices (premium-discount)	(234)	(18)	(252)	(194)	(17)	(211)
Depreciation and reserves on property	(69)	(2)	(71)	(56)	(4)	(60)
Management expenses	(347)	(11)	(358)	(340)	(11)	(351)
Investment expenses	**(673)**	**(41)**	**(714)**	**(616)**	**(47)**	**(663)**
Held for trading	44	5	48	221	(18)	203
Available-for-sale	490	54	544	859	40	899
Held to maturity						
Other	16	5	21	59	7	66
Capital gains (losses) from sales of investments, net of impairment reversals and write-backs	**549**	**64**	**613**	**1,138**	**29**	**1,167**
Held for trading	66	13	79	43	3	46
Derivatives	(395)		(395)	16		16
Adjustments on unit-linked policies	438	27	464	307	25	332
Change in fair value of financial instruments recognised at fair value through income	**109**	**40**	**148**	**366**	**28**	**394**
Available-for-sale	(9)	(7)	(16)	(12)	(11)	(23)
Held to maturity						
Receivables and loans	4		4	(4)		(4)
Change in impairment losses on financial instruments	**(6)**	**(7)**	**(12)**	**(16)**	**(11)**	**(27)**
Total	**2,209**	**314**	**2,523**	**3,119**	**265**	**3,384**

Note 34.2 – Investment income net of management expenses by business

Note 34.2.1 – Investment income net of management expenses by business – France

In millions of euros	31.12.2014				31.12.2013			
	P&C	L&H	Holding	Total	P&C	L&H	Holding	Total
Interest on deposits and financial investments income	191	1,711	2	1,904	190	1,786	5	1,980
Gains on foreign exchange transactions	4	75		78	5	16		21
Income from differences in redemption prices to be received (premium-discount)	4	101		105	4	107		110
Income from property	40	102		143	43	91		134
Other investment income								
Income from investments	**239**	**1,989**	**2**	**2,230**	**242**	**1,999**	**5**	**2,246**
Interest received from reinsurers	(2)			(2)	(2)			(2)
Losses on foreign exchange transactions	(3)	(18)	(1)	(21)	(7)	(15)	(3)	(24)
Amortisation of differences in redemption prices (premium-discount)	(21)	(213)		(234)	(16)	(178)		(194)
Depreciation and reserves on property	(34)	(34)		(69)	(23)	(33)		(56)
Management expenses	(55)	(324)	32	(347)	(61)	(323)	44	(340)
Investment expenses	**(114)**	**(590)**	**31**	**(673)**	**(108)**	**(549)**	**41**	**(616)**
Held for trading	1	42	1	44	2	220	(1)	221
Available-for-sale	97	394	(1)	490	94	758	6	859
Held to maturity								
Other	5	10		16	35	24		59
Capital gains (losses) from sales of investments, net of impairment reversals and write-backs	**103**	**446**	**0**	**549**	**130**	**1,003**	**6**	**1,138**
Held for trading	21	114	(69)	66	20	60	(37)	43
Derivatives	(3)	(380)	(11)	(395)	1	15		16
Adjustments on unit-linked policies		438		438		307		307
Change in fair value of financial instruments recognised at fair value through income	**18**	**172**	**(81)**	**109**	**21**	**381**	**(37)**	**366**
Available-for-sale	(2)	(6)	(1)	(9)	(6)	(5)	(1)	(12)
Held to maturity								
Receivables and loans	3	1		4		2	(5)	(4)
Change in impairment losses on financial instruments	**0**	**(5)**	**(1)**	**(6)**	**(6)**	**(4)**	**(6)**	**(16)**
Total investment income net of management expenses	**245**	**2,012**	**(48)**	**2,209**	**279**	**2,830**	**9**	**3,119**

NOTE 34.2.2 – INVESTMENT INCOME NET OF MANAGEMENT EXPENSES BY BUSINESS – INTERNATIONAL

In millions of euros	31.12.2014				31.12.2013			
	P&C	L&H	Holding	Total	P&C	L&H	Holding	Total
Interest on deposits and financial investment income	103	139	3	244	99	143	2	243
Gains on foreign exchange transactions	9	1		9	17	1		18
Income from differences in redemption prices to be received (premium-discount)	1	2		3	1	2		4
Income from property	1			1	1			1
Other investment income								
Income from investments	**113**	**142**	**3**	**258**	**118**	**146**	**2**	**267**
Interest received from reinsurers								
Losses on foreign exchange transactions	(8)	(1)		(9)	(14)	(1)		(15)
Amortisation of differences in redemption prices (premium-discount)	(10)	(8)		(18)	(8)	(9)		(17)
Depreciation and reserves on property	(2)			(2)	(4)			(4)
Management expenses	(6)	(4)	(1)	(11)	(6)	(5)		(11)
Investment expenses	**(27)**	**(12)**	**(1)**	**(41)**	**(32)**	**(15)**		**(47)**
Held for trading		5		5		(18)		(18)
Available-for-sale	48	6		54	27	13		40
Held to maturity								
Other	2	4		5	6	1		7
Capital gains (losses) from sales of investments, net of impairment reversals and write-backs	**50**	**14**		**64**	**33**	**(4)**		**29**
Held for trading	7	6		13		3		3
Derivatives								
Adjustments on unit-linked policies		27		27		25		25
Change in fair value of financial instruments recognised at fair value through income	**7**	**32**		**40**		**28**		**28**
Available-for-sale	(4)	(3)		(7)	(7)	(4)		(11)
Held to maturity								
Receivables and loans								
Change in impairment losses on financial instruments	**(4)**	**(3)**		**(7)**	**(7)**	**(4)**		**(11)**
Total investment income net of management expenses	**139**	**173**	**1**	**313**	**113**	**150**	**2**	**265**

NOTE 34.3 – INVESTMENT INCOME NET OF MANAGEMENT EXPENSES (INCOME BREAKDOWN BY TYPE OF ASSET)

In millions of euros	31.12.2014					31.12.2013 Pro forma				
	Income and expenses	Proceeds from divestment (*)	Change in fair value	Change in reserves	Total	Income and expenses	Proceeds from divestment (*)	Change in fair value	Change in reserves	Total
Property	72	21			93	75	67			142
Equities	93	175	1	(14)	254	130	256		(23)	363
Bonds	1,623	228	39		1,890	1,735	254	15		2,004
Equity mutual fund	41	139	73	(3)	251	33	301	68		402
Mutual funds: Cash from repurchase agreements		5			5		5			5
Other cash mutual funds		10	1		11		10			10
Fixed-income mutual funds	85	24	39	1	149	78	(1)	(2)		75
Derivatives		(6)	(396)		(402)		253	16		269
Other investment income	250	17	(73)	4	198	191	22	(35)	(4)	174
Investment income	**2,164**	**613**	**(316)**	**(12)**	**2,449**	**2,242**	**1,167**	**62**	**(27)**	**3,444**
Internal and external management expenses and other financial expenses	(347)				(347)	(319)				(319)
Other investment expenses	(44)				(44)	(73)				(73)
Investment expenses	**(391)**				**(391)**	**(392)**				**(392)**
Financial income, net of expenses	**1,773**	**613**	**(316)**	**(12)**	**2,058**	**1,850**	**1,167**	**62**	**(27)**	**3,052**
Capital gains on securities representing unit-linked policies			589		589			543		543
Capital losses on securities representing unit-linked policies			(125)		(125)			(211)		(211)
Total investment income net of management expenses	**1,773**	**613**	**148**	**(12)**	**2,522**	**1,850**	**1,167**	**394**	**(27)**	**3,384**

(*) Net of write-back of impairment and amortisation.

In 2014, the accounts of allocations and write-backs of reserves on securities were broken down by asset type (equities, bonds, equity mutual funds, fixed-income mutual funds, etc.) unlike previous closes. As such, the pro forma information is presented for 2013.

Investment income net of management expenses decreased by €861 million. This change is explained mainly by:

- The €77 million decrease in income net of expenses is mainly due to a €29 million decrease in income on equities and equity mutual funds and a €105 million decrease in bonds and fixed-income mutual funds and the €59 million increase in other income and expenses (primarily made up of foreign exchange profits from the underlyings of consolidated mutual funds). Also note the recognition of a reserve for property impairment of €14 million in income and expenses on properties.

- The net decrease in realised capital gains net of impairment write-backs for €554 million, including €243 million on equities and equity mutual funds, €46 million on properties, and €259 million on long-term financial instruments.

- The decrease in the change in fair value of €246 million including a negative change in fair value of derivatives for €411 million represented mainly by to ALM asset swaps and an increase in the change in fair value of unit-linked investments of €133 million.

NOTE 34.3.1 – INVESTMENT INCOME NET OF MANAGEMENT EXPENSES (INCOME BREAKDOWN BY TYPE OF ASSET) – FRANCE

In millions of euros	31.12.2014					31.12.2013 Pro forma				
	Income and expenses	Proceeds from divestment (*)	Change in fair value	Change in reserves	Total	Income and expenses	Proceeds from divestment (*)	Change in fair value	Change in reserves	Total
Property	74	16			90	79	60			139
Equities	91	173		(7)	257	127	271		(12)	386
Bonds	1,414	185	35		1,634	1,525	243	14		1,782
Equity mutual fund	38	130	64	(3)	229	31	298	68		397
Mutual funds: Cash from repurchase agreements		5			5		5			5
Other cash mutual funds		11			11		10			10
Bond mutual funds	76	23	39	1	139	71	(1)	(2)		68
Derivatives		(6)	(395)		(401)		253	16		269
Other investment income	234	12	(72)	4	178	165	(2)	(37)	(4)	122
Investment income	**1,927**	**549**	**(329)**	**(5)**	**2,142**	**1,998**	**1,137**	**59**	**(16)**	**3,178**
Internal and external management expenses and other financial expenses	(338)				(338)	(311)				(311)
Other investment expenses	(32)				(32)	(55)				(55)
Investment expenses	**(370)**				**(370)**	**(366)**				**(366)**
Financial income, net of expenses	**1,557**	**549**	**(329)**	**(5)**	**1,772**	**1,632**	**1,137**	**59**	**(16)**	**2,812**
Capital gains on securities representing unit-linked policies			557		557			512		512
Capital losses on securities representing unit-linked policies			(119)		(119)			(205)		(205)
Total investment income net of management expenses	**1,557**	**549**	**109**	**(5)**	**2,209**	**1,632**	**1,137**	**366**	**(16)**	**3,119**

(*) Net of write-back of impairment and amortisation.

NOTE 34.3.2 – INVESTMENT INCOME NET OF MANAGEMENT EXPENSES (INCOME BREAKDOWN BY TYPE OF ASSET) – INTERNATIONAL

In millions of euros	31.12.2014					31.12.2013 Pro forma				
	Income and expenses	Proceeds from divestment (*)	Change in fair value	Change in reserves	Total	Income and expenses	Proceeds from divestment (*)	Change in fair value	Change in reserves	Total
Property	(2)	5			3	(4)	7			3
Equities	2	2		(7)	(3)	3	(15)		(11)	(23)
Bonds	209	43	4		256	210	11	1		222
Equity mutual fund	3	9	10		22	2	3			5
Mutual funds: Cash from repurchase agreements										
Other cash mutual funds										
Bond mutual funds	9	1			10	7				7
Derivatives										
Other investment income	16	5	(1)		20	26	24	2		52
Investment income	**237**	**64**	**13**	**(7)**	**308**	**244**	**30**	**3**	**(11)**	**266**
Internal and external management expenses and other financial expenses	(9)				(9)	(8)				(8)
Other investment expenses	(12)				(12)	(18)				(18)
Investment expenses	**(21)**				**(21)**	**(26)**				**(26)**
Financial income, net of expenses	**216**	**64**	**13**	**(7)**	**286**	**218**	**30**	**3**	**(11)**	**240**
Capital gains on securities representing unit-linked policies			32		33			31		31
Capital losses on securities representing unit-linked policies			(6)		(6)			(6)		(6)
Total investment income net of management expenses	**216**	**64**	**39**	**(7)**	**313**	**218**	**30**	**28**	**(11)**	**265**

NOTE 35 – INSURANCE POLICY SERVICING EXPENSES

NOTE 35.1 – INSURANCE POLICY SERVICING EXPENSES – BY OPERATING SEGMENT

In millions of euros	31.12.2014			31.12.2013		
	France	International	Total	France	International	Total
Claims						
Paid to policyholders	(9,577)	(1,845)	(11,422)	(9,990)	(1,904)	(11,894)
Change in underwriting reserves						
Outstanding claims reserves	(196)	(54)	(250)	184	(61)	123
Actuarial reserves	1,981	(56)	1,925	1,602	81	1,683
Unit-linked reserves	(725)	(41)	(766)	(406)	32	(374)
Profit sharing	(1,196)	(116)	(1,312)	(1,982)	(104)	(2,086)
Other underwriting reserves	(51)	(13)	(64)	(109)	(8)	(117)
Total	**(9,764)**	**(2,125)**	**(11,889)**	**(10,701)**	**(1,964)**	**(12,665)**

NOTE 35.2 – INSURANCE POLICY SERVICING EXPENSES BY BUSINESS

NOTE 35.2.1 – INSURANCE POLICY SERVICING EXPENSES BY BUSINESS – FRANCE

In millions of euros	31.12.2014			31.12.2013		
	P&C	L&H	Total	P&C	L&H	Total
Claims						
Paid to policyholders	(3,634)	(5,943)	(9,577)	(3,657)	(6,333)	(9,990)
Change in underwriting reserves						
Outstanding claims reserves	(63)	(133)	(196)	(101)	286	185
Actuarial reserves		1,981	1,981		1,602	1,602
Unit-linked reserves		(725)	(725)		(406)	(406)
Profit sharing		(1,196)	(1,196)	(2)	(1,981)	(1,983)
Other underwriting reserves	(23)	(28)	(51)	(43)	(66)	(109)
Total	**(3,720)**	**(6,043)**	**(9,764)**	**(3,804)**	**(6,897)**	**(10,701)**

NOTE 35.2.2 – INSURANCE POLICY SERVICING EXPENSES BY BUSINESS – INTERNATIONAL

In millions of euros	31.12.2014			31.12.2013		
	P&C	L&H	Total	P&C	L&H	Total
Claims						
Paid to policyholders	(1,146)	(698)	(1,845)	(1,139)	(765)	(1,904)
Change in underwriting reserves						
Outstanding claims reserves	(44)	(10)	(54)	(94)	33	(61)
Actuarial reserves		(56)	(56)		81	81
Unit-linked reserves		(41)	(41)		32	32
Profit sharing		(116)	(116)		(104)	(104)
Other underwriting reserves	(7)	(6)	(13)	(2)	(6)	(8)
Total	**(1,197)**	**(928)**	**(2,125)**	**(1,235)**	**(729)**	**(1,964)**

NOTE 36 – OUTWARD REINSURANCE INCOME (EXPENSES)

NOTE 36.1 – OUTWARD REINSURANCE INCOME (EXPENSES) – BY OPERATING SEGMENT

In millions of euros	31.12.2014			31.12.2013		
	France	Inter-national	Total	France	Inter-national	Total
Acquisition and administrative costs	148	18	166	273	65	339
Claims expenses	646	34	680	(6,076)	135	(5,941)
Change in underwriting reserves	(8)	(4)	(12)	6,938	(1)	6,937
Profit sharing	(300)	2	(298)	(255)	2	(252)
Change in reserve for equalisation						
Income from outward reinsurance	**486**	**49**	**536**	**880**	**203**	**1,082**
Outward premiums	(749)	(125)	(874)	(1,175)	(279)	(1,454)
Change in unearned premiums	(2)	1	(1)	(10)	3	(7)
Expenses on outward reinsurance	**(751)**	**(124)**	**(875)**	**(1,185)**	**(276)**	**(1,461)**
Total	**(264)**	**(75)**	**(339)**	**(305)**	**(74)**	**(378)**

NOTE 36.2 – OUTWARD REINSURANCE INCOME (EXPENSES) BY BUSINESS

NOTE 36.2.1 – OUTWARD REINSURANCE INCOME (EXPENSES) BY BUSINESS – FRANCE

In millions of euros	31.12.2014			31.12.2013		
	P&C	L&H	Total	P&C	L&H	Total
Acquisition and administrative costs	19	129	148	92	181	273
Claims expenses	72	574	646	271	(6,347)	(6,076)
Change in other underwriting reserves	9	(17)	(8)	4	6,934	6,938
Profit sharing		(300)	(300)		(255)	(255)
Change in reserve for equalisation						
Income on outward reinsurance	**100**	**386**	**486**	**366**	**514**	**880**
Outward premiums	(347)	(402)	(749)	(638)	(537)	(1,175)
Change in unearned premiums	(2)		(2)	(12)	2	(10)
Expenses on outward reinsurance	**(349)**	**(402)**	**(751)**	**(649)**	**(535)**	**(1,185)**
Total	**(249)**	**(15)**	**(264)**	**(283)**	**(22)**	**(305)**

NOTE 36.2.2 – OUTWARD REINSURANCE INCOME (EXPENSES) BY BUSINESS – INTERNATIONAL

In millions of euros	31.12.2014			31.12.2013		
	P&C	L&H	Total	P&C	L&H	Total
Acquisition and administrative costs	17	1	18	64	1	65
Claims expenses	30	4	34	130	6	135
Change in other underwriting reserves	(4)	(1)	(4)			(1)
Profit sharing		2	2		2	2
Change in reserve for equalisation						
Income on outward reinsurance	**44**	**5**	**49**	**194**	**8**	**202**
Outward premiums	(118)	(7)	(125)	(272)	(7)	(279)
Change in unearned premiums			1	3		3
Expenses on outward reinsurance	**(117)**	**(6)**	**(124)**	**(269)**	**(7)**	**(276)**
Total	**(73)**	**(1)**	**(75)**	**(75)**	**2**	**(74)**

NOTE 37 – OPERATING EXPENSES

NOTE 37.1 – OPERATING EXPENSES – BY OPERATING SEGMENT

In millions of euros	31.12.2014			31.12.2013		
	France	International	Total	France	International	Total
External expenses	(678)	(93)	(772)	(733)	(95)	(828)
Taxes	(218)	(21)	(239)	(244)	(21)	(265)
Personnel expenses	(1,579)	(162)	(1,742)	(1,596)	(164)	(1,760)
Commissions	(609)	(390)	(999)	(628)	(388)	(1,017)
Allocations to amortisation, depreciation, and reserves (net of write-backs)	(155)	(24)	(180)	(190)	(30)	(221)
Other expenses	(99)	(61)	(160)	(93)	(74)	(166)
Total operating expenses by nature	**(3,339)**	**(751)**	**(4,091)**	**(3,484)**	**(773)**	**(4,257)**

The company receives the tax credit for competitiveness and employment (CICE) calculated in accordance with Article 244 *quater* C of the French General Tax Code at 6%. For fiscal year 2014, the CICE amounted to €28 million.

The use of this tax credit particularly permitted the financing of:
- actions to improve the competitiveness of the Group's companies through investments relating to business prospecting, improvement of customer satisfaction, and reinforcement of technical analysis and management procedures;
- IT and process developments related to the use of new technologies;
- employee training;
- actions related to sustainable development.

NOTE 37.2 – OPERATING EXPENSES BY BUSINESS SECTOR

In millions of euros	31.12.2014			31.12.2013		
	Insurance	Banking	Total	Insurance	Banking	Total
External expenses	(718)	(53)	(772)	(761)	(66)	(828)
Taxes	(231)	(8)	(239)	(257)	(8)	(265)
Personnel expenses	(1,636)	(106)	(1,742)	(1,644)	(116)	(1,760)
Commissions	(999)		(999)	(1,017)		(1,017)
Allocations to amortisation, depreciation, and reserves (net of write-backs)	(175)	(5)	(180)	(216)	(5)	(221)
Other expenses	(136)	(24)	(160)	(150)	(17)	(166)
Total operating expenses by nature	**(3,895)**	**(196)**	**(4,091)**	**(4,044)**	**(213)**	**(4,257)**

NOTE 37.3 – BREAKDOWN OF EMPLOYEE EXPENSES

In millions of euros	31.12.2014	31.12.2013
Salaries	(997)	(1,050)
Social security expenses	(433)	(431)
Post-employment benefits		
Defined contribution plans	(111)	(113)
Defined benefit plans	(11)	(10)
Anniversary days and employee awards	(6)	(5)
Other personnel benefits	(184)	(151)
Annual salary expenses	**(1,742)**	**(1,760)**

At 31 December 2014, the gross annual remuneration (including profit-sharing and benefits in kind) paid to members of the Groupama SA Steering Committee was €5.8 million. As regards the pension plan, the total commitment at 31 December 2014 amounted to €24.8 million.

NOTE 38 – POLICY ACQUISITION COSTS

NOTE 38.1 – POLICY ACQUISITION COSTS BY OPERATING SEGMENT

In millions of euros	31.12.2014			31.12.2013		
	France	Inter-national	Total	France	Inter-national	Total
Commissions	(335)	(316)	(651)	(307)	(316)	(624)
Change in deferred acquisition costs	(17)	6	(11)	(85)	(1)	(86)
Other expenses	(1,029)	(101)	(1,129)	(1,039)	(101)	(1,140)
Total	**(1,380)**	**(411)**	**(1,791)**	**(1,432)**	**(418)**	**(1,850)**

NOTE 38.2 – POLICY ACQUISITION COSTS BY BUSINESS

NOTE 38.2.1 – POLICY ACQUISITION COSTS BY BUSINESS – FRANCE

In millions of euros	31.12.2014			31.12.2013		
	P&C	L&H	Total	P&C	L&H	Total
Commissions	(271)	(64)	(335)	(244)	(64)	(307)
Change in deferred acquisition costs	3	(19)	(17)		(85)	(85)
Other expenses	(588)	(441)	(1,029)	(608)	(432)	(1,039)
Total	**(856)**	**(525)**	**(1,380)**	**(851)**	**(581)**	**(1,432)**

NOTE 38.2.2 – POLICY ACQUISITION COSTS BY BUSINESS – INTERNATIONAL

In millions of euros	31.12.2014			31.12.2013		
	P&C	L&H	Total	P&C	L&H	Total
Commissions	(245)	(70)	(316)	(249)	(67)	(316)
Change in deferred acquisition costs	2	3	6		(1)	(1)
Other expenses	(75)	(26)	(101)	(75)	(25)	(101)
Total	**(318)**	**(93)**	**(411)**	**(325)**	**(93)**	**(418)**

NOTE 39 – ADMINISTRATIVE COSTS

NOTE 39.1 – ADMINISTRATIVE COSTS BY OPERATING SEGMENT

In millions of euros	31.12.2014			31.12.2013		
	France	International	Total	France	International	Total
Commissions	(66)	(41)	(107)	(72)	(38)	(110)
Other expenses	(258)	(120)	(378)	(273)	(126)	(399)
Total	**(324)**	**(161)**	**(485)**	**(345)**	**(164)**	**(509)**

NOTE 39.2 – ADMINISTRATIVE COSTS BY BUSINESS

NOTE 39.2.1 – ADMINISTRATIVE COSTS BY BUSINESS – FRANCE

In millions of euros	31.12.2014			31.12.2013		
	P&C	L&H	Total	P&C	L&H	Total
Commissions	(45)	(21)	(66)	(41)	(31)	(72)
Other expenses	(176)	(82)	(258)	(187)	(85)	(273)
Total	**(221)**	**(104)**	**(324)**	**(229)**	**(116)**	**(345)**

NOTE 39.2.2 – ADMINISTRATIVE COSTS BY BUSINESS – INTERNATIONAL

In millions of euros	31.12.2014			31.12.2013		
	P&C	L&H	Total	P&C	L&H	Total
Commissions	(28)	(14)	(41)	(25)	(13)	(38)
Other expenses	(78)	(42)	(120)	(83)	(43)	(126)
Total	**(106)**	**(55)**	**(161)**	**(108)**	**(57)**	**(164)**

NOTE 40 – OTHER INCOME AND EXPENSES FROM CURRENT OPERATIONS

In millions of euros	31.12.2014			31.12.2013		
	France	International	Total	France	International	Total
Commissions and other operating expenses, Life	(334)	(10)	(345)	(340)	(13)	(352)
Employee profit sharing, Life	(3)		(3)	(2)		(2)
Other operating income, Life	2	8	10	5	9	13
Transfer of operating expenses and capitalised production, Life	12		12	19		19
Total income and expenses from current operations, Life	**(323)**	**(2)**	**(325)**	**(318)**	**(4)**	**(322)**
Non-life commissions and other underwriting expenses	(352)	(85)	(437)	(413)	(96)	(509)
Employee profit sharing, Non-life	(12)		(12)	(2)	(1)	(3)
Other non-life underwriting income	51	36	87	58	34	93
Transfer of Non-life operating expenses and capitalised production	31		31	30		30
Total income and expenses from current operations, Non-life	**(283)**	**(48)**	**(331)**	**(326)**	**(62)**	**(388)**
Other non-underwriting expenses	(193)	(22)	(215)	(238)	(24)	(262)
Other non-underwriting income	23	19	42	50	31	81
Total income and expenses from current operations, Non-underwriting	**(171)**	**(2)**	**(173)**	**(188)**	**7**	**(181)**
Total income and expenses from current operations, Banking						
Total	**(777)**	**(53)**	**(830)**	**(833)**	**(59)**	**(891)**

NOTE 41 – OTHER INCOME AND EXPENSES FROM NON-CURRENT OPERATIONS

In millions of euros	31.12.2014			31.12.2013		
	France	Inter-national	Total	France	Inter-national	Total
Income from non-current operations	60	3	63	67	2	69
Expenses from non-current operations	(101)	(26)	(127)	(116)	(113)	(229)
Allocation to the reserve for goodwill						
Other						
Total	**(41)**	**(23)**	**(64)**	**(49)**	**(111)**	**(160)**

The balance of other net income and expenses from non-current operations amounted to a loss of €64 million as at 31 December 2014 compared with a loss of €160 million at 31 December 2013.

The main items comprising this total include:

- Amortisation of securities in portfolio totalling €16 million at 31 December 2014, compared with €103 million at 31 December 2013. As a reminder, the amount at 31 December 2013 included extraordinary impairment charges on Italy and Hungary totalling €72 million.

- The amortisation expense related to the cost of the 2010 pension reform at Groupama Gan Vie for €13 million at 31 December 2014 (identical to 2013).

NOTE 42 – FINANCING EXPENSES

In millions of euros	31.12.2014	31.12.2013
Interest expenses on loans and debts	(84)	(93)
Interest income and expenses - Other		
Total financing expenses	**(84)**	**(93)**

The €9 million decrease in financing expenses comes mainly from the exchange of subordinated debts.

NOTE 43 – BREAKDOWN OF TAX EXPENSES

NOTE 43.1 – BREAKDOWN OF TAX EXPENSES BY OPERATING SEGMENT

In millions of euros	31.12.2014			31.12.2013		
	France	International	Total	France	International	Total
Current taxes	(79)	(58)	(137)	(68)	(70)	(139)
Deferred taxes	3	35	38	99	54	154
Total	**(75)**	**(23)**	**(98)**	**31**	**(16)**	**15**

The Group underwent a tax audit in 2010. Reserves were set aside for all accepted assessments in 2010. By contrast, assessments relating largely to the level of underwriting reserves for property and casualty, which was deemed excessive by the tax authorities, as well as the risk of dependence, were not subject to reserves. The group continues to consider that the reasons for adjustments are highly questionable and has prepared underwriting arguments for a litigation process.

NOTE 43.2 – RECONCILIATION BETWEEN TOTAL ACCOUNTING TAX EXPENSE AND THEORETICAL TAX EXPENSE CALCULATIONS

In millions of euros	31.12.2014	31.12.2013
Theoretical tax expense	**(123)**	**(93)**
Impact of expenses or income defined as non-deductible or non-taxable	21	76
Impact of differences in tax rate	4	31
Tax credit and various charges	1	
Charges of prior deficits		
Losses for the fiscal year not capitalised		
Deferred tax assets not accounted for	(1)	(1)
Other differences		2
Effective tax expense	**(98)**	**15**

Overall, income tax corresponded to an expense (deferred tax plus corporate tax) of €98 million at 31 December 2014, versus an income of €15 million at 31 December 2013.

The variance between the two years is explained mainly by the change in “non-deductible or non-taxable expenses and income” as well as the change in “impact of rate differences”.

The decrease in the current tax expense due for the tax consolidation scope of €51 million as at 31 December 2014 versus an expense of €58 million as at 31 December 2013 is explained by:

- A €4 million decrease in long-term tax at 33.3% on current operations;
- A €2 million decrease in long-term tax at 0% on operations relating to divestments and reserves on equity securities.

This last item contributed to the decrease in “rate differences”.

The reconciliation with the theoretical statutory tax is as follows:

In millions of euros	31.12.2014		31.12.2013	
	Consolidated income before taxes	Theoretical tax rate	Consolidated income before taxes	Theoretical tax rate
France	269	34.43%	268	34.43%
Bulgaria		10.00%	1	10.00%
China	(12)	25.00%	5	25.00%
Greece	12	26.00%	15	26.00%
Hungary	19	19.00%	(1)	19.00%
Italy	48	34.32%	(6)	34.32%
Portugal	1	24.50%		24.50%
Romania	3	16.00%	(9)	16.00%
United Kingdom	5	21.50%	4	23.25%
Slovakia		19.00%		19.00%
Tunisia	3	30.00%	2	30.00%
Turkey	8	20.00%	(9)	20.00%
Total	**356**		**270**	

The theoretical tax rate applicable in France remains at 34.43% and has not been corrected for the extraordinary 10.7% contribution that applies to taxable income for companies that have revenue exceeding €250 million. This contribution was also extended fiscal year 2015 by the 2014 amending finance law.

The theoretical tax rates remained stable over the period, with the exception of the British rate, which decreased from 23.25% as at 31 December 2013 to 21.5% as at 31 December 2014.

OTHER INFORMATION

NOTE 44 – EMPLOYEES OF CONSOLIDATED COMPANIES

In number of people	31.12.2014			31.12.2013
	Insurance	Banking	Total	Total
France	24,073	894	24,967	24,921
United Kingdom	299		299	323
Italy	839		839	831
Hungary	2,292		2,292	2,341
Greece	319		319	331
Romania	1,641		1,641	1,858
Other EU	265		265	260
Outside EU	585		585	598
Total employees of consolidated companies	**30,313**	**894**	**31,207**	**31,463**

The decrease in headcount in Romania is mainly related to the closure of around twenty branches.

NOTE 45 – COMMITMENTS GIVEN AND RECEIVED

NOTE 45.1 – COMMITMENTS GIVEN AND RECEIVED – BANKING BUSINESS

In millions of euros	31.12.2014	31.12.2013
Financing commitments received		
Guarantee commitments received	554	544
Securities commitments receivable		
Total commitments received on banking business	**554**	**544**
Commitments received on currency transactions		
Other commitments received		
Total other commitments received on banking business		
Financing commitments given	481	170
Guarantee commitments given	20	49
Commitments on securities to be delivered		
Total commitments given on banking business	**501**	**219**
Commitments given on currency transactions		
Commitments given on financial instrument transactions	4	
Total other commitments given on banking business	**4**	
Other commitments given	916	681
Total other commitments given	**916**	**681**

Off-balance sheet commitments received on banking business amounted to €554 million.

Commitments given totalled €501 million and specifically concerned customer commitments.

Other commitments were given for €917 million, representing the amount of eligible securities used as collateral for a possible drawdown of assets, as part of the refinancing with the ECB. This amount was €681 million as at 31 December 2013.

NOTE 45.2 – COMMITMENTS GIVEN AND RECEIVED – INSURANCE AND REINSURANCE BUSINESSES

In millions of euros	31.12.2014	31.12.2013
Endorsements, securities and guarantees received	90	150
Other commitments received	785	380
Total commitments received, excluding reinsurance	**875**	**530**
Reinsurance commitments received	**453**	**444**
Endorsements, securities and guarantees given	332	379
Other commitments on securities, assets or income	497	418
Other commitments given	64	28
Total commitments given excluding reinsurance	**893**	**825**
Reinsurance commitments given	**3,328**	**2,898**
Securities belonging to protection insurance institutions		
Other securities held on behalf of third parties		**1**

Endorsements, securities and guarantees received totalled €90 million.

Other commitments received excluding reinsurance are mainly made up of a new credit line taken out in December 2014 for €750 million. The previous credit facility of €1 billion, €650 million of which had been drawn, was repaid in December 2014.

Endorsements, securities and guarantees given totalled €332 million, consisting largely of the following major transactions:

- Guarantee given as part of the sale of Groupama Insurance for €149 million;
- Guarantee given as part of the sale of Gan Eurocourtage for €46 million;
- Guarantee given as part of the sale of Groupama Seguros for €81 million.

Other commitments on securities, assets or income consist of subscriptions to venture capital funds ("FCPR"). The remaining €497 million mainly corresponds to the difference between the investment commitment of the subscribers and the total of calls for funds actually received.

Other commitments given totalled €64 million and consisted primarily of commitments on credit leasing agreements.

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%.

Regarding the fixed-rate perpetual subordinated bond (TSDI) issued in 2005, the remaining nominal value of which was €41 million following the exchange in May 2014, Groupama SA has the option to defer the payment of interest in the event that the coverage of the Group’s solvency margin is less than 150%. The group has not used this option and paid the coupon on 28 May 2014 for the securities tendered in the exchange and on 6 July 2014 for the balance remaining due.

The trigger is valued as of the closing date prior to the anniversary date (ex-dividend date).

NOTE 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. 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 control and management in the Group are defined in the internal control charter. This charter, which has been disseminated across the Group's entities, acts as a common reference point to be complied with in the deployment of their internal control procedures. The general internal compliance policy is supplemented by a group audit charter and a group compliance charter, which have also been approved by the governing bodies of the Group. The Group's structures for implementing the general internal control system using a shared method are based on these charters, taken together.

Risk management is carried out in conformity with the Group risk policy and broken down by business and functional policies. According to the same principle, the entity risk policies are used as a reference for managing the risks of each Group entity.

The efforts made in 2014, particularly in preparation for Solvency II, such as the ORSA (Own Risk and Solvency Assessment), and the operational implementation of the mechanism to limit risks to assets, have helped to significantly strengthen the overall risk management system of the group's entities: better understanding of exposures to risks and risk profiles, structuring and development of quantitative and forward-looking assessments.

The Group's risk monitoring system, which rests on the standard of risks for all Group entities and the identification of major risks, is based on a network of risk owners. Major risks are identified and monitored at entity level and at Group level; the set-up of risk management plans is done by the risk owners and deployed across Group entities.

At the Group level, risks related to the insurance business lines are monitored especially by the Groupama SA and Groupama Gan Vie business departments specialising in the area in question; reinsurance risks are managed by the Reinsurance Department. The Group 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:

- Risk management and permanent control/compliance of each entity;
- internal or operational auditing of each entity;
- Group risk management and permanent control/compliance as well as the Group general audit department, reporting to the Executive Management of Groupama SA, which direct and coordinate the Auditing and Risk & Control functions within the Group.

Several bodies are responsible for risk governance at the Group level:

- the risk committees by risk family (insurance, financial and operational) organised by the Group Risk Management and Permanent Control/Compliance departments and made up of major risk owners and according to the affected areas of the representatives of the Groupama SA Business and Support departments (Group Actuarial department, Group Steering and Results department, etc.) France Subsidiaries/International Subsidiaries department, and banking and Asset Management subsidiaries;
- and the Group Risk Committee. Its membership is the same as that of the Groupama SA steering committee. Similar systems are in place at 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, risk management, and audit systems are adapted to each regional mutual based on its organisation, its activities and its resources, under the authority of the Executive Management. The Group Risk Management and Permanent Control/Compliance Departments support the regional mutuals in monitoring and rolling out group standards.

All of the Risk Management and Permanent Control/Compliance Managers of the regional mutuals supplement the plan and meet regularly within the framework of information exchange and best practices platforms (workgroups, theme-based workshops and training), directed by the Group Risk Management and Permanent Control/Compliance Department; work in preparation for the implementation of Pillar 2 of Solvency II is also handled there.

Reinsurance of the regional mutuals is provided by Groupama SA in accordance with the conditions defined in the Reinsurance Agreement. The general regulations on reinsurance for regional mutuals, which constitute one of the main tools for insurance risk management, were modified effective 1 January 2014 to strengthen the accountability of the regional mutuals on the quality of their underwriting results.
For the risks related to the distribution of banking products and life insurance, the regional mutuals apply the risk management procedures defined by Groupama Banque and Groupama Gan Vie.

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 Risk Management and Permanent Control/Compliance Departments support Groupama SA and its subsidiaries in monitoring and rolling out the internal control and risk management procedure.

All of the Risk and Internal Control Managers of the French and international subsidiaries supplement the plan and meet regularly within the framework of information exchange and best practices platforms (workgroups, theme-based workshops and training), directed by the Group Risk Management and Internal Control Department.

The primary mission of the Board of Directors of Groupama SA, and more particularly of the Audit and Risk Management Committee, of which independent Directors make up nearly one half, is to review the consistency of the internal control procedures, to monitor risks, ensure ethical compliance, review internal audit work, and prepare the annual report on internal control.

Following the operational roll-out of the mechanism to limit risks to assets, the financial monitoring was supplemented in 2014 with the examination of compliance with these limits. Lastly, the board of directors, particularly through the Audit and Risk Management Committee of Groupama SA, was informed of the various efforts to prepare the group for the application of the Solvency II directive on 1 January 2016: a progress report from the group's various entities on Solvency II projects, particularly with information on the issues, procedures, and work performed as part of developing a draft ORSA requested by the ACPR.

1.3 Group

The Group General Audit Department conducts a general economic and financial audit of the main entities of the Group on a three-year basis, in addition to the operational audits conducted within the entities as well as auditing of Groupama SA's processes and the Group's inter-company processes. The audit plan of the Group General Audit Department is confirmed by the Executive Management of Groupama SA and approved by the Audit and Risk Management Committee of Groupama SA and the board of directors of Groupama SA. Every mission involves a review of the risk and internal control system for the activity or entity audited; a report is prepared on the engagement presenting the observations, conclusions and recommendations to the Executive Management of Groupama SA. A regular summary is presented to the Audit and Risk Management Committee. A report on the progress of the recommendations is communicated on a quarterly basis to the Groupama SA Steering Committee as well as the Groupama SA Audit and Risk Management Committee.

The Group Risk Management and Permanent Control/Compliance functions, whose function is to ensure that all Group entities comply with the requirements of Executive Management in terms of the internal control procedure and risk management, as well as those of Solvency II, Pillar 2, have the following missions respectively:

For the risk management function:

- Development of the Group's risk policy
- Definition of the process for setting the Group's risk tolerance (risk limits).
- Implementation of the ORSA process (Own Risk and Solvency Assessment: internal assessment by the company of its risks and its solvency situation).

- Monitoring of major group risks (RMG)
- Contribution to regulatory reports
- Assessment and rating of insurance and financial risks, including sensitivity analyses and stress tests.

For the permanent control/compliance function:

- Development of standards: mapping of processes, risks, and controls, permanent control plan, repository of controls
- Monitoring and assessment of operating risks (related to control of processes)
- Project owner of the Community tool for management of operating risks
- Establishment of internal control of the Groupama SA entity
- Definition of the business continuity policy (BCP)
- Definition and establishment of the compliance policy
- Data quality, in terms of governance and control plan
- Responsibility for the internal validation of the internal model

In addition, the Group Risk Management and Permanent Control/Compliance Departments work jointly on:

- facilitation of the Risk Management and Control function within the group through
  - the Group risk governance system (Group Risk Management Committees)
  - coordination, facilitation, and organisation of information exchanges on Group risk management (working groups, theme-based workshops, and training) or communication polices with the executive management of the entities
- field support for the Risk Management and Control teams in implementing and rolling out Group standards
- strengthening of the Group risk culture particularly with ad hoc actions, training actions, and document portal provision
- internal control and risk management reporting to the executive and deliberative bodies as well as the regulator.

Each Group entity has Risk Management and Permanent Control/Compliance functions.

In addition, the Group Management Control Department is responsible for the ongoing monitoring of results and achievement of the Group's objectives based on a process of estimated management common to all entities.
This monitoring system also involves business reviews of subsidiaries conducted by the Executive Management of Groupama SA with biannual business reviews. These reviews include a specific “risk” section that presents, by entity, the level of deployment of the internal control system and the principal work in progress in terms of risk management.
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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 profitability. The insurance divisions of Groupama SA ensure that the product line is adapted to the Group's strategy. Life and non-life insurance products are designed by the business units of Groupama SA and Groupama Gan Vie on behalf of the Group's companies. This design is the result of market and profitability studies performed with actuarial tools to control margins in collaboration with the actuarial department of the Group. Product launches or changes are carried out based on a standard process and are adapted by division (regional mutuals, French subsidiaries, international subsidiaries).

The main steps of this process are validated in the determined committees (Operating Committees, Steering Committee, Group Executive Committee).

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 underwriting reserves to cover claims and its property and life insurance business lines.

Determining underwriting reserves, however, remains an intrinsically uncertain process, relying on estimates.

The application of reserve rules is continually monitored, both before and after the fact, by teams dedicated to this task, in addition to the reviews that are conducted by the local supervisory authorities.

The rules for reserving claims and the funding tables for life and non-life disability payments are defined within the insurance divisions in guidelines that are harmonised for all Group entities. Reserves are evaluated by the claims managers within the operational entities and, if necessary, are supplemented by reserves for losses that have occurred but have not yet been declared.

The calculation of underwriting reserves in life insurance and certain underwriting reserves in non-life insurance is also based on the use of an interest rate known as the “underwriting interest rate” the conditions of which are fixed in France by the Insurance Code. In France, the terms of this rate are set by the Insurance Code, which determines a maximum level by reference to the average rate for government borrowings (the T.M.E.), which is used to set rates for policies and calculate the insurer’s commitments to policy holders. The terms and conditions vary based on the type of policy and the duration of the commitments.

The breakdown of underwriting reserves and life and non-life insurance policies is presented in Note 25.3 of the annual financial statements.

➢ **Breakdown of actuarial reserves according to the criteria of commitments at fixed rate, variable rate, or absence of rate commitments**

The breakdown of actuarial reserves based on fixed-rate, variable-rate (i.e., tied to a market rate) or no-rate commitments was as follows:

In millions of euros	31.12.2014			31.12.2013
	France	International	Total	Total
Commitments guaranteed at fixed rate	40,287	2,788	43,075	44,013
Commitments guaranteed at variable rate	7,883	23	7,906	7,607
Unit-linked and other products without rate commitment	6,026	760	6,786	6,064
Total	**54,196**	**3,571**	**57,767**	**57,684**

The proportion of variable-rate commitments remained relatively stable. The share of unit-linked and other products without rate commitment increased and represented 11.7% of total commitments.

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 contracts are renegotiated and renewed each year by Groupama SA on behalf of the entire group. Moreover, selection rules defined in the securities in reinsurance committee, which is composed particularly of the External Outward Reinsurance Division of Groupama SA and the Group Risk Management Department, which are based on the ratings from ratings agencies, are designed to control the default risk of reinsurers.

The list of reinsurers is reviewed in its entirety at least twice a year. During the year, continual monitoring is performed to adapt the internal ratings of the reinsurers to changes that may occur to them that would modify their solvency assessment.

Approved reinsurers must have a rating compatible with the type of business reinsured, depending on whether they have a short or long accounting run-off.

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 policy holders to participate in financial management results and the underwriting results of the insurance company.

➢ **Early redemption option**

Most of the savings and retirement products may be surrendered by the policyholders at a value defined by the policy before maturity. 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 risk

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 is potentially exposed to risk if demographic change deviates from experience with regard to these funding tables.

The amount of actuarial reserves for annuities in service and being established is as following:

In millions of euros	31.12.2014			31.12.2013
	France	International	Total	Total
Actuarial reserves for life annuities	9,743	12	9,755	9,414
Actuarial reserves for non-life annuities	2,275	23	2,298	2,255
Total	**12,018**	**35**	**12,053**	**11,669**

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 redemption risk**

Redemption behaviours are sensitive to changes in interest rates: an increase in the rates can lead to an increase in the policy holders' expectation of revaluation and, if this expectation cannot be met, the sanction of early redemptions. In addition to the loss of income and an increase in payouts, the risk will be losses related to the disposal of assets at a loss (which could be the case for fixed-rate bonds) in cash of insufficient cash.

The objective of Asset/Liabilities Management is to optimise the policy holder's satisfaction and the insurer's risk using strategies that take into account the various reserves available (including cash) and bond management strategies coupled with hedging products.

➢ **Interest rate risk related to the existence of guaranteed rate**

The constraints of guaranteed minimum interest rates constitute a risk for the insurer if rates fall, as the yield on the assets may be insufficient in terms of these constraints. These risks are handled at the regulatory level through prudential reserve mechanisms.

➢ **Rate hedges**

- Risk of rate increase

The purpose of the hedges that are implemented is to partially hedge the portfolios against the risk of interest rate increases. This is made possible by converting fixed-rate bonds into variable-rate bonds ("payer swaps"). The strategy consists of transforming a fixed-rate bond into a variable rate, either on a security held or new investments, and has the objective of limiting the capital loss recognised because of an increase in interest rates in case of partial liquidation of the bond portfolio for the payment of benefits. These strategies aim to limit the impact of potential redemptions.

Hedging programmes were gradually implemented on the Life portion starting in 2005 and were supplemented in 2012 and partially extended to the Non-Life portion with a tactical management objective. They do not meet the definition of hedge accounting according to IFRS.

All over-the-counter transactions are secured by a "collateralisation" system with the Group's top-tier banking counterparties.

3.1.3 Sensitivity to interest rate risk analysis

Pursuant to IFRS 7, an analysis of accounting sensitivity was carried out at 31 December 2014 with a comparative period.
This analysis applies to year-end balance-sheet postings that show accounting sensitivity to interest rate risk (underwriting non-life and life liabilities, bond investments, financial debt in the form of bonds). It is not similar to analyses applying to embedded-value-type prospective data.

The impacts on shareholders' equity and income are shown net of profit sharing and corporate tax.

3.1.3.1 Sensitivity of insurance underwriting liabilities analysis

➢ **Non-life insurance**

Regarding non-life underwriting 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 underwriting reserves are not discounted on the consolidated financial statements, these amounts are therefore not sensitive to changes in interest rates.

As at 31 December 2014, the amount of the discount in the actuarial reserves for non-life annuities, before reinsurance, was €406 million. The amount of the discount in the reserve for increasing risks on long-term care, before reinsurance, was in the order of €416 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	31.12.2014		31.12.2013	
	Interest rate		Interest rate	
	+1%	- 1%	+1%	- 1%
Impact on profit (net of taxes)	70	(59)	68	(58)
Equity impact (excluding profit)				

➢ **Life insurance and financial contracts**

This analysis was limited to life commitments with accounts sensitive to changes in interest rates. In France, the restated rates used fall within a range of 1.5% to 4.50% for most of the actuarial reserves.

Moreover, with the exception of the floor guarantees, no sensitivity analysis was carried out on actuarial reserves for account unit policies, since the risk of change in the index is assumed by the policyholder rather than by the insurer.

The impact of sensitivity to changes in interest rates of +/-100 basis points on the Group's life commitments is shown net of taxes in the following table:

In millions of euros	31.12.2014		31.12.2013	
	Interest rate		Interest rate	
	+1%	- 1%	+1%	- 1%
Impact on profit (net of taxes)	125	(54)	83	(224)
Equity impact (excluding profit)				

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 2014, the profit-sharing rate used for entities holding life insurance commitments corresponded to a range of 78.34% to 90.35%.

In millions of euros	31.12.2014		31.12.2013	
	Interest Rate Risk		Interest Rate Risk	
	+1%	- 1%	+1%	- 1%
Impact on the revaluation reserve	**(640)**	**700**	**(528)**	**584**
Equities				
Equity mutual fund				
Bonds	(593)	650	(491)	544
Fixed-income mutual funds	(47)	50	(37)	40
Derivative instruments and embedded derivatives				
Impact on net income	**(5)**	**3**	**7**	**(10)**
Equities				
Equity mutual fund				
Bonds	(8)	9	(4)	4
Fixed-income mutual funds	(11)	11	(10)	11
Derivative instruments and embedded derivatives	14	(17)	21	(25)

We note that the change in fair value of the derivatives and embedded derivatives, which primarily correspond to hedge derivatives, passes through the income statement.

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 2014, the Group issued perpetual bonds consisting of perpetual subordinated instruments (TSDI). The features of this issuance meet the criteria to allow the bond to be considered an equity instrument (see Note 21 – Shareholders' equity). Consequently, a sensitivity analysis is not required.

The principal features of the financial debt instruments analysed are described in Note 24 – Financing Debt.

The Group's subordinated debt is recognised at historical cost. In this respect, this balance sheet item is therefore not sensitive to potential changes in interest rates.

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 6.1% in market value, not including option exposures. Most equity instruments are classified in "available-for-sale assets". Equity instruments include:

- equities in French and foreign companies listed for trading on regulated markets. The exposure can also be done in index or option form and possibly in the form of structured products whose performance is partially indexed to an equity index. They may be held directly or within mutual funds (FCP and SICAV);
- equities in French and foreign companies that are not listed. They may be held directly or in the form of a venture capital fund ("FCPR").

3.2.2 Group risk management

In 2014, the Group's equity risk continued to be actively managed mainly through:

- the divestment of listed equity securities of Compagnie de Saint Gobain for €450 million;
- the opportunistic divestment of equity mutual funds and protected equities for more than €900 million;
- continuation of a hedging policy on protected equity funds;
- continuation of the management of geographical diversification.

The Group manages equities as part of internal constraints under two distinct logics:

- A primary limit fixing the maximum permissible exposure to equity risk;

- A set of secondary limits with the objective of limiting the equity portfolio's concentration by sector, issuer, or major type as well as illiquid equity categories.

These limits are observed at the level of each insurance entity and at the Group level. Any exceeding of the limits is handled according to whether it is part of an entity or the Group by the corresponding risk committees.

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 2014, the profit-sharing rate used for entities holding life insurance commitments corresponded to a range of 78.34% to 90.35%.

In millions of euros	31.12.2014		31.12.2013	
	Equities risk		Equities risk	
	+10%	-10%	+10%	-10%
Impact on the revaluation reserve	**132**	**(132)**	**152**	**(152)**
Equities	58	(58)	64	(64)
Equity mutual fund	74	(74)	88	(88)
Bonds				
Fixed-income mutual funds				
Derivative instruments and embedded derivatives				
Impact on net income	**26**	**(26)**	**23**	**(23)**
Equities				
Equity mutual fund	26	(26)	23	(23)
Bonds				
Fixed-income mutual funds				
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 mutual funds or securities denominated in foreign currencies and mutual funds denominated in euros applying to foreign-currency securities. In practice, the portfolios are exposed primarily to foreign exchange risks corresponding to the euro rate against the dollar, the yen, the Hungarian forint, the Romanian leu, the pound sterling and the Turkish pound.

Investments made by Groupama, within the context of its strategy of acquiring international subsidiaries, exposes it to the net accounting position of entities with a different functional currency from the euro. To date, this includes the pound sterling, the Turkish pound, the Hungarian forint, the Romanian leu and the Tunisian dinar. These impacts are posted in shareholders' equity, under foreign exchange adjustment.

3.3.2 Managing foreign exchange risk

Exchange rate risk is currently hedged mainly on fixed-rate bonds through currency swaps. The documentation is updated each time the financial statements are closed. These instruments do not correspond to the accounting notion of hedging as defined by IFRS.

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 2014, the profit-sharing rate used for entities holding life insurance commitments corresponded to a range of 78.34% to 90.35%.

In millions of euros	31.12.2014		31.12.2013	
	Foreign exchange risk		Foreign exchange risk	
	+10%	-10%	+10%	-10%
Impact on the revaluation reserve	**38**	**(38)**	**35**	**(35)**
Equities	9	(9)	10	(10)
Equity mutual fund	1	(1)	1	(1)
Bonds	28	(28)	24	(24)
Fixed-income mutual funds				
Derivative instruments and embedded derivatives				
Impact on net income	**1**	**(1)**		
Equities				
Equity mutual fund				
Bonds	1	(1)		
Fixed-income mutual funds				
Derivative instruments and embedded derivatives				

Hedging effects are not taken into account when calculating sensitivity. Consequently, the numbers listed above represent maximum risk and the actual impact reported in the Group's financial statements is considerably lower.

3.4 Credit risk

The breakdown of the Group bond portfolio by rating and by issuer quality is presented in Notes 6.10.3 and 6.10.4 of the annual financial statements.

The Group manages credit risk as part of internal constraints. The main objective of these constraints is to limit the concentration of issues according to several criteria (country, issuer, ratings, subordinated issues).

These limits are observed at the level of each insurance entity and at the Group level. Any exceeding of the limits is handled according to whether it is part of an entity or the Group by the corresponding risk committees.

➢ **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 €12,832 million as at 31 December 2014, representing 21% 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 2014 and 2013, broken down by shareholders' equity and income, excluding profit sharing and taxes.

In millions of euros	31.12.2014				31.12.2013			
	Up fluctuation in sensitivity criteria		Down fluctuation in sensitivity criteria		Up fluctuation in sensitivity criteria		Down fluctuation in sensitivity criteria	
	Shareholders' equity	Income (Loss)	Shareholders' equity	Income (Loss)	Shareholders' equity	Income (Loss)	Shareholders' equity	Income (Loss)
Interest rate risk	**(640)**	**190**	**700**	**(110)**	**(528)**	**158**	**584**	**(292)**
Underwriting liabilities		195		(113)		151		(282)
Financial investments	(640)	(5)	700	3	(528)	7	584	(10)
Financing debt								
Equities risk	**132**	**26**	**(132)**	**(26)**	**152**	**23**	**(152)**	**(23)**
Financial investments	132	26	(132)	(26)	152	23	(152)	(23)
Foreign exchange risk	**38**		**(38)**		**35**		**(35)**	
Financial investments	38		(38)		35		(35)	

As a reminder, 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

4.1 Nature of exposure to liquidity risk

The overall liquidity risk is analysed using the asset/liability approach, which defines the cash requirement to be held as an asset based on the liquidity requirements imposed by liabilities, using:

- ✓ Underwriting cash flow projections in a central scenario;
- ✓ Sensitivity scenarios on underwriting 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 2014, the liquidity risk was greatly reduced by the size of 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 Underwriting 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	31.12.2014				31.12.2013			
	< 1 year	1 to 5 years	> 5 years	Total	< 1 year	1 to 5 years	> 5 years	Total
Non-life underwriting reserves	6,250	3,480	5,572	15,302	6,161	3,472	5,387	15,021
Life underwriting reserves - insurance policies excluding unit-linked items	3,449	7,522	22,156	33,127	2,965	6,155	24,135	33,255
Underwriting liabilities relating to financial contracts with discretionary profit-sharing excluding unit-linked items	1,499	4,303	11,436	17,238	1,502	3,935	13,101	18,539
Underwriting liabilities relating to financial contracts without discretionary profit-sharing excluding unit-linked items	7			7	7			7
Reserve for deferred profit-sharing liability	4,839		53	4,892	87		241	328
Total underwriting insurance liabilities and liabilities for financial contracts	**16,046**	**15,304**	**39,217**	**70,567**	**10,723**	**13,562**	**42,865**	**67,149**

Most underwriting 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 underwriting 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 reinsurance securities committee examines and approves the list of reinsurers accepted for all external outward reinsurance.

This list is reviewed in its entirety at least twice a year. During the year, continual monitoring is performed to adapt the internal ratings of the reinsurers to changes that may occur to them that would modify their solvency assessment. For any given reinsurance placement, any reinsurer approached for an outward reinsurance outside Groupama must first be on the list of the Group security committee.

Approved reinsurers must have a rating compatible with the type of business reinsured, depending on whether they have a short or long accounting run-off.

Transferred insurance underwriting reserves and recoverables are shown below, by rating, according to the three largest rating agencies (Standard & Poor's, Fitch Ratings, Moody's).

In millions of euros	31.12.2014						
	AAA	AA	A	BBB	< BBB	Not rated	Total
Share of reinsurers in non-life insurance reserves		669	216	11	3	237	1,136
Share of reinsurers in life insurance reserves		7,017		1		62	7,080
Share of reinsurers in reserves for financial contracts with discretionary profit sharing							
Share of reinsurers in reserves for financial contracts without discretionary profit sharing							
Receivables from outward reinsurance operations	26	38	2	17	(5)	135	212
Total	**26**	**7,724**	**218**	**28**	**(2)**	**434**	**8,427**

In millions of euros	31.12.2013						
	AAA	AA	A	BBB	< BBB	Not rated	Total
Share of reinsurers in non-life insurance reserves	6	864	195			263	1,329
Share of reinsurers in life insurance reserves		7,019	1			61	7,081
Share of reinsurers in reserves for financial contracts with discretionary profit sharing							
Share of reinsurers in reserves for financial contracts without discretionary profit sharing							
Receivables from outward reinsurance operations	16	40	7	5		108	176
Total	**22**	**7,923**	**204**	**6**		**432**	**8,586**

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, using a process-based approach, is based on three levels of control with responsibility and control plans appropriate for each level:

- internal-check type permanent monitoring of the operational level and permanent management control;
- permanent controls operated by the Permanent Control/Compliance Function of each entity;
- periodic controls undertaken by internal audit of each entity.

The operational risk management system of Groupama is based on:

- the definition of internal management rules and operational procedures defining the manner in which the activities of Groupama SA must be conducted. They are appropriate to each business line and each key process. On the basis of group benchmarking of processes and group classification of operational risks, which was updated in 2014, at every stage of the business line and functional processes, operational risks are identified, and related permanent controls are laid down and standardised across the Group. These controls, being deployed in each entity, provide the basis for strengthening level 1 and level 2 controls;

- the definition and assessment of major operational risks for the Group and its breakdown into major risks for entities;

- the Group business continuity policy, formalised since the end of 2013; this policy serves as a reference for crisis management systems and Business Continuity Plans (BCP) being documented within the entities. The process is based on the BIA approach (Business Impact Analysis), which makes it possible to best calibrate the means necessary for the resumption of activity by identifying the critical business activities. Three BCPs have been identified:
    - o 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);
    - o an Unavailability of Real Estate BCP;
    - o an Information Systems BCP which provides for business continuity despite a major incident affecting the IT system;

Moreover, an insurance programme is in place, designed to provide liability protection and the protection of the holdings of the regional mutuals, Groupama SA and its subsidiaries. The policies are distributed among internal insurers and external insurers for the most significant risks. The principal coverage is the following:

- employee insurance;
- third-party liability of corporate officers;
- professional third-party liability;
- operating third-party liability;
- property damage insurance (property, offices, equipment, car fleets, etc.).

6.2 Legal and regulatory risk

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, ACPR recommendations) having an impact on the insurance business; (marketing, communication, advertising, development, subscription, execution and termination of insurance products, etc.);
- the necessary anticipation and support to implement new regulations for this activity;
- information (notes, circulars, working groups, dissemination of a quarterly bulletin of legal information in connection with customer protection);
- validation of new insurance policies developed by the Business Departments well as the modifications made to existing policies;
- development and validation of distribution and partnership agreements in connection with insurance and other services;
- legal and tax advice (tax products);
- relations with the administrative authorities for control and support as part of these controls and any resulting consequences on the insurance business.

6.2.3 Other area

Specific procedures have been set up to meet special requirements:

- ethical oversight designed to prevent insider trading. This responsibility is performed by a Group Ethics Officer with the assistance of a person outside the Group, who is responsible for the controls, and by an agent at Groupama SA;

- with regard to fighting money laundering and terrorist financing, the entities are incorporating into their procedures the legal obligations and professional recommendations in this area. The permanent control/compliance and risk management procedures are based on knowledge of the customer base, but also on a set of controls performed prior to the transaction, then after the transaction by analysing the information databases for past transactions. In addition, the Group Legal Department, working with a network of officers responsible for anti-money laundering and terrorist financing activities in the insurance, banking and asset management subsidiaries in France and internationally, and the regional mutuals, ensures the Group coordination and is responsible for monitoring Group compliance with anti-money laundering obligations (changes in regulatory provisions, harmonisation and consistency of procedures, performance indicators, steering of IT projects and training bags);

- in application of the Data Protection Act, the compliance system makes use of the Group Data Protection Correspondent named by the French National Information Technology and Freedom Commission (“CNIL”) and on the network of internal correspondents: one correspondent per entity and nine for Groupama SA in areas implementing sensitive processes. This network changes based on the Group’s organisational modifications;

- with regard to the protection of medical data, Group recommendations are disseminated by the Groupama SA business division concerned or entity concerned. It is the responsibility of the various Group companies to implement these recommendations (regional mutuals and subsidiaries), in partnership with the medical advisers and in collaboration with the Group’s compliance unit, the Group’s Data Protection Correspondent (“ITF agent”), and the Claim and Cost Control Division of the Insurance, Banking, and Services Department.

- with regard to the protection of customers, in accordance with instruction 2012-I-07 of 13 December 2012 of the ACPR, the application of customer protection rules and their insertion into the internal control system are now presented in a dedicated questionnaire that must be communicated to the supervisory authority each year.

6.3 Tax risks

The role of the Group’s Tax Department is to provide information and monitor regulations for all the entities of the Group. It is also regularly questioned about specific technical points and is involved in preparing the end-of-year financial statements. In this capacity, it ensures that the tax consolidation rules are applied (Article 223 A et seq. of the General Tax Code) for the Group and, working with the Group accounting department, prepares the report on the tax position of the consolidated companies. It also helps to implement documentation and archiving procedures in terms of computerised accounting records, as required under tax law, particularly as part of dedicated “CFCI” (Computerised Accounting Tax Audit) committees for each French entity. Lastly, it facilitates, within a steering committee, efforts to ensure that the Group is in compliance with the US Foreign Account Tax Compliance Act (“FATCA”), which came into force on 1 July 2014.

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 the regulations, particularly Titles IV and V of the order of 3 November 2014 relating to internal control of companies in banking, payment services, and investment services subject to supervision by the ACPR, the Bank's Management Committee, acting on proposals made by the risk management and controls general secretary, sets the institution's risk policy, particularly with regard to customer selection and risks, terms and conditions for granting loans and delegating authority.

The measures will be adjusted in 2015 to take account of new requirements relating to the order of 3 November 2014.

The Credit Risk, Operating Risk, and Market, Interest Rate, and Liquidity Risk Departments also analyse and monitor risk and carry out the necessary controls and reporting within a number of committees: the Credit Committee, the Risk and Control Committee, the ALM Committee and the Management Committee. They also recommend policy adjustments according to what they anticipate in terms of risk to the bank and changes in the economic and regulatory environment.

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 procedure**

A process approved by the Bank's Management Committee is described in a permanent instruction known as the "credit risk policy". This covers the products and services offered, terms and conditions of customer selection, and rules regarding the granting of credit according to customer type. The credit decision-making process is based on a set of delegations, the highest body being the Credit Committee. The delegations are classified by amount according to customer category and commitment type.

The granting of credit or any commitment made with regard to a counterparty (such as a guarantor) that takes effect through an authorisation must fall within specific limits and comply with the rules of risk diversification. These limits are revised annually and more frequently if necessary. They are reviewed by the Credit Committee and must be approved by the Management Committee.

Accordingly, several types of limit have been defined: individual limits by amount according to type of counterparty, limits by amount according to type of customer and product, specific limits for Groupama entities and, lastly, regulatory limits for major risks pursuant to part 4 of EU regulation 575/2013.

- **Oversight procedures**

Oversight of credit risks is carried out within the financial risk management department, whose responsibility is to ensure conformity with decisions, the reliability of reporting data, and the quality of risk monitoring. As part of its "credit risk monitoring", the Credit Committee meets each quarter to:

- monitor outstanding amounts, limits and guarantees;
- review important commitments through an in-depth analysis carried out at least annually;
- take note of the analysis of the burden and cost of quarterly risk;
- examine the observations and recommendations of the Risk Management Department following the analysis of the burden and cost of the risk.

- **Impairment procedures**

Procedures are adapted differently for retail banking customers and customers monitored in the portfolio. As part of its quarterly "monitoring of sensitive commitments and reserves", the Credit Committee:

- reviews all sensitive commitments;
- examines doubtful cases for all facilities, excluding consumer credit granted to retail banking customers, and decides on potential litigation and reserve levels;
- periodically updates the litigation reserve level rate with respect to retail banking customers;
- for all markets, determines the merits of establishing a collective reserve on healthy debt and, where applicable, calculates its amount.

7.3 Market risks

The market, interest rate, and liquidity risk management division produces a daily market risk performance indicator using independent front office calculations. Portfolio income is calculated and compared with the observation thresholds. Sensitivities (in euros for a rate increase of 1 bp) are calculated daily, and the market, interest rate, and liquidity risk management division control ensures that the limits defined by the Management Committee are respected. Stress scenarios are also simulated on the various portfolios.

The market, interest rate, and liquidity risk management division provides a daily report on the foreign exchange accounting position to the operating divisions, line management and members of the Management Committee concerned.

It also carries out foreign exchange trading on a daily basis. It ensures that no position exceeds the limits set by the Management Committee and calculates the result.

The trading room has no position in the equity market. It only acts as an intermediary on behalf of customers.

- **Setting and complying with limits**

The Management Committee revises limits annually. It can also decide on an immediate limit increase, in case of a particular need associated with a new business line, or decrease, in the event of problems on the financial market.

The Management Committee is advised quarterly of risk and income measurements, compliance with limits, any counterparty default and any event likely to affect the bank's risk level.

- **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 the 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 Treasury and Capital Markets Department, on a weekly basis at the level of the Steering Committee, and on a monthly basis through the ALM, Customer Rate, and Market Risk Committees. It periodically establishes crisis scenarios and ensures the capacity to meet any crises that occur.

The size and nature of the bank's balance sheet, as well as its resource structure from its various customers in excess of the amount of loans issued, mean that the bank has little exposure to liquidity risk. The main sources of financing are therefore structural: shareholders' equity, current accounts and savings accounts. The bank participates in the ECB's financing operations and, in 2014, subscribed to the TLTRO (Targeted Longer Term Refinancing Operations). It also has a pool of securities that meet Central Bank eligibility requirements, which permit self-financing over the short term and the possibility of using Group surpluses.

The liquidity coefficient exceeds the regulatory minimum.

7.4 The annual percentage rate risk (ALM)

Risk monitoring is based on the Net Present Value (NPV) sensitivity within a conversion of +200 bp (curve translation), considered to be a hypothesis of sudden rate change. The limit of any hedging action is fixed at +/-€60 million. During fiscal year 2014, this limit was never reached, and no hedge was put in place. At 31 December 2014, the sensitivity thus calculated was +€21.8 million. Furthermore it should be noted that the ALM Committee also follows, on a monthly basis, the impact of a conversion of -100 bp and +100 bp, and the impact of a steeping or flattening of the interest-rate curve, retained as additional indicators.

A second limit on the bank's profit over two rolling years is monitored. It is set at +/-€6 million over 12 months and €14.5 million over 24 months, for a conversion of the yield curve of +100 bp. This sensitivity amounted to +€0.2 million over 12 months and +€2.8 million over 24 months as at 31 December 2014. The limits were not reached during fiscal year 2014.

7.5 Operating risks

The operating risk management policy is based on the standard method of the Basel II agreement. It identifies risks inherent in each Groupama Banque process, regularly assesses their criticality (mapping of operational risks) and inventories incidents that have occurred.

The operational risk management system is based on the following components:
-The definition of rules and procedures
-The internal control system (permanent and periodic control)
-The bank's insurance policy
-The business continuity plan

This approach is complemented by a system of reporting and warnings and measures to improve existing control procedures.

➢ **Business Continuity Plan**

The Business Continuity Plan (BCP) is organised around several mechanisms, 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

None.

Eliminations from the scope of consolidation

The two insurance subsidiaries located in Slovakia (GROUPAMA POISTOVNA SLOVAQUIE and GROUPAMA ZIVOTNA SLOVAQUIE) were liquidated, as their business activities have been taken over directly by GROUPAMA GARANCIA BIZTOSITO.

Seventeen mutual funds were eliminated from the scope of consolidation.

Transfer of activity

None.

	Business sector	Country	31.12.2014			31.12.2013		
			% control	% interest	Method	% control	% interest	Method
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-Guyane	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-Guyane	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	100.00	99.95	FC
GROUPAMA S.A.	Holding	France	99.95	99.95	FC	99.95	99.95	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	99.95	FC
GAN PATRIMOINE	Insurance	France	100.00	99.95	FC	100.00	99.95	FC
CAISSE FRATERNELLE D'EPARGNE	Insurance	France	100.00	99.95	FC	100.00	99.95	FC
CAISSE FRATERNELLE VIE	Insurance	France	99.99	99.94	FC	99.78	99.73	FC
ASSUVIE	Insurance	France	50.00	49.98	FC	50.00	49.97	FC
GAN PREVOYANCE	Insurance	France	100.00	99.95	FC	100.00	99.95	FC
GROUPAMA ASSURANCE CREDIT	Insurance	France	100.00	99.95	FC	100.00	99.95	FC
MUTUAIDE ASSISTANCE	Assistance	France	100.00	99.95	FC	100.00	99.95	FC
GAN ASSURANCES	Insurance	France	100.00	99.95	FC	100.00	99.95	FC
GAN OUTRE MER	Insurance	France	100.00	99.95	FC	100.00	99.95	FC
GROUPAMA PROTECTION JURIDIQUE	Insurance	France	100.00	99.95	FC	100.00	99.95	FC
LA BANQUE POSTALE IARD	Insurance	France	35.00	34.98	EM	35.00	34.98	EM
AMALINE ASSURANCES	Insurance	France	100.00	99.95	FC	100.00	99.95	FC
CEGID	Insurance	France	26.89	26.88	EM	26.89	26.87	EM
GROUPAMA SEGUROS de Vida Portugal	Insurance	Portugal	100.00	99.95	FC	100.00	99.95	FC
GÜNES SIGORTA	Insurance	Turkey	36.00	35.98	EM	36.00	35.98	EM
GROUPAMA SIGORTA	Insurance	Turkey	98.99	98.94	FC	98.81	98.76	FC
GROUPAMA SIGORTA EMEKLILIK	Insurance	Turkey	100.00	99.51	FC	100.00	99.43	FC
GROUPAMA Investment BOSPHORUS	Holding	Turkey	100.00	99.95	FC	100.00	99.95	FC
GROUPAMA POISTOVNA SLOVAQUIE	Insurance	Slovakia				100.00	99.95	FC
GROUPAMA ZIVOTNA SLOVAQUIE	Insurance	Slovakia				100.00	99.95	FC
STAR	Insurance	Tunisia	35.00	34.98	EM	35.00	34.98	EM
GROUPAMA ZASTRAHOVANE NON LIFE	Insurance	Bulgaria	100.00	99.95	FC	100.00	99.95	FC
GROUPAMA JIVOTOZASTRAHOVANE LIFE	Insurance	Bulgaria	100.00	99.95	FC	100.00	99.95	FC
GROUPAMA GARANCIA BIZTOSITO	Insurance	Hungary	100.00	99.95	FC	100.00	99.95	FC
GROUPAMA PHOENIX Hellenic Asphalistike	Insurance	Greece	100.00	99.95	FC	100.00	99.95	FC
GROUPAMA AVIC PROPERTY INSURANCES CO	Insurance	China	50.00	49.98	EM	50.00	49.98	EM
GUK BROKING SERVICES	Holding	UK	100.00	99.95	FC	100.00	99.95	FC
CAROLE NASH	Brokerage	UK	90.00	89.96	FC	100.00	89.96	FC
BOLLINGTON LIMITED	Brokerage	UK	49.00	48.98	EM	49.00	48.98	EM
MASTERCOVER Insurance Services Limited	Brokerage	UK	100.00	99.95	FC	100.00	99.95	FC

A: Aggregation FC: Full consolidation EM: Equity method

	Business sector	Country	31.12.2014			31.12.2013		
			% control	% interest	Method	% control	% interest	Method
COMPUCAR LIMITED	Brokerage	UK	49.00	48.98	EM	49.00	48.98	EM
GROUPAMA ASSICURAZIONI	Insurance	Italy	100.00	99.95	FC	100.00	99.95	FC
GROUPAMA SEGUROS Portugal	Insurance	Portugal	100.00	99.95	FC	100.00	99.95	FC
GROUPAMA ASIGURARI	Insurance	Romania	100.00	99.95	FC	100.00	99.95	FC
GROUPAMA ASSET MANAGEMENT	Asset management	France	100.00	99.95	FC	100.00	99.41	FC
GROUPAMA BANQUE	Banking	France	100.00	99.95	FC	99.45	99.41	FC
GROUPAMA EPARGNE SALARIALE	Asset management	France	100.00	99.95	FC	100.00	99.41	FC
GROUPAMA IMMOBILIER	Asset management	France	100.00	99.95	FC	100.00	99.41	FC
HOLDCO	Property	France	24.93	24.92	EM	24.93	24.92	EM
COMPAGNIE FONCIERE PARISIENNE	Property	France	99.97	99.93	FC	99.97	99.93	FC
SCI DEFENSE ASTORG	Property	France	100.00	99.93	FC	100.00	99.93	FC
GAN FONCIER II	Property	France	100.00	99.95	FC	100.00	99.95	FC
IXELLOR	Property	France	100.00	99.95	FC	100.00	99.95	FC
79 CHAMPS ELYSÉES	Property	France	100.00	99.96	FC	100.00	99.95	FC
RENNES VAUGIRARD	Property	France	100.00	99.95	FC	100.00	99.95	FC
SOCIETE FORESTIERE GROUPAMA	Property	France	100.00	99.96	FC	100.00	99.96	FC
OPCI OFI GB2	Mutual fund	France	100.00	99.93	FC	100.00	99.93	FC
SCI GAN FONCIER	Property	France	100.00	98.87	FC	100.00	98.87	FC
VICTOR HUGO VILLIERS	Property	France	100.00	98.87	FC	100.00	98.64	FC
1 BIS FOCH	Property	France	100.00	98.87	FC	100.00	98.84	FC
SCI TOUR GAN	Property	France	100.00	98.87	FC	100.00	98.80	FC
16 MESSINE	Property	France	100.00	98.87	FC	100.00	98.85	FC
40 RENE BOULANGER	Property	France	100.00	98.87	FC	100.00	98.85	FC
9 MALESHERBES	Property	France	100.00	98.87	FC	100.00	98.85	FC
97 VICTOR HUGO	Property	France	100.00	98.87	FC	100.00	98.85	FC
44 THEATRE	Property	France	100.00	98.87	FC	100.00	98.85	FC
261 RASPAIL	Property	France	100.00	99.93	FC	100.00	99.93	FC
5/7 PERCIER (SASU)	Property	France	100.00	99.95	FC	100.00	99.95	FC
GAN INVESTISSEMENT FONCIER	Property	France	100.00	99.95	FC	100.00	99.95	FC
SCA CHATEAU D'AGASSAC	Property	France	100.00	99.99	FC	100.00	99.99	FC
LES FRERES LUMIERE	Property	France	100.00	99.95	FC	100.00	99.95	FC
CAP DE FOUSTE (SCI)	Property	France	100.00	99.97	FC	100.00	99.97	FC
150 RENNES (SCI)	Property	France	100.00	99.95	FC	100.00	99.95	FC
DOMAINE DE NALYS	Property	France	100.00	99.97	FC	100.00	99.97	FC
99 MALESHERBES (SCI)	Property	France	100.00	99.95	FC	100.00	99.95	FC
3 ROSSINI (SCI)	Property	France	100.00	99.95	FC	100.00	99.95	FC
CHAMALIERES EUROPE (SCI)	Property	France	100.00	99.95	FC	100.00	99.95	FC
102 MALESHERBES (SCI)	Property	France	100.00	99.95	FC	100.00	99.95	FC
PARIS FALGUIERE (SCI)	Property	France	100.00	99.95	FC	100.00	99.95	FC
DOMAINE DE FARES	Property	France	50.00	49.99	EM	50.00	49.98	EM
12 VICTOIRE (SCI)	Property	France	100.00	99.95	FC	100.00	99.95	FC
LABORIE MARCENAT	Property	France	74.10	74.07	EM	74.10	74.07	EM
SCIMA GFA	Property	France	100.00	99.98	FC	100.00	99.98	FC
38 LE PELETIER (SCI)	Property	France	100.00	99.95	FC	100.00	99.95	FC
SCI CHATEAU D'AGASSAC	Property	France	100.00	100.00	FC	100.00	100.00	FC
SA SIRAM	Property	France	90.07	90.07	FC	90.07	90.07	FC
GROUPAMA PIPACT	Property	France	100.00	99.99	FC	100.00	99.98	FC
FRANCE-GAN I D	Mutual fund	France				45.71	45.71	EM
ASTORG STRUCTUR GAD D	Mutual fund	France	99.99	99.94	FC	100.00	100.00	FC
GROUPAMA TRESORERIE IC C	Mutual fund	France				20.20	20.20	EM
ASTORG CTT C	Mutual fund	France	100.00	99.95	FC	99.77	99.72	FC
GROUPAMA AAEXA D	Mutual fund	France	100.00	99.95	FC	100.00	99.95	FC
ASTORG EURO SPREAD D	Mutual fund	France	100.00	99.95	FC	100.00	99.95	FC

A: Aggregation FC: Full consolidation EM: Equity method

	Business sector	Country	31.12.2014			31.12.2013		
			% control	% interest	Method	% control	% interest	Method
WASHINGTON EURO NOURRI 10 FCP	Mutual fund	France				99.83	99.78	FC
WASHINGTON EURO NOURRI 9 FCP	Mutual fund	France				100.00	99.95	FC
WASHINGTON EURO NOURRI 8 FCP	Mutual fund	France				100.00	99.95	FC
WASHINGTON EURO NOURRI 7 FCP	Mutual fund	France				100.00	99.95	FC
WASHINGTON EURO NOURRI 6 FCP	Mutual fund	France	100.00	99.95	FC	100.00	99.95	FC
WASHINGTON EURO NOURRI 5 FCP	Mutual fund	France				83.33	83.29	FC
WASHINGTON EURO NOURRI 4 FCP	Mutual fund	France				99.62	99.57	FC
WASHINGTON EURO NOURRI 3 FCP	Mutual fund	France				99.62	99.57	FC
WASHINGTON EURO NOURRI 2 FCP	Mutual fund	France				83.33	83.29	FC
WASHINGTON EURO NOURRI 1 FCP	Mutual fund	France				99.89	99.84	FC
WASHINGTON EURO NOURRI 13 FCP	Mutual fund	France	100.00	99.95	FC	100.00	99.95	FC
WASHINGTON EURO NOURRI 14 FCP	Mutual fund	France	100.00	99.95	FC	100.00	99.95	FC
WASHINGTON EURO NOURRI 15 FCP	Mutual fund	France	100.00	99.95	FC	100.00	99.95	FC
GROUPAMA CONVERTIBLES I D	Mutual fund	France	99.59	99.55	FC	99.55	99.50	FC
GROUPAMA ENTREPRISES IC C	Mutual fund	France	33.94	33.93	EM	24.47	24.46	EM
GROUPAMA CREDIT EURO I C	Mutual fund	France	90.22	90.19	FC	84.29	84.25	FC
GROUPAMA CREDIT EURO I D	Mutual fund	France	60.35	60.32	FC	60.35	60.32	FC
WASHINGTON EURO NOURRI 11 FCP	Mutual fund	France				80.00	79.96	FC
WASHINGTON EURO NOURRI 12 FCP	Mutual fund	France				100.00	99.95	FC
WASHINGTON EURO NOURRI 16 FCP	Mutual fund	France	100.00	99.95	FC	100.00	99.95	FC
WASHINGTON EURO NOURRI 17 FCP	Mutual fund	France	100.00	99.95	FC	100.00	99.95	FC
WASHINGTON EURO NOURRI 18 FCP	Mutual fund	France	100.00	99.95	FC	100.00	99.95	FC
GROUPAMA OBLIGATION MONDE I C	Mutual fund	France	86.63	86.59	FC	75.55	75.51	FC
WASHINGTON EURO NOURRI 19 FCP	Mutual fund	France	100.00	99.95	FC	100.00	99.95	FC
WASHINGTON EURO NOURRI 20 FCP	Mutual fund	France	100.00	99.95	FC	100.00	99.95	FC
WASHINGTON EURO NOURRI 21 FCP	Mutual fund	France	100.00	99.95	FC	100.00	99.95	FC
WASHINGTON EURO NOURRI 22 FCP	Mutual fund	France	99.88	99.83	FC	100.00	99.95	FC
WASHINGTON EURO NOURRI 23 FCP	Mutual fund	France	100.00	99.95	FC	100.00	99.95	FC
WASHINGTON EURO NOURRI 24 FCP	Mutual fund	France	100.00	99.95	FC	100.00	99.95	FC
WASHINGTON EURO NOURRI 25 FCP	Mutual fund	France				100.00	99.95	FC
WASHINGTON EURO NOURRI 26 FCP	Mutual fund	France				88.89	88.85	FC
ASTORG STRUCTUR LIFE D	Mutual fund	France	100.00	99.95	FC	100.00	99.95	FC
ASTORG TAUX VARIABLE D	Mutual fund	France	100.00	99.95	FC	100.00	99.95	FC
GROUPAMA EONIA I C	Mutual fund	France	42.95	42.93	EM	48.91	48.89	EM
GROUPAMA FP DETTE EMERGENTE	Mutual fund	France	92.04	92.00	FC	92.03	91.98	FC
ASTORG PENSION D	Mutual fund	France	100.00	99.95	FC	99.77	99.72	FC
ASTORG CASH MT D	Mutual fund	France	99.54	99.49	FC	94.36	94.31	FC
ASTORG CASH G D	Mutual fund	France	98.74	98.69	FC	84.28	84.24	FC
ASTORG CASH MA C	Mutual fund	France				99.20	99.15	FC
GROUPAMA CREDIT EURO G D	Mutual fund	France	44.37	44.35	EM	44.37	44.35	EM
GROUPAMA CREDIT EURO LT G D	Mutual fund	France	100.00	99.95	FC	100.00	99.95	FC
GROUPAMA MONETAIRE ETAT G C	Mutual fund	France				100.00	99.95	FC
ASTORG THESSALONIQUE 1 D	Mutual fund	France	100.00	99.96	FC	100.00	99.95	FC
ASTORG THESSALONIQUE 2 D	Mutual fund	France	100.00	99.95	FC	100.00	99.95	FC
ASTORG THESSALONIQUE 3 D	Mutual fund	France	100.00	99.95	FC	100.00	99.95	FC
ASTORG THESSALONIQUE 4 D	Mutual fund	France	100.00	99.95	FC	100.00	99.95	FC
ASTORG THESSALONIQUE 5 D	Mutual fund	France	100.00	99.95	FC	100.00	99.95	FC
ASTORG MONETAIRE C	Mutual fund	France	99.16	99.11	FC	99.96	99.91	FC
ASTORG DIV MONDE D	Mutual fund	France	100.00	99.95	FC	100.00	99.95	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 line item "property investments" and reclassifying in the income statement the dividends or share in the results of the companies on the "Income from property" line item.

STATUTORY AUDITORS' REPORT ON THE COMBINED FINANCIAL STATEMENTS

STATUTORY AUDITORS' REPORT ON THE COMBINED FINANCIAL STATEMENTS

This is a free translation into English of the statutory auditors' report on the 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.

(Year ended 31 December 2014)

PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-sur-Seine Cedex

Mazars
Tour Exaltis
61, rue Henri-Régnault
92400 Courbevoie

Dear shareholders,

In compliance with the assignment entrusted to us by your Shareholders' Meeting, we hereby report to you, for the year ended 31 December 2014, on:

- the audit of the accompanying 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, of the financial position and of the results of all the entities included in the combination of the Group, in accordance with International Financial Reporting Standards as adopted by the European Union.

Without prejudice to the conclusion stated below, we draw your attention to Note 2.2 on new mandatory standards, which have not however had a significant impact on the financial statements as of 31 December 2014.

II - Justification for assessments

In accordance with the requirements of Article L. 823-9 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we bring to your attention the following matters:

- certain technical items specific to insurance and reinsurance recorded under assets and liabilities in the Company's combined financial statements have been estimated on statistical and actuarial bases, in particular technical reserves, deferred profit sharing, deferred acquisition costs and values in force. The methods used to determine these items are described in sections 3.1.2 and 3.12 of the accounting principles and methods, as well as in notes 3, 13, 14, 25 and 26 in the notes to the combined financial statements. We assessed the reasonableness of the assumptions used in the calculation models, based on the Group's experience, its regulatory and economic environment and the consistency of these assumptions taken as a whole.

- goodwill is subject to recoverability tests carried out at each inventory date in accordance with the methods described in Section 3.1.1 of the accounting principles and methods and in Note 2 to the combined 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 and in Notes 6 and 8 of the Notes to the combined financial statements. 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, 4 March 2015

The Statutory Auditors

PricewaterhouseCoopers Audit		Mazars	
Eric Dupont	Christine Billy	Jean-Claude Pauly	Christophe Berrard

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